

**WEST HILLS COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2011

WEST HILLS COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited the accompanying basic financial statements of West Hills Community College District (the District) as of and for the years ended June 30, 2011 and 2010, and its discretely presented component unit West Hills Community College Foundation as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of West Hills Community College District and its discretely presented component unit as of June 30, 2011 and 2010, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2012, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 62 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 11, 2012



Ken Stoppenbrink, Vice Chancellor
Business Services/Human Resources
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[West Hills College Coalinga](#) [West Hills College Lemoore](#) [North District Center, Firebaugh](#) [Naval Air Station, Lemoore](#)

MANAGEMENT'S DISCUSSION AND ANALYSIS

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB issued Statement No. 35, "*Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*," which applies these new reporting standards to public colleges and universities such as the West Hills Community College District (the District). The following discussion and analysis provides an overview of the District's financial activity. This report presents this information in a comparative format. Responsibility for the completeness and fairness of this information rests with the District.

USING THIS ANNUAL REPORT

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows.

The focus of the Statement of Net Assets is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

FINANCIAL HIGHLIGHTS

- The District's primary funding source is "State Apportionment as defined by SB 361" received from the State of California through the State Chancellor's Office. These funds are comprised of State apportionment, local property taxes, and student enrollment fees. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2010-11 fiscal year, the District's actual FTES increased from the 2009-10 fiscal year; however the district was only funded for 5,133 FTES. These FTES are generated at the District's Coalinga and Lemoore College campuses, as well as various satellite locations.
- The District ended the year with an Unrestricted General Fund balance of approximately \$5.2 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement with approximately 19% in reserves.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative salaries of District employees. These costs increased over the 2009-10 fiscal year by approximately \$2.4 million. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District began several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately \$14.5 million. This aid is provided through grants, and loans from the Federal government, State Chancellor's Office, and local funding.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Condensed financial information is as follows: (in thousands)

NET ASSETS

As of June 30, 2011, 2010, and 2009

	June 30, 2011	June 30, 2010	Change	June 30, 2009	Change
ASSETS					
Current Assets					
Cash and investments	\$ 103,595	\$ 98,381	\$ 5,214	\$ 91,964	\$ 6,417
Accounts receivable	11,179	13,834	(2,655)	10,756	3,078
Prepaid	10	13	(3)	860	(847)
Total Current Assets	<u>114,784</u>	<u>112,228</u>	<u>2,556</u>	<u>103,580</u>	<u>8,648</u>
Non-Current Assets					
Capital assets, net of depreciation	101,606	79,945	21,661	67,866	12,079
Net Plan Asset-GASB 45	1,699	817	882	863	(46)
Deferred issuance costs	2,465	2,179	286		2,179
Total Non-Current Assets	<u>105,770</u>	<u>82,941</u>	<u>22,829</u>	<u>68,729</u>	<u>14,212</u>
Total Assets	<u>\$ 220,554</u>	<u>\$ 195,169</u>	<u>\$ 25,385</u>	<u>\$ 172,309</u>	<u>\$ 22,860</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	4,949	4,756	193	6,856	(2,100)
Deferred revenue	3,337	3,050	287	2,750	300
Long-term liabilities - current portion	1,381	1,900	(519)	1,825	75
Total Current Liabilities	<u>9,667</u>	<u>9,706</u>	<u>(39)</u>	<u>11,431</u>	<u>(1,725)</u>
Non-Current Liabilities					
Long-term liabilities	119,997	107,657	12,340	102,494	5,163
Total liabilities	<u>129,664</u>	<u>117,363</u>	<u>12,301</u>	<u>113,925</u>	<u>3,438</u>
NET ASSETS					
Invested in capital assets	71,720	58,970	12,750	40,738	18,232
Restricted for expendable purposes	10,544	13,238	(2,694)	13,159	79
Unrestricted	8,626	5,598	3,028	4,487	1,111
Total Net Assets	<u>90,890</u>	<u>77,806</u>	<u>13,084</u>	<u>58,384</u>	<u>19,422</u>
Total Liabilities and Net Assets	<u>\$ 220,554</u>	<u>\$ 195,169</u>	<u>\$ 25,385</u>	<u>\$ 172,309</u>	<u>\$ 22,860</u>

This schedule has been prepared from the District's Statements of Net Assets (page 12), which is presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

The changes in the cash position are explained in the Statements of Cash Flows (pages 14 and 15).

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Operating Results for the Year Ended June 30, 2011, 2010, and 2009

	June 30, 2011	June 30, 2010	Difference	June 30, 2009	Difference
OPERATING REVENUES					
Tuition and fees	\$ 2,251	\$ 2,394	\$ (143)	\$ 2,583	\$ (189)
Auxiliary sales and charges	842	634	208	1,111	(477)
Total Operating Revenues	<u>3,093</u>	<u>3,028</u>	<u>65</u>	<u>3,694</u>	<u>(666)</u>
OPERATING EXPENSES					
Salaries and benefits	39,109	36,713	2,396	38,619	(1,906)
Other expenses	24,793	22,296	2,497	25,440	(3,144)
Depreciation	2,950	2,906	44	2,670	236
Total Operating Expenses	<u>66,852</u>	<u>61,915</u>	<u>4,937</u>	<u>66,729</u>	<u>(4,814)</u>
NET LOSS ON OPERATIONS	<u>(63,759)</u>	<u>(58,887)</u>	<u>(4,872)</u>	<u>(63,035)</u>	<u>4,148</u>
NONOPERATING REVENUES AND (EXPENSES)					
State apportionments	25,602	25,507	95	25,192	315
Grants and contracts	35,069	30,383	4,686	25,666	4,717
Property taxes	3,935	4,877	(942)	2,265	2,612
State revenues	64	2,648	(2,584)	2,616	32
Interest income	2,780	3,321	(541)	3,988	(667)
Interest expense	(2,986)	(3,329)	343	(3,753)	424
Other non-operating revenues	960	3,128	(2,168)	4,602	(1,474)
Total Nonoperating Revenues	<u>65,424</u>	<u>66,535</u>	<u>(1,111)</u>	<u>60,576</u>	<u>5,959</u>
OTHER REVENUES					
State revenues, capital	11,377	11,649	(272)	2,351	9,298
Local revenues, capital	42	125	(83)	31	94
Total Other Revenues	<u>11,419</u>	<u>11,774</u>	<u>(355)</u>	<u>2,382</u>	<u>9,392</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>\$ 13,084</u>	<u>\$19,422</u>	<u>\$ (6,338)</u>	<u>\$ (77)</u>	<u>\$ 19,499</u>

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Assets presented on page 13.

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding - the State apportionment process. These components include the State apportionment and local property taxes. As these sources of revenue are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$63.8 million is balanced by the other funding sources leading to an increase in the District's net assets of \$13.1 million.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Auxiliary revenue consists of Food Service and Farm revenues.

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

The interest income is primarily the result of cash held at the Fresno County Treasurer. The interest expense relates to interest payments on the long-term debt which is described in Note 10 of the financial statements.

The District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 6.

Statement of Cash Flows for the Years Ended June 30, 2011, 2010, and 2009

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Difference</u>	<u>June 30, 2009</u>	<u>Difference</u>
CASH PROVIDED BY (USED IN)					
Operating activities	\$ (57,956)	\$ (56,511)	\$ (1,445)	\$ (60,686)	\$ 4,175
Noncapital financing activities	66,535	61,315	5,220	57,316	3,999
Capital financing activities	(5,259)	(1,833)	(3,426)	11,844	(13,677)
Investing activities	2,776	3,400	(624)	4,818	(1,418)
Net Increase in Cash and Cash Equivalents	<u>\$ 6,096</u>	<u>\$ 6,371</u>	<u>\$ (275)</u>	<u>\$ 13,292</u>	<u>\$ (6,921)</u>

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

While State apportionment and property taxes are the primary source of non-capital related revenue, the new GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it come from the general resources of the State and not from the primary users of the colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Functional Expenditures

In accordance with requirements set forth by the California State Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Year ended June 30, 2011:

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

Year ended June 30, 2010:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 9,043,712	\$ 2,696,250	\$ 1,601,345	\$ 192,901	\$ -	\$ 13,534,209
Academic support	3,316,610	1,259,980	935,804	-	-	5,512,394
Student services	5,916,329	1,965,262	1,071,564	8,564,057	-	17,517,211
Plant operations and maintenance	720,236	312,810	-	508,842	-	1,541,888
Instructional support services	2,615,583	1,080,931	494,744	5,338,637	-	9,529,895
Community services and economic development	1,031,449	225,048	634,017	5,038	-	1,895,552
Ancillary services and auxiliary operations	4,461,600	1,491,421	2,333,442	138,777	-	8,425,241
Trust and agency activities	444,988	122,210	367,633	-	-	934,830
Other Outgo	8,243	-	110,193	-	-	118,436
Depreciation expense-unallocated	-	-	-	-	2,905,814	2,905,814
Total	\$ 27,558,750	\$ 9,153,912	\$ 7,548,742	\$ 14,748,252	\$ 2,905,814	\$ 61,915,470

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

Year ended June 30, 2009:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 11,031,872	\$ 3,153,996	\$ 970,292	\$ 78,344	\$ -	\$ 15,234,504
Academic support	2,614,395	711,402	836,847	-	-	4,162,644
Student services	5,715,252	1,913,037	2,124,390	10,198,313	-	19,950,992
Plant operations and maintenance	830,595	343,857	513,791	293,154	-	1,981,397
Instructional support services	3,151,324	1,144,407	1,378,424	5,143,757	-	10,817,912
Community services and economic development	992,686	250,144	1,028,243	8,303	-	2,279,376
Ancillary services and auxiliary operations	4,671,317	1,545,081	1,465,145	144,718	-	7,826,261
Trust and agency activities	438,973	109,539	533,747	722,959	-	1,805,218
Depreciation expense-unallocated	-	-	-	-	2,670,173	2,670,173
Total	\$29,446,414	\$ 9,171,463	\$ 8,850,879	\$ 16,589,548	\$ 2,670,173	\$ 66,728,477

ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT

The 2010-11 State Budget represents no increase in funding for COLA or growth. There will likely be no COLA or growth for the 2011-12; 2012-13 and 2013-14 fiscal years because of the economic conditions in California and the structural deficit that currently exists.

The overall economic conditions appear to be improving with increases showing in housing; small gains in employment; consumer confidence gaining and while these are positive the issue for the current budget in California is the structural deficit. Until this gap is handled there will be fewer funds available to the college for growth or COLA.

The State continues to face a structural deficit of billions of dollars and it appears that the community college system will continue to be challenged to reduce expenditures while the demand for services continues to increase. The WHCCD is well positioned to handle any negative impact that may be required. We continue to watch all expenses and consider every position that is vacated before replacing them.

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2011

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF NET ASSETS - PRIMARY GOVERNMENT
JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash and investments	\$ 12,346,503	\$ 9,294,784
Restricted cash and cash equivalents	91,248,533	89,086,205
Accounts receivable	10,396,377	13,376,758
Student loans receivable	782,557	457,355
Prepaid expenses - current portion	9,580	12,754
Total Current Assets	<u>114,783,550</u>	<u>112,227,856</u>
Noncurrent Assets		
Deferred issuance costs	2,464,513	2,179,094
Net plan asset-GASB 45	1,699,110	817,265
Nondepreciable capital assets	50,047,633	26,063,107
Depreciable capital assets	83,695,160	83,067,385
Less: Accumulated depreciation	(32,135,630)	(29,185,180)
Total Noncurrent Assets	<u>105,770,786</u>	<u>82,941,671</u>
TOTAL ASSETS	<u>220,554,336</u>	<u>195,169,527</u>
LIABILITIES		
Current Liabilities		
Accounts payable	4,807,202	4,621,918
Deferred revenue	3,336,915	3,050,268
Amounts held in custody on behalf of others	141,642	133,989
Long-term liabilities - current portion	1,380,779	1,899,984
Total Current Liabilities	<u>9,666,538</u>	<u>9,706,159</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	1,125,959	1,077,658
Long-term liabilities - noncurrent portion	118,871,663	106,579,095
Total Noncurrent Liabilities	<u>119,997,622</u>	<u>107,656,753</u>
TOTAL LIABILITIES	<u>129,664,160</u>	<u>117,362,912</u>
NET ASSETS		
Invested in capital assets, net of related debt	71,720,416	58,969,822
Restricted for:		
Debt service	10,542,578	12,873,042
Other activities	855	365,394
Unrestricted	8,626,327	5,598,357
TOTAL NET ASSETS	<u>\$ 90,890,176</u>	<u>\$ 77,806,615</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
Tuition and Fees	\$ 2,342,627	\$ 2,567,491
Less: Scholarship discount and allowance	(91,721)	(173,705)
Net tuition and fees	<u>2,250,906</u>	<u>2,393,786</u>
Auxiliary Sales and Charges		
Cafeteria	737,183	594,537
Farm	105,128	39,702
TOTAL OPERATING REVENUES	<u>3,093,217</u>	<u>3,028,025</u>
OPERATING EXPENSES		
Salaries	29,874,551	27,558,750
Employee benefits	9,234,070	9,153,912
Supplies, materials, and other operating expenses and services	24,793,111	22,296,994
Depreciation	2,950,450	2,905,814
TOTAL OPERATING EXPENSES	<u>66,852,182</u>	<u>61,915,470</u>
OPERATING LOSS	<u>(63,758,965)</u>	<u>(58,887,445)</u>
NON-OPERATING REVENUES (EXPENSES)		
Grants and Contracts, noncapital:		
Federal	25,295,919	20,000,331
State	9,590,504	10,182,356
Local	182,084	200,589
State apportionments, noncapital	25,602,247	25,507,123
Local property taxes, levied for general purposes	3,934,785	4,876,789
State taxes and other revenues	63,914	2,648,129
Investment income, net	2,780,474	3,320,938
Interest and other expenses on debt	(2,986,836)	(3,328,593)
Other non-operating revenues	960,078	3,127,695
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>65,423,169</u>	<u>66,535,357</u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	<u>1,664,204</u>	<u>7,647,912</u>
OTHER REVENUES AND EXPENSES		
State revenues, capital	11,376,675	11,649,419
Local revenues, capital	42,682	125,719
TOTAL OTHER REVENUES AND EXPENSES	<u>11,419,357</u>	<u>11,775,138</u>
CHANGE IN NET ASSETS	13,083,561	19,423,050
NET ASSETS, BEGINNING OF YEAR	77,806,615	58,383,565
NET ASSETS, END OF YEAR	<u>\$ 90,890,176</u>	<u>\$ 77,806,615</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 2,696,708	\$ 2,671,375
Payments to vendors for supplies and services	(25,268,182)	(25,785,184)
Auxiliary sales	842,311	634,239
Payments to or on behalf of employees	(36,555,531)	(34,723,242)
Other operating receipts (payments)	328,697	692,100
Net Cash Flows Used By Operating Activities	<u>(57,955,997)</u>	<u>(56,510,712)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	24,186,761	24,980,567
Non-capital grants and contracts	33,112,088	25,651,508
Property taxes - nondebt related	3,697,889	4,906,842
State taxes and other apportionments	4,577,908	2,648,129
Other nonoperating	960,078	3,127,695
Net Cash Flows From Noncapital Financing Activities	<u>66,534,724</u>	<u>61,314,741</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(25,591,086)	(14,986,195)
Proceeds from capital debt	13,673,347	19,555,655
State revenue, capital projects	11,376,675	11,649,419
Local revenue, capital projects	42,682	125,719
Principal paid on capital debt	(1,773,553)	(14,849,001)
Interest and expenses paid on capital debt	(2,986,836)	(3,328,593)
Net Cash Flows Used By Capital Financing Activities	<u>(5,258,771)</u>	<u>(1,832,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	100,000
Interest received from investments	2,775,936	3,299,577
Net Cash Flows From Investing Activities	<u>2,775,936</u>	<u>3,399,577</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,095,892	6,370,610
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	99,198,254	92,827,644
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 105,294,146</u>	<u>\$ 99,198,254</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT,
CONTINUED
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	<u>\$ (63,758,965)</u>	<u>\$ (58,887,445)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	2,950,450	2,905,814
Changes in Assets and Liabilities:		
Receivables, net	2,655,179	(2,599,970)
Prepaid expenses and deferred issuance costs	(282,245)	(1,331,458)
Accounts payable and accrued liabilities	185,284	2,500,740
Deferred revenue	286,647	300,515
Funds held for others	<u>7,653</u>	<u>601,092</u>
Total Adjustments	<u>5,802,968</u>	<u>2,376,733</u>
Net Cash Flows From Operating Activities	<u><u>\$ (57,955,997)</u></u>	<u><u>\$ (56,510,712)</u></u>
	<u>2011</u>	<u>2010</u>
NON CASH TRANSACTIONS		
On behalf payments for benefits	<u><u>\$ 580,800</u></u>	<u><u>\$ 520,202</u></u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2011 AND 2010**

	2011		2010	
	Trust Funds	Agency Funds	Trust Funds	Agency Funds
ASSETS				
Deposits and investments	\$ 2,815,279	\$ 426,698	\$ 1,549,636	\$ 173,204
Receivables	-	235,329	-	381,583
Due from other funds	320,044	143,548	420,000	52,640
Total Assets	<u>3,135,323</u>	<u>\$ 805,575</u>	<u>1,969,636</u>	<u>\$ 607,427</u>
LIABILITIES				
Accounts payable	-	249,797	-	210,907
Due to student groups	-	44,042	-	39,359
Due to other funds	2,898	456,741	-	294,236
Deferred revenue	-	54,995	-	62,925
Total Liabilities	<u>2,898</u>	<u>\$ 805,575</u>	<u>-</u>	<u>\$ 607,427</u>
NET ASSETS				
Restricted	<u>3,132,425</u>		<u>1,969,636</u>	
Total Net Assets	<u>\$ 3,132,425</u>		<u>\$ 1,969,636</u>	

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
	<u>Trust</u>	<u>Trust</u>
	<u>Funds</u>	<u>Funds</u>
ADDITIONS		
Local sources	\$ 319,217	\$ 215,093
Interdistrict transfers	850,000	500,000
Total Additions	<u>1,169,217</u>	<u>715,093</u>
DEDUCTIONS		
Other expenditures	6,428	5,441
Total Deductions	<u>6,428</u>	<u>5,441</u>
Change in Net Assets	1,162,789	709,652
Net Assets - Beginning	<u>1,969,636</u>	<u>1,259,984</u>
Net Assets - Ending	<u>\$ 3,132,425</u>	<u>\$ 1,969,636</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

	June 30,	
	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 985,636	\$ 1,114,891
Investments	1,377,478	955,860
Accounts receivable	136,063	140,335
Prepaid expenses	10,525	-
Total Current Assets	<u>2,509,702</u>	<u>2,211,086</u>
NONCURRENT ASSETS		
Other noncurrent assets	500	500
Total Noncurrent Assets	<u>500</u>	<u>500</u>
TOTAL ASSETS	<u>\$ 2,510,202</u>	<u>\$ 2,211,586</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	233,456	89,377
Funds held for others	19,204	15,606
Total Current Liabilities	<u>252,660</u>	<u>104,983</u>
TOTAL LIABILITIES	<u>252,660</u>	<u>104,983</u>
NET ASSETS		
Unrestricted	1,250,907	1,699,092
Temporarily restricted	543,250	262,509
Permanently restricted	463,385	145,002
Total Net Assets	<u>2,257,542</u>	<u>2,106,603</u>
Total Liabilities and Net Assets	<u>\$ 2,510,202</u>	<u>\$ 2,211,586</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Donations and special events	\$ 199,924	\$ 360,847	\$ 25,370	\$ 586,141
Federal revenue	491,198	-	-	491,198
Program fees	340,675	-	-	340,675
Program contracts	31,489	-	-	31,489
Fundraisers	374,110	-	-	374,110
Investment income	48,318	78,201	4,013	130,532
Other	104,154	-	-	104,154
Net assets released from restrictions	191,307	(180,307)	(11,000)	-
Total Revenues	<u>1,781,175</u>	<u>258,741</u>	<u>18,383</u>	<u>2,058,299</u>
EXPENSES				
Program services:				
Scholarship	145,709	-	-	145,709
College Enhancement	917,745	-	-	917,745
Athletic Programs	143,921	-	-	143,921
Educational Programs	235,990	-	-	235,990
Support services:				
General Administrative	132,060	-	-	132,060
Fundraisers	330,853	-	-	330,853
Membership	1,082	-	-	1,082
Total Expenses	<u>1,907,360</u>	<u>-</u>	<u>-</u>	<u>1,907,360</u>
TRANSFERS	<u>(322,000)</u>	<u>22,000</u>	<u>300,000</u>	<u>-</u>
INCREASE/(DECREASE) IN NET ASSETS	(448,185)	280,741	318,383	150,939
NET ASSETS, BEGINNING OF YEAR	1,699,092	262,509	145,002	2,106,603
NET ASSETS, END OF YEAR	<u>\$ 1,250,907</u>	<u>\$ 543,250</u>	<u>\$ 463,385</u>	<u>\$ 2,257,542</u>

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

2010 Total

\$	386,422
	171,169
	168,158
	176
	173,866
	87,962
	273,229
	-
	<u>1,260,982</u>
	162,723
	950,724
	136,593
	105,136
	298,816
	112,635
	2,844
	<u>1,769,471</u>
	-
	(508,489)
	2,615,092
\$	<u><u>2,106,603</u></u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 150,939	\$ (508,489)
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Depreciation and amortization	-	8,274
Decrease in accounts receivable	4,272	74,568
(Increase) in prepaid assets	(10,525)	-
Increase in accounts payable	144,079	74,945
Increase in due to other groups	3,598	1,624
Net Cash Flows Provided/(Used) By Operating Activities	<u>292,363</u>	<u>(349,078)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in investments	(421,618)	11,611
(Increase)/Decrease in rodeo stock	-	22,450
(Purchase)/Disposal of fixed assets	-	165,277
Net Cash Flows Provided/(Used) By Investing Activities	<u>(421,618)</u>	<u>199,338</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(129,255)</u>	<u>(149,740)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,114,891</u>	<u>1,264,631</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 985,636</u>	<u>\$ 1,114,891</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 1 - ORGANIZATION

The West Hills Community College District (District) is a political subdivision of the State of California and provides postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The District maintains a Coalinga Campus, a Lemoore Campus, and the North District Center in Firebaugh. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The District operates under a locally elected seven-member Board of Trustees form of government and provides higher education in the County of Fresno. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

A reporting entity is comprised of the primary government, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For West Hills Community College District, this includes general operations, food services, bookstores, and student related activities of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit"; the "environment and ability to access/influence reporting," and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit:

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

- **West Hills Community College District Foundation**

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

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

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

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. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 accounting policies of the District conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the Community Colleges Chancellor's Office. The District reports are based on all applicable GASB pronouncements, as well as applicable FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected apply FASB pronouncements after that date. When applicable, certain prior year amounts have been reclassified to conform to current year presentation. The budgetary and financial accounts of the District are maintained in accordance with the Community Colleges Chancellor's Office's *Budget and Accounting Manual*.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the statement of cash flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Investments

Investments held at June 30, 2011 and 2010, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets

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

Accounts Receivable

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Accrued Liabilities and Long-Term Obligations

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

Deferred Issuance Costs and Premiums

Bond premiums, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

Administrative/Classified Management/Confidential Staff

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

Certificated

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

Classified

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

Deferred Revenue

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Noncurrent Liabilities

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

Net Assets

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

Invested in Capital Assets, Net of Related Debt: Capital Assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted - Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time. Net assets may be restricted for capital projects, debt repayment, and/or educational programs.

Unrestricted: Net assets that are not subject to externally imposed constraints. Unrestricted net assets 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 assets are designated for economic uncertainties.

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

State Apportionments

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

Property Taxes

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

The voters of the District passed various General Obligation Bonds for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenditures, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers and discounts have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Stafford Loan programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and the related *Compliance Supplement*.

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The amounts of on behalf payments were \$580,800 for CalSTRS. No on behalf contributions were made to CalPERS.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

Reclassification

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Foundation Presentation

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

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

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

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

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net 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 the 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 explicit donor stipulation or by law.

Investments are reported at fair value in accordance with FASB Topic ASC 820, *Fair Value Measurements and Disclosures*.

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

New Accounting Pronouncements

In November 2010, the GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

WEST HILLS COMMUNITY COLLEGE DISTRICT

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This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit. Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

This Statement also clarifies the reporting of equity interests in legally separate organizations. It requires a primary government to report its equity interest in a component unit as an asset. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Early implementation is encouraged.

Comparative Financial Information

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2011 and 2010, are classified in the accompanying financial statements as follows:

	2011	2010
Governmental activities	\$ 103,087,884	\$ 98,133,155
Fiduciary funds	3,241,977	1,722,840
Total Deposits and Investments	<u>\$ 106,329,861</u>	<u>\$ 99,855,995</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Deposits and investments as of June 30, 2011 and 2010, consist of the following:

	<u>2011</u>	<u>2010</u>
Cash on hand and in banks	\$ 2,083,255	\$ 941,635
Cash in revolving	393	393
Cash with fiscal (Payroll)	663,625	509,587
Investments	103,582,588	98,404,380
Total Deposits and Investments	<u>\$ 106,329,861</u>	<u>\$ 99,855,995</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 having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations as of June 30, 2011 and 2010, are provided by the following schedules that show the distribution of the District's investments by maturity:

June 30, 2011

<u>Investment Type</u>	<u>Fair Value</u>	<u>12 Months or Less</u>	<u>13 - 24 Months</u>	<u>25 - 60 Months</u>	<u>More Than 60 Months</u>
Certificates of Deposits	\$ 19,048,279	\$ -	\$ 19,048,279	\$ -	\$ -
Money Market	2,530,847	2,530,847	-	-	-
U.S. Gov. Agency Securities	26,517,836	26,517,836	-	-	-
Corporate Bonds	25,274,759	25,274,759	-	-	-
County Pool	30,210,867	-	-	30,210,867	-
Total	<u>\$ 103,582,588</u>	<u>\$ 54,323,442</u>	<u>\$ 19,048,279</u>	<u>\$ 30,210,867</u>	<u>\$ -</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

June 30, 2010

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Certificates of Deposits	\$20,707,939	\$20,707,939	\$ -	\$ -	\$ -
Money Market	1,044,613	1,044,613	-	-	-
U.S. Gov. Agency Securities-Fixed Coupon	31,706,826	31,706,826	-	-	-
U.S. Gov. Agency Securities-Step-up Coupon	2,781,301	2,781,301	-	-	-
Corporate-Fixed Rate	13,350,243	13,350,243	-	-	-
Corporate-Step-up Rate	556,260	556,260	-	-	-
County Pool	28,257,198	28,257,198	-	-	-
Total	\$98,404,380	\$98,404,380	\$ -	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

June 30, 2011

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Certificates of Deposits	\$ 19,048,279	N/A	\$ -	\$ -	\$ 19,048,279
Money Market	2,530,847	N/A	-	-	2,530,847
U.S. Gov. Agency Securities	26,517,836	N/A	-	-	26,517,836
Corporate Bonds	25,274,759	N/A	-	-	25,274,759
County Pool	30,210,867	N/A	-	-	30,210,867
Total	\$ 103,582,588		\$ -	\$ -	\$ 103,582,588

N/A - Not applicable

June 30, 2010

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Certificates of Deposits	\$ 20,707,939	N/A	\$ -	\$ -	\$ 20,707,939
Money Market	1,044,613	N/A	-	-	1,044,613
U.S. Gov. Agency Securities-Fixed Coupon	31,706,826	N/A	-	-	31,706,826
U.S. Gov. Agency Securities-Step-up Coupon	2,781,301	N/A	-	-	2,781,301
Corporate-Fixed Rate	13,350,243	N/A	-	-	13,350,243
Corporate-Step-up Rate	556,260	N/A	-	-	556,260
County Pool	28,257,198	N/A	-	-	28,257,198
Total	\$ 98,404,380		\$ -	\$ -	\$ 98,404,380

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government code. Investments in any one issuer that represent five percent or more of the total investments are as follows:

June 30, 2011

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
EECU	Certificates of Deposit and Corporate Fixed Rate Notes	<u>\$ 6,312,318</u>

June 30, 2010

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
EECU	Certificates of Deposit and Corporate Fixed Rate Notes	<u>\$ 6,220,114</u>

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011 and 2010, the District's bank balance of \$929,034 and \$1,749,239, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For June 30, 2011, of the investment in mutual funds, corporate notes, and certificates of deposit of \$44,323,038, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. For June 30, 2010, of the investment in mutual funds, corporate notes, and certificates of deposit of \$35,659,055, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 and 2010, consisted of intergovernmental grants, entitlements, interest, and other local sources.

	<u>Primary Governmnet</u>	
	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Federal Government		
Categorical aid	\$ 2,192,829	\$ 2,316,136
State Government		
Apportionment	6,105,431	4,689,945
Categorical aid	1,036,240	1,371,744
Other state sources	382,463	4,560,953
Local Sources		
Interest	125,364	120,826
Taxes	104,054	48,528
Other local sources	449,996	268,626
Total	<u>\$ 10,396,377</u>	<u>\$ 13,376,758</u>
Student receivables	<u>\$ 782,557</u>	<u>\$ 457,355</u>

Discretely Presented Component Unit

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

NOTE 5 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2011 and 2010, consisted of the following:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Travel and conferences	<u>\$ 9,580</u>	<u>\$ 12,754</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 5,583,892	\$ 351,010	\$ -	\$ 5,934,902
Construction in progress	20,479,215	24,612,301	978,785	44,112,731
Total Capital Assets Not Being Depreciated	<u>26,063,107</u>	<u>24,963,311</u>	<u>978,785</u>	<u>50,047,633</u>
Capital Assets Being Depreciated				
Land improvements	13,487,092	-	-	13,487,092
Buildings and improvements	65,151,272	159,341	-	65,310,613
Furniture and equipment	4,429,021	468,434	-	4,897,455
Total Capital Assets Being Depreciated	<u>83,067,385</u>	<u>627,775</u>	<u>-</u>	<u>83,695,160</u>
Total Capital Assets	<u>109,130,492</u>	<u>25,591,086</u>	<u>978,785</u>	<u>133,742,793</u>
Less Accumulated Depreciation				
Land improvements	4,281,027	574,687	-	4,855,714
Buildings and improvements	22,308,979	2,030,667	-	24,339,646
Furniture and equipment	2,595,174	345,096	-	2,940,270
Total Accumulated Depreciation	<u>29,185,180</u>	<u>2,950,450</u>	<u>-</u>	<u>32,135,630</u>
Net Capital Assests	<u>\$ 79,945,312</u>	<u>\$ 22,640,636</u>	<u>\$ 978,785</u>	<u>\$ 101,607,163</u>

Depreciation expense for the year was \$2,950,450.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 5,177,892	\$ 406,000	\$ -	\$ 5,583,892
Construction in progress	9,868,580	10,610,635	-	20,479,215
Total Capital Assets Not Being Depreciated	<u>15,046,472</u>	<u>11,016,635</u>	<u>-</u>	<u>26,063,107</u>
Capital Assets Being Depreciated				
Land improvements	13,333,845	153,247	-	13,487,092
Buildings and improvements	62,597,252	2,712,474	158,454	65,151,272
Furniture and equipment	3,239,803	1,272,218	83,000	4,429,021
Total Capital Assets Being Depreciated	<u>79,170,900</u>	<u>4,137,939</u>	<u>241,454</u>	<u>83,067,385</u>
Total Capital Assets	<u>94,217,372</u>	<u>15,154,574</u>	<u>241,454</u>	<u>109,130,492</u>
Less Accumulated Depreciation				
Land improvements	3,712,164	568,863	-	4,281,027
Buildings and improvements	20,330,453	1,994,371	15,845	22,308,979
Furniture and equipment	2,309,824	342,580	57,230	2,595,174
Total Accumulated Depreciation	<u>26,352,441</u>	<u>2,905,814</u>	<u>73,075</u>	<u>29,185,180</u>
Net Capital Assets	<u>\$ 67,864,931</u>	<u>\$ 12,248,760</u>	<u>\$ 168,379</u>	<u>\$ 79,945,312</u>

Depreciation expense for the year was \$2,905,814.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2011 and 2010, consisted of the following:

	Primary Government	
	June 30, 2011	June 30, 2010
Vendor invoices	\$ 3,327,179	\$ 3,591,482
Salaries and wages payable	1,288,053	1,030,436
Student refunds payable	191,970	-
Total	<u>\$ 4,807,202</u>	<u>\$ 4,621,918</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Discretely Presented Component Unit

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

NOTE 8 - DEFERRED REVENUE

Deferred revenue at June 30, 2011 and 2010, consisted of the following:

	Primary Government	
	June 30, 2011	June 30, 2010
Federal financial assistance	\$ 44,370	\$ 405,797
State categorical aid	1,107,214	784,449
Enrollment fees	2,027,424	1,581,622
Other local	157,907	278,400
Total	<u>\$ 3,336,915</u>	<u>\$ 3,050,268</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payable (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements and totaled \$9,016,880 before the consolidation.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process and amounted to \$8,995,063.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS

Summary for June 30, 2011

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Current Portion
General obligation bonds - 1998, Series A	\$ 3,195,000	\$ -	\$ 95,000	\$ 3,100,000	\$ 100,000
General obligation bonds - 2005 Refunding	13,720,000	-	420,000	13,300,000	440,000
General obligation bonds - 2008 (Northern)					
Current interest	2,745,000	-	-	2,745,000	-
Capital appreciation	1,221,562	81,453	185,000	1,118,015	185,000
Bond premium (25 year amortization)	350,740	-	14,614	336,126	14,614
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	712,823	63,978	125,000	651,801	135,000
Bond premium (25 year amortization)	305,060	-	12,711	292,349	12,711
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	1,224,301	105,031	370,000	959,332	130,000
Bond premium (25 year amortization)	424,953	-	17,706	407,247	17,706
General obligation bonds - 2008, B (Lemoore)					
Current interest	-	9,625,000	-	9,625,000	-
Capital appreciation	-	2,805,856	-	2,805,856	-
Bond premium (30 year amortization)	-	739,189	-	739,189	24,640
Certificates of Participation - 2008	70,200,000	-	-	70,200,000	-
Capital leases	1,247,525	-	338,845	908,680	-
CDE-Child Care Revolving Loan	130,000	-	52,000	78,000	52,000
Supplemental Employee Retirement Program	505,724	-	126,431	379,293	126,431
Bond anticipation notes	4,733,360	252,840	-	4,986,200	-
Note premium (3 year amortization)	428,031	-	142,677	285,354	142,677
Total Long-Term Obligations	<u>\$ 108,479,079</u>	<u>\$ 13,673,347</u>	<u>\$ 1,899,984</u>	<u>\$ 120,252,442</u>	<u>\$ 1,380,779</u>
Compensated absences-net	<u>\$ 1,077,658</u>	<u>\$ 48,301</u>	<u>\$ -</u>	<u>\$ 1,125,959</u>	

Description of Debt

Payments on the Certificates of Participation are paid by the COP Debt Service Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. The accrued vacation will be paid by the fund for which the employee worked. The Day Care Center loans are paid by the Child Development Fund and the capital leases are paid by the General and Special Revenue Fund. Payments on the Bond Anticipation notes are to be made by the General Fund and from the issuance of future General Obligation Bonds.

The District has utilized capital lease agreements to purchase land, buildings, and equipment. The current lease purchase agreements in the amount of \$908,680 will be paid through the General and the Other Special Revenue Funds.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Bonded Debt

The District is empowered and obligated to cause to be levied ad valorem taxes, for the payment of interest on, and principal and accreted value of the bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation of rate or amount.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2010	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2011
03/03/99	08/01/29	3.0-5.048%	\$ 4,000,000	\$ 3,195,000	\$ -	\$ 95,000	\$ 3,100,000
02/10/05	08/01/30	2.5-4.75%	15,600,000	13,720,000	-	420,000	13,300,000
10/28/08	08/01/33	3.41-4.950%	3,839,677	3,966,562	81,453	185,000	3,863,015
02/24/09	08/01/33	2.62-5.08%	2,998,815	3,092,823	63,978	125,000	3,031,801
03/03/09	08/01/33	2.62-5.42%	5,999,837	6,179,301	105,031	370,000	5,914,332
02/17/11	08/01/41	2.56-7.40%	12,343,909	-	12,430,856	-	12,430,856
Total				<u>\$ 30,153,686</u>	<u>\$ 12,681,318</u>	<u>\$ 1,195,000</u>	<u>\$ 41,640,004</u>

Debt Service Requirements to Maturity

1999 Issue - General Obligation Bonds - Series A

Fiscal Year	Principal	Interest to Maturity	Total
2012	\$ 100,000	\$ 147,670	\$ 247,670
2013	105,000	143,313	248,313
2014	110,000	138,635	248,635
2015	120,000	133,515	253,515
2016	125,000	127,878	252,878
2017-2021	720,000	543,015	1,263,015
2022-2026	910,000	344,706	1,254,706
2027-2030	910,000	94,000	1,004,000
Total	<u>\$ 3,100,000</u>	<u>\$ 1,672,732</u>	<u>\$ 4,772,732</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2005 Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2012	\$ 440,000	\$ 571,838	\$ 1,011,838
2013	455,000	553,938	1,008,938
2014	470,000	537,200	1,007,200
2015	490,000	519,763	1,009,763
2016	505,000	499,863	1,004,863
2017-2021	2,890,000	2,176,478	5,066,478
2022-2026	3,560,000	1,480,850	5,040,850
2027-2031	4,490,000	541,386	5,031,386
Total	\$ 13,300,000	\$ 6,881,316	\$ 20,181,316

2008 Northern Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2012	\$ -	\$ 159,938	\$ 159,938
2013	-	159,938	159,938
2014	-	159,938	159,938
2015	-	159,938	159,938
2016	-	159,937	159,937
2017-2021	445,000	778,161	1,223,161
2022-2026	1,200,000	560,475	1,760,475
2027-2028	1,100,000	136,500	1,236,500
Subtotal	\$ 2,745,000	\$ 2,274,825	\$ 5,019,825

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2008 Northern Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2012	\$ 75,000	\$ 67,384	\$ 7,616
2013	70,000	56,505	13,495
2014	80,000	58,019	21,981
2015	85,000	55,385	29,615
2016	100,000	58,543	41,457
2017	105,000	55,228	49,772
2018	120,000	56,707	63,293
2030	442,734	147,804	294,930
2031	462,237	145,188	317,049
2032	482,439	142,572	339,867
2033	498,651	138,648	360,003
2034	520,000	136,032	383,968
Total	<u>\$ 3,041,061</u>	<u>\$ 1,118,015</u>	<u>\$ 1,923,046</u>

2008 Coalinga Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2012	\$ -	\$ 132,950	\$ 132,950
2013	-	132,950	132,950
2014	-	132,950	132,950
2015	-	132,950	132,950
2016	-	132,950	132,950
2017-2021	100,000	662,250	762,250
2022-2026	585,000	569,737	1,154,737
2027-2031	915,000	357,300	1,272,300
2032-2033	780,000	66,550	846,550
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 2,320,587</u>	<u>\$ 4,700,587</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2008 Coalinga Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2012	\$ 135,000	\$ 135,000	\$ -
2013	100,000	90,186	9,814
2014	100,000	81,336	18,664
2015	100,000	73,355	26,645
2016	100,000	66,156	33,844
2017	100,000	59,664	40,336
2018	100,000	53,809	46,191
2019	100,000	48,529	51,471
2020	100,000	43,766	56,234
Total	<u>\$ 935,000</u>	<u>\$ 651,801</u>	<u>\$ 283,199</u>

2008 Lemoore Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2012	\$ -	\$ 267,546	\$ 267,546
2013	-	267,546	267,546
2014	-	267,546	267,546
2015	-	267,546	267,546
2016	-	267,546	267,546
2017-2021	-	1,337,730	1,337,730
2022-2026	1,290,000	1,230,281	2,520,281
2027-2031	2,000,000	820,064	2,820,064
2032-2033	1,665,000	190,881	1,855,881
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 4,916,686</u>	<u>\$ 9,871,686</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2008 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2012	\$ 130,000	\$ 130,000	\$ -
2013	125,000	111,313	13,687
2014	135,000	107,054	27,946
2015	145,000	102,392	42,608
2016	155,000	97,469	57,531
2017	165,000	92,395	72,605
2018	175,000	87,266	87,734
2019	185,000	82,149	102,851
2020	195,000	77,109	117,891
2021	205,000	72,185	132,815
Total	<u>\$ 1,615,000</u>	<u>\$ 959,332</u>	<u>\$ 655,668</u>

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2012	\$ -	\$ 238,087	\$ 238,087
2013	-	603,600	603,600
2014	-	603,600	603,600
2015	-	603,600	603,600
2016	-	603,600	603,600
2017-2021	-	3,018,000	3,018,000
2022-2026	595,000	3,007,500	3,602,500
2027-2031	835,000	4,818,775	5,653,775
2032-2036	1,283,858	1	7,004,527
2037-2041	6,697,732	1	5,402,273
2042	2,550,000	165,750	2,715,750
Subtotal	<u>\$ 11,961,590</u>	<u>\$ 26,069,312</u>	<u>\$ 38,030,902</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2008 Lemoore, Series B, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2014	\$ 10,000	\$ 7,920	\$ 2,080
2015	40,000	28,200	11,800
2017	30,000	16,752	13,248
2018	65,000	32,305	32,695
2019	95,000	42,028	52,972
2020	130,000	51,168	78,832
2021	170,000	59,568	110,432
2022	205,000	63,919	141,081
2023	250,000	69,400	180,600
2024	290,000	71,630	218,370
2025	120,000	26,376	93,624
Total	<u>\$ 1,405,000</u>	<u>\$ 469,266</u>	<u>\$ 935,734</u>

Certificates of Participation

In July 2008, the West Hills Community College District Financing Corporation issued certificates of participation in the amount of \$70,200,000 with varying interest rates. At June 30, 2010, the principal balance outstanding was \$70,200,000. The interest rate as of June 30, 2010, was 0.26 percent and is based on the auction rate at the time of sale.

Year Ending June 30,	Principal	Interest	Total
2012	\$ -	\$ 1,053,000	\$ 1,053,000
2013	-	1,053,000	1,053,000
2014	-	1,053,000	1,053,000
2015	-	1,053,000	1,053,000
2016	-	1,053,000	1,053,000
2017-2021	12,600,000	4,819,500	17,419,500
2022-2026	17,300,000	3,705,750	21,005,750
2027-2031	23,200,000	2,193,000	25,393,000
2032-2034	17,100,000	393,750	17,493,750
Total	<u>\$ 70,200,000</u>	<u>\$ 16,377,000</u>	<u>\$ 86,577,000</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Capital Leases

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

Balance, July 1, 2010	\$ 1,247,525
Payments	338,845
Balance, June 30, 2011	<u>\$ 908,680</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2012	\$ 290,074
2013	293,549
2014	285,249
2015	287,637
Total	1,156,509
Less: Amount Representing Interest	247,829
Present Value of Minimum Lease Payments	<u>\$ 908,680</u>

CDE Revolving Loan

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

The remaining lease payments are as follows:

Year Ending June 30,	Lease Payment
2012	\$ 52,000
2013	26,000
Total	<u>\$ 78,000</u>

Supplemental Early Retirement Plan

The District has approved a Supplemental Early Retirement Plan whereby the District is contributing to an annuity. The expected premium contribution total \$126,431 which commence on September 1, 2009, and conclude on September 1, 2013. The total outstanding obligation was \$379,293 as of June 30, 2011.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Bond Anticipation Notes

In July of 2010, the District sold \$4,498,812 in General Obligation Bond Anticipation Notes. The notes were sold as Current Interest Notes totaling \$2,690,000 with interest rates of 3.75 percent and \$1,808,812 of Capital Appreciation Notes with an accretion rate of 12 percent. All notes mature August 1, 2012. Interest on the Current Interest Notes are payable each February 1 and August 1 commencing February 1, 2011. The Capital Appreciation Notes do not required periodic interest payments as their full maturity including the interest which has accreted will be paid on August 1, 2012. The Notes are guaranteed by the remaining issuance of the District's 2008 bonds which total \$8,601,185.

Current Interest Notes:

<u>Fiscal Year</u>	<u>Principal</u>
2012	<u>\$ 2,690,000</u>

Capital Appreciation Notes:

<u>Fiscal Year</u>	<u>Maturity Value</u>	<u>Accreted Value</u>	<u>Interest to be Accreted</u>
2012	<u>\$ 2,580,000</u>	<u>\$ 2,296,200</u>	<u>\$ 283,800</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Summary for June 30, 2010

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Current Portion
General obligation bonds- 1998, Series A	\$ 3,285,000	\$ -	\$ 90,000	\$ 3,195,000	\$ 95,000
General obligation bonds- 1998, Series B	12,980,000	-	12,980,000	-	-
General obligation bonds- 2005 Refunding	-	14,130,000	410,000	13,720,000	420,000
General obligation bonds 2008 (Northern)					
Current interest	2,745,000	-	-	2,745,000	-
Capital appreciation	1,161,364	60,198	-	1,221,562	185,000
Bond premium (25 year amortization)	365,354	-	14,614	350,740	14,614
General obligation bonds 2009 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	642,874	69,949	-	712,823	125,000
Bond premium (25 year amortization)	317,771	-	12,711	305,060	12,711
General obligation bonds 2009 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	1,090,184	134,117	-	1,224,301	370,000
Bond premium (25 year amortization)	442,659	-	17,706	424,953	17,706
Certificates of participation	70,200,000	-	-	70,200,000	-
Capital leases	1,879,005	-	631,480	1,247,525	338,845
Day care center loan	640,490	-	640,490	-	-
CDE-Child Care Revolving Loan	182,000	-	52,000	130,000	52,000
Supplemental Employee Retirement Program	-	632,155	126,431	505,724	126,431
Bond anticipation notes	-	4,733,360	-	4,733,360	-
Note premium (3 year amortization)	-	428,031	-	428,031	142,677
Total Long-Term Obligations	<u>\$ 103,266,701</u>	<u>\$ 20,187,810</u>	<u>\$ 14,975,432</u>	<u>\$ 108,479,079</u>	<u>\$ 1,899,984</u>
Compensated absences-net	<u>\$ 1,053,273</u>	<u>\$ 24,385</u>	<u>\$ -</u>	<u>\$ 1,077,658</u>	

Description of Debt

Payments on the Certificates of Participation are paid by the COP Debt Service Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. The accrued vacation will be paid by the fund for which the employee worked. The Day Care Center loans are paid by the Child Development Fund and the capital leases are paid by the General and Special Revenue Fund. Payments on the Bond Anticipation notes are to be made by the General Fund and from the issuance of future General Obligation Bonds.

The District has utilized capital lease agreements to purchase land, buildings, and equipment. The current lease purchase agreements in the amount of \$1,879,005 will be paid through the General and the Other Special Revenue Funds.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Bonded Debt

The District is empowered and obligated to cause to be levied ad valorem taxes, for the payment of interest on, and principal and accreted value of the Series A and B bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation of rate or amount.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2009	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2010
03/03/99	08/01/29	3.0-5.048%	\$ 4,000,000	\$ 3,285,000	\$ -	\$ 90,000	\$ 3,195,000
01/26/00	08/01/30	4.2-6.000%	15,000,000	12,980,000	-	12,980,000	-
02/10/05	08/01/30	2.5-4.75%	15,600,000	-	14,130,000	410,000	13,720,000
10/28/08	08/01/33	3.41-4.950%	3,839,677	3,906,364	60,198	-	3,966,562
02/24/09	08/01/33	2.62-5.08%	2,998,815	3,022,874	69,949	-	3,092,823
03/03/09	08/01/33	2.62-5.42%	5,999,837	6,045,184	134,117	-	6,179,301
Total				<u>\$ 29,239,422</u>	<u>\$ 14,394,264</u>	<u>\$ 13,480,000</u>	<u>\$ 30,153,686</u>

Debt Service Requirements to Maturity

1999 Issue - General Obligation Bonds - Series A

Fiscal Year	Principal	Interest to Maturity	Total
2011	\$ 95,000	\$ 151,718	\$ 246,718
2012	100,000	147,670	247,670
2013	105,000	143,313	248,313
2014	110,000	138,635	248,635
2015	120,000	133,515	253,515
2016-2020	685,000	576,493	1,261,493
2021-2025	870,000	388,605	1,258,605
2026-2030	1,110,000	144,500	1,254,500
Total	<u>\$ 3,195,000</u>	<u>\$ 1,824,449</u>	<u>\$ 5,019,449</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2005 Issue - General Obligation Bonds - Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2011	\$ 420,000	\$ 587,673	\$ 1,007,673
2012	440,000	571,838	1,011,838
2013	455,000	553,938	1,008,938
2014	470,000	537,200	1,007,200
2015	490,000	519,763	1,009,763
2016-2020	2,770,000	2,288,429	5,058,429
2021-2025	3,410,000	1,640,613	5,050,613
2026-2030	4,280,000	746,757	5,026,757
2031	985,000	22,778	1,007,778
Total	<u>\$ 13,720,000</u>	<u>\$ 7,468,989</u>	<u>\$ 21,188,989</u>

2008 Northern Series A, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2011	\$ -	\$ 159,938	\$ 159,938
2012	-	159,938	159,938
2013	-	159,938	159,938
2014	-	159,938	159,938
2015	-	159,938	159,938
2016-2020	130,000	792,861	922,861
2021-2025	955,000	622,012	1,577,012
2026-2028	1,660,000	220,200	1,880,200
Subtotal	<u>\$ 2,745,000</u>	<u>\$ 2,434,763</u>	<u>\$ 5,179,763</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2008 Northern Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2011	\$ 185,000	\$ 185,000	\$ -
2012	75,000	67,380	7,620
2013	70,000	56,504	13,496
2014	80,000	58,016	21,984
2015	85,000	55,386	29,614
2016	100,000	58,540	41,460
2017	105,000	55,230	49,770
2018	120,000	56,712	63,288
2030	442,734	130,854	311,880
2031	462,237	128,538	333,699
2032	482,439	126,222	356,217
2033	498,651	122,748	375,903
2034	520,000	120,432	399,568
Total	<u>\$ 3,226,061</u>	<u>\$ 1,221,562</u>	<u>\$ 2,004,499</u>

2009 Coalinga Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2011	\$ -	\$ 132,950	\$ 132,950
2012	-	132,950	132,950
2013	-	132,950	132,950
2014	-	132,950	132,950
2015	-	132,950	132,950
2016-2020	-	664,750	664,750
2021-2025	545,000	599,287	1,144,287
2026-2030	835,000	409,250	1,244,250
2031-2033	1,000,000	115,500	1,115,500
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 2,453,537</u>	<u>\$ 4,833,537</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2009 Coalinga Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2011	\$ 125,000	\$ 125,000	\$ -
2012	135,000	121,743	13,257
2013	100,000	81,340	18,660
2014	100,000	73,360	26,640
2015	100,000	66,160	33,840
2016	100,000	59,660	40,340
2017	100,000	53,800	46,200
2018	100,000	48,520	51,480
2019	100,000	43,760	56,240
2020	100,000	39,480	60,520
Total	<u>\$ 1,060,000</u>	<u>\$ 712,823</u>	<u>\$ 347,177</u>

2009 Lemoore Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2011	\$ -	\$ 267,546	\$ 267,546
2012	-	267,546	267,546
2013	-	267,546	267,546
2014	-	267,546	267,546
2015	-	267,546	267,546
2016-2020	-	1,337,730	1,337,730
2021-2025	985,000	1,275,764	2,260,764
2026-2030	1,825,000	922,721	2,747,721
2031-2033	2,145,000	310,287	2,455,287
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 5,184,232</u>	<u>\$ 10,139,232</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

2009 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2011	\$ 370,000	\$ 370,000	\$ -
2012	130,000	115,778	14,222
2013	125,000	99,125	25,875
2014	135,000	95,337	39,663
2015	145,000	91,176	53,824
2016	155,000	86,800	68,200
2017	165,000	82,269	82,731
2018	175,000	77,700	97,300
2019	185,000	73,149	111,851
2020	195,000	68,679	126,321
2021	205,000	64,288	140,712
Total	<u>\$ 1,985,000</u>	<u>\$ 1,224,301</u>	<u>\$ 760,699</u>

Certificates of Participation

In July 2008, the West Hills Community College District Financing Corporation issued certificates of participation in the amount of \$70,200,000 with varying interest rates. At June 30, 2010, the principal balance outstanding was \$70,200,000. The interest rate as of June 30, 2010, was 0.26 percent and is based on the auction rate at the time of sale.

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 1,053,000	\$ 1,053,000
2012	-	1,053,000	1,053,000
2013	-	1,053,000	1,053,000
2014	-	1,053,000	1,053,000
2015	-	1,053,000	1,053,000
2016-2020	9,700,000	4,986,750	14,686,750
2021-2025	16,300,000	3,957,750	20,257,750
2026-2030	21,900,000	2,531,250	24,431,250
2031-2034	22,300,000	689,250	22,989,250
Total	<u>\$ 70,200,000</u>	<u>\$ 17,430,000</u>	<u>\$ 87,630,000</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Capital Leases

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

Balance, July 1, 2009	\$ 1,879,005
Payments	631,480
Balance, June 30, 2010	<u>\$ 1,247,525</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2011	\$ 435,215
2012	290,074
2013	293,549
2014	285,249
2015	287,637
Total	<u>1,591,724</u>
Less: Amount Representing Interest	344,199
Present Value of Minimum Lease Payments	<u>\$ 1,247,525</u>

CDE Revolving Loan

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

The remaining lease payments are as follows:

Year Ending June 30,	Lease Payment
2011	\$ 52,000
2012	52,000
2013	26,000
Total	<u>\$ 130,000</u>

Supplemental Early Retirement Plan

The District has approved a Supplemental Early Retirement Plan whereby the District is contributing to an annuity. The expected premium contribution total \$126,431 which commence on September 1, 2009, and conclude on September 1, 2013. The total outstanding obligation was \$505,724 as of June 30, 2010.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Bond Anticipation Notes

In July of 2010, the District sold \$4,498,812 in General Obligation Bond Anticipation Notes. The notes were sold as Current Interest Notes totaling \$2,690,000 with interest rates of 3.75 percent and \$1,808,812 of Capital Appreciation Notes with an accretion rate of 12 percent. All notes mature August 1, 2012. Interest on the Current Interest Notes are payable each February 1 and August 1 commencing February 1, 2011. The Capital Appreciation Notes do not required periodic interest payments as their full maturity including the interest which has accreted will be paid on August 1, 2012. The Notes are guaranteed by the remaining issuance of the District's 2008 bonds which total \$8,601,185.

Current Interest Notes:

<u>Fiscal Year</u>	<u>Principal</u>
2012	<u>\$ 2,690,000</u>

Capital Appreciation Notes:

<u>Fiscal Year</u>	<u>Maturity Value</u>	<u>Accreted Value</u>	<u>Interest to be Accreted</u>
2012	<u>\$ 2,580,000</u>	<u>\$ 2,043,360</u>	<u>\$ 536,640</u>

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFIT (OPEB) ASSET

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

Plan Description

The Plan (the Plan) is a single-employer defined benefit healthcare plan administered by West Hills Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 28 retirees and beneficiaries currently receiving benefits and 154 active plan members.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2010-2011, the District contributed 100 percent of the required "pay as you go" portion of \$77,109 and has also contributed funds totaling \$950,000 towards the future obligations of the District. The annual required contribution (ARC) for the District as of July 1, 2010, was \$455,083. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling \$1,699,110 as of June 30, 2011.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ (455,083)
Interest earned, net of expenses, on net plan assets	309,819
Contributions made	1,027,109
Change in net OPEB asset	<u>881,845</u>
Net OPEB asset, beginning of year	817,265
Net OPEB asset, end of year	<u><u>\$ 1,699,110</u></u>

Trend Information

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

Year Ended <u>June 30,</u>	Annual Required <u>Contribution</u>	Percentage <u>Contributed</u>	Net OPEB <u>Asset</u>
2011	\$ 455,083	277%	\$ 1,699,110
2010	\$ 417,554	196%	\$ 817,265
2009	\$ 417,554	207%	\$ 863,351

Funding Status and Funding Progress

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

Actuarial Methods and Assumptions

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

In the November 1, 2010, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates was 4.0 percent. The cost trend rate used for the Dental and Vision Programs was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2010, was 28 years. The actuarial value of assets was \$1,629,807 as of October 31, 2010. As of June 30, 2011, the trust held assets with a value of \$2,734,825.

NOTE 12 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2011, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2011, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in PIPS. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of PIPS. Participation in PIPS is limited to community college districts that can meet PIPS's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

CalSTRS

Plan Description

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

Funding Policy

Active members are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-11 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's total contributions to CalSTRS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$1,060,792, \$950,115, and \$1,084,330, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

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

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2010-11 was 10.707 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2011, 2010, and 2009, were \$1,289,847, \$1,066,900, and \$1,132,472, respectively, and equaled 100 percent of the required contributions for each year.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS which amounted to \$580,800, \$520,202, and \$593,687, for the years ending June 30, 2011, 2010, and 2009, respectively, (4.517 percent) of salaries subject to CalSTRS. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

APPLE

Plan Description

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

Funding Policy

Active plan members and the District are each required to contribute 3.75 percent of an individual's salary to the plan, for a total of 7.5 percent of an individual's salary. Individuals enrolled in the plan are 100 percent vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2011, was \$113,676.

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

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

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

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

During the year ended June 30, 2011, the District made payments of \$4,545,556, \$445,637, and \$280,923, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

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, 2011.

Construction Commitments

As of June 30, 2011, the District had the following commitments in excess of \$250,000 with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
WHC Elm Street improvements	\$ 263,902	June 30, 2012
WHC PhotoVoltaic project	500,000	June 1, 2013
NDC Land acquisition, phase 1	612,267	August 31, 2011
WHL Infrastructure Project	1,400,000	August 11, 2011
WHL Multi-use Sports Facility/plans	2,211,461	December 25, 2011
WHC Wellness Center	1,289,670	January 1, 2012
WHC Ag Science Facilities/Allen Farm	9,262,698	September 1, 2012
Total	<u>\$ 15,539,998</u>	

The projects are funded through a combination of general obligation bonds, certificates of participation, and capital project apportionments from the California State Chancellor's Office.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

NOTE 16 - TAX AND REVENUE ANTICIPATION NOTES

At July 1, 2010, the District had outstanding Tax and Revenue Anticipation Notes in the amount of \$3,865,000, which matured on June 1, 2011.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2010 0.6% TRANS (6/11/10)	<u>\$ 3,895,000</u>	<u>\$ -</u>	<u>\$ 3,895,000</u>	<u>\$ -</u>

NOTE 17 - SUBSEQUENT EVENTS

The District issued \$5,660,000 of Tax and Revenue Anticipation Notes dated July 1, 2011. The notes mature on June 1, 2012, and yield 0.588 percent interest. The notes were sold to supplement cash flow. The principal and interest is due on June 1, 2012.

REQUIRED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2011**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
11/1/11	\$ 2,734,825	\$ 7,259,572	\$ 4,524,747	37.67%	\$ 24,904,850	18.17%
11/1/08	\$ 1,475,006	\$ 2,624,302	\$ 1,149,296	56.21%	\$ 29,446,414	3.90%

SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2011

The West Hills Community College District was established in September 1932. The West Hills Community College District provides postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The West Hills Community College District maintains a District Office, a Coalinga College, a Lemoore College, the North District Center in Firebaugh, and a center at NAS Lemoore. There were no changes in the boundaries of the District during the fiscal year.

TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mark McKean	President	November 2011
Bill Henry	Vice President	November 2011
Nina Oxborrow	Clerk	November 2013
Jack Minnite	Member	November 2013
J.L. Levinson	Member	November 2013
Edna Ivans	Member	November 2011
Steve Cantu	Member	November 2011

ADMINISTRATION

Dr. Frank P. Gornick	Chancellor
Mr. Ken Stoppenbrink	Vice Chancellor, Business Services
Mr. Don Warkentin	President, West Hills College Lemoore
Dr. Willard Lewallen	President, West Hills College Coalinga
Mr. Pedro Avila	Vice Chancellor, Institutional Effectiveness and Enrollment Management
Dr. Carole Goldsmith	Vice Chancellor, Educational Services and Workforce Development
Mr. Dave Bolt	Vice President, Educational Services, West Hills College Lemoore
Ms. Jill Stearns	Vice President, Educational Services, West Hills College Coalinga
Ms. Sylvia Dorsey-Robinson	Vice President, Student Services, West Hills College Lemoore
Dr. Marlon Hall	Vice President, Student Services, West Hills College Coalinga

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Camp	84.149A	\$ 454,350
ARRA: State Fiscal Stabilization Fund	84.394	28,579
High School Equivalency Program	84.141A	516,994
Student Financial Assistance Cluster:		
Academic Competitive Grant	84.375A	1,775
Supplemental Educational Opportunity Grants	84.007	152,951
Direct Loans	84.268	1,685,656
Federal Workstudy	84.033	302,719
TANF 50% Federal/Calworks	84.033	238,674
Pell Grant	84.063	11,456,264
Subtotal - Student Financial Assistance Cluster		<u>13,838,039</u>
TRIO Cluster:		
Upward Bound	84.047A	548,172
Upward Bound - Math / Science	84.047M	539,358
Student Support Services/One Step Beyond	84.042A	308,133
Subtotal - TRIO Cluster		<u>1,395,663</u>
Vocational Education Act:		
VATEA - Leadership	84.048	138,000
VATEA Tech. Prep.	84.048	139,416
VATEA IB	84.048	290,852
VATEA IB - Career & Technical Education	84.048	300,000
Subtotal - VATEA Programs		<u>868,268</u>
Title IV - 21st Century Learning Centers	84.287	813,279
Title V - Higher Education Institutional Aid	84.031S	865,026
Subtotal - U.S. Department of Education		<u>18,780,198</u>
U.S. DEPARTMENT OF AGRICULTURE		
Community Food Projects	10.225	56,333
Child Care Food Services	10.558	380,794
Subtotal - U.S. Department of Agriculture		<u>437,127</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through California Department of Health Care Services:		
ARRA:CSBG - ePLUS	93.710	107,313
Medical Administrative Activities	93.778	125,000
Subtotal - U.S Department of Health and Human Services		<u>232,313</u>
U.S. DEPARTMENT OF JUSTICE		
ARRA: Edward Byrne Memorial Justice Assistance	16.804	2,322
Subtotal U.S. Department of Justice		<u>2,322</u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S.DEPARTMENT OF LABOR		
ARRA: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	\$ 1,897,723
Community Based JTG	17.269	493,735
WIA Cluster:		
Workforce Investment Act - Dislocated Worker	17.278	263,924
Workforce Investment Act - Adult Program	17.258	810,656
ARRA: Workforce Investment Act - Adult Program	17.258	820,966
ARRA: Workforce Investment Act - Dislocated Worker	17.278	146,727
Workforce Investment Act - Veterans Employment Asst.	17.258	577,854
Youth Employment Program	17.259	27,143
ARRA: Youth Employment Program	17.259	509,580
ARRA: Summer Youth Employment Program	17.259	115,489
Subtotal - Workforce Investment Cluster		<u>3,272,339</u>
Subtotal U.S. Department of Labor		<u>5,663,797</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Safe, Accountable, and Efficient Transportation Equity Act: A Legacy for Users	20.235	<u>87,360</u>
Subtotal U.S. Department of Transportation		<u>87,360</u>
NATIONAL SCIENCE FOUNDATION		
Achieving Community College Excellence for Scholarship Success	47.070	<u>92,802</u>
Total Federal Programs		<u><u>\$ 25,295,919</u></u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	\$ 821,911	\$ 697,542	\$ 1,519,453
BFAP - Financial Aid Administration	306,076	290,197	596,273
Basic Skills/ Immigrant Edu. Supplement	334,447	242,111	576,558
Cal Works	200,644	229,848	430,492
CDC Works	16,411	-	16,411
FCOE Child Care Development	6,411	-	6,411
CARE Grant	127,102	133,791	260,893
Career Technical Education Initiative	11,193	50,000	61,193
Career Technology-Educational Equipment	18,065	193,827	211,892
Child Care-State Preschool	2,296,417	4,673,746	6,970,163
Child Care-Food	-	24,728	24,728
Child Care-Material and Supplies	-	1,781	1,781
Child Care-Infant/Toddler Resource	2,314	-	2,314
Disability Support Programs and Services	450,913	469,096	920,009
Pre-Kindergarten Supplemental	10,000	10,000	20,000
ECE Consortium Grant	16,250	18,544	34,794
Extended Opportunity Program and Service	515,080	488,487	1,003,567
First Five			
Children Services Network	-	30,000	30,000
Prop 10 - Fresno County	97,308	98,955	196,263
Prop 10 - Avenal	100,000	99,959	199,959
Prop 10 - San Joaquin	305,583	243,087	548,670
K-Camp	-	14,743	14,743
Demonstration Site	60,000	-	60,000
I.R.D.C. Agribusiness	-	237,674	237,674
Lottery			
Unrestricted	639,485	-	639,485
Restricted	109,093	105,527	214,620
Matriculation	216,613	233,951	450,564
Staff Diversity	-	4,670	4,670
Scheduled Maintenance and Repair	-	-	-
Teacher Prep Pipeline	139,712	224,828	364,540
Telecommunications Infrastructure	-	-	-
Responsive Incumbent Workers	223,952	188,738	412,690
State Compensation Insurance Fund	-	4,000	4,000
CCCCO/Nursing Education	237,887	349,872	587,759
CCCCO/CAHSEE	-	58,190	58,190
Career Academy Grant: Coalinga	666,400	83,416	749,816
Career Academy Grant: Lemoore	-	41,538	41,538
Career Academy Grant: District-wide	-	247,434	247,434
Facility Renovation Repair	110,813	110,813	221,626
TCOE: Career Experience	-	20,000	20,000
Middle College High	99,454	108,348	207,802
Total State Programs	<u>\$ 8,139,534</u>	<u>\$ 10,013,474</u>	<u>\$ 18,168,975</u>

See accompanying note to supplementary information.

Cash Received	Program Revenues			Total Revenue	Total Program Expenditures
	Accounts Receivable	Deferred Revenue			
\$ 821,911	\$ -	\$ -		\$ 821,911	\$ 821,911
356,857	472	68,332		288,997	288,997
368,541	-	34,094		334,447	334,447
200,644	11,194	-		211,838	211,838
13,095	3,316	-		16,411	16,411
6,411	-	-		6,411	6,411
148,970	-	-		148,970	148,970
19,460	-	8,267		11,193	11,193
18,065	-	-		18,065	18,065
4,038,312	17,084	-		4,055,396	4,055,396
23,346	1,376	-		24,722	24,722
-	-	-		-	-
579	1,735	-		2,314	2,314
515,614	-	-		515,614	515,614
(848)	10,848	-		10,000	10,000
16,250	-	-		-	16,250
573,787	-	-		573,787	573,787
-	-	-		-	-
-	-	-		-	-
141,750	5,558	50,000		97,308	97,308
89,355	-	-		89,355	89,355
229,188	65,166	-		294,354	294,354
-	-	-		-	-
60,000	5,993	30,000		35,993	35,993
-	-	-		-	-
-	-	-		-	-
-	-	-		-	-
61,430	95,644	105,241		51,833	51,833
433,981	16,583	-		450,564	450,564
4,670	-	-		4,670	4,670
-	-	-		-	-
157,500	-	17,788		139,712	139,712
-	-	-		-	-
358,868	-	134,916		223,952	223,952
-	-	-		-	-
149,892	87,995	-		237,887	237,887
-	-	-		-	-
748,686	-	658,576		90,110	90,110
-	-	-		-	-
-	-	-		-	-
595	-	-		595	595
-	-	-		-	-
39,782	59,672	-		99,454	99,454
<u>\$ 9,596,691</u>	<u>\$ 382,636</u>	<u>\$ 1,107,214</u>		<u>\$ 8,855,863</u>	<u>\$ 8,872,113</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE
GENERAL APPORTIONMENT
AS OF JUNE 30, 2011**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession - 2010			
1. Noncredit	79.94	-	79.94
2. Credit	634.66	-	634.66
B. Summer Intersession - 2011			
1. Noncredit	-	-	-
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,708.02	-	3,708.02
(b) Daily Census Contact Hours	760.27	-	760.27
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	412.74	-	412.74
(b) Credit	8.40	-	8.40
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	101.67	-	101.67
(b) Daily Census Contact Hours	0.01	-	0.01
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>5,705.71</u>	<u>-</u>	<u>5,705.71</u>
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	181.25	-	181.25
2. Credit	331.50	-	331.50
	<u>512.75</u>	<u>-</u>	<u>512.75</u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

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

	COP Debt Service Fund	COP #1 Capital Outlay Fund ¹	Capital Outlay Projects Fund
FUND BALANCE			
Balance, June 30, 2011, (CCFS-311)	\$ 8,489,022	\$ 63,793,497	\$ 11,517,566
Adjustment in:			
Increase/(decrease) in investment	28,507	(613,956)	-
Increase in accounts payable	-	-	(1,917,777)
Balance, July 1, 2011			
Audited Financial Statement	<u>\$ 8,517,529</u>	<u>\$ 63,179,541</u>	<u>\$ 9,599,789</u>

¹ This fund along with the Revenue Bond Construction Fund and the Construction Fund on the audited financial statements reflect information reported in the Revenue Bond Construction Fund (42) on the CCFS-311.

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2011

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment

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. This schedule provides information regarding the annual attendance measurements of students throughout the District.

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

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

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***

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited the basic financial statements of West Hills Community College District (the District) and its discretely presented component unit for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 11, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of West Hills Community College District is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audits, we considered West Hills Community College District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Hills Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Hills Community College District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Trustees, Audit Committee, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 11, 2012



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
West Hills Community College District
Coalinga, California

Compliance

We have audited West Hills Community College District's (the District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Hills Community College District's major Federal programs for the year ended June 30, 2011. West Hills Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of West Hills Community College District's management. Our responsibility is to express an opinion on West Hills Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about West Hills Community College 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. Our audit does not provide a legal determination of West Hills Community College District's compliance with those requirements.

In our opinion, West Hills Community College District complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of West Hills Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered West Hills Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Hills Community College 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.

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 that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 11, 2012



REPORT ON STATE COMPLIANCE

Board of Trustees
 West Hills Community College District
 Coalinga, California

We have audited the basic financial statements of West Hills Community College District (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 11, 2012.

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 of America and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Compliance with the requirements of laws, regulations, contracts, and grants listed below is the responsibility of West Hills Community College District's management. In connection with the audit referred to above, we selected and tested transactions and records to determine the West Hills Community College District's compliance with the State laws and regulations applicable to the following items:

- Section 421 Salaries of Classroom Instructors: 50 Percent Law
- Section 423 Apportionment for Instructional Service Agreements/Contracts
- Section 424 State General Apportionment Required Data Elements
- Section 425 Residency Determination for Credit Courses
- Section 426 Students Actively Enrolled
- Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 431 Gann Limit Calculation
- Section 432 Enrollment Fee
- Section 433 CalWORKS – Use of State and Federal TANF Funding
- Section 435 Open Enrollment
- Section 437 Student Fee – Instructional Materials and Health Fees
- Section 473 Economic and Workforce Development (EWD)
- Section 474 Extended Opportunity Programs and Services (EOPS)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 477 Cooperative Agencies Resources for Education (CARE)
- Section 478 Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs
- Section 479 To Be Arranged Hours (TBA)

Based on our audit, we found that for the items tested, the West Hills Community College District complied with the State laws and regulations referred to above, except as described in the Schedule of State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs. Our audit does not provide a legal determination on West Hills Community College District's compliance with the State laws and regulations referred to above.

West Hills Community College District's response to the finding identified in our audit is described in the accompanying Schedule of State Awards Findings and Questioned Costs. We did not audit West Hills Community College District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information of the Board of Trustees, District Management, the California Community Colleges Chancellor's Office, the California Department of Finance, and the California Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 11, 2012

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.375A, 84.007, 84.268, 84.033, 84.063	Student Financial Aid Cluster
<u>93.710 (ARRA)</u>	<u>ARRA: CSBG - ePLUS</u>
17.275 (ARRA)	ARRA: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
<u>17.278 (ARRA), 17.258 (ARRA), 17.259 (ARRA)</u>	<u>Workforce Investment Act Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 344,229</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Unqualified</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2011**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

The following finding represents an instance of noncompliance and/or questioned costs relating to State program laws and regulations.

2011-1 TBA Hours

Finding

Program Affected: To Be Arranged Hours (TBA)

Fiscal Year: 2010-11

Criteria or Specific Requirement

Student Attendance Accounting Manual

Condition

During the audit of to be arranged hours (TBA) compliance requirements, we noted TBA hours were not published in the official on-line catalog and in the official schedule of classes for the following courses:

- ASCI-7-C01 - Intercollegiate Rodeo
- PE-32-C01– Fundamentals of Basketball
- PE-38-C01– Theory of Baseball
- PE-4-C01 - Fundamentals of Softball
- HS-61-L01- Nurse Assistant Training
- NURS-1L-L02 - Foundations of Nursing Lab
- PE-21A-L01 - Women's Intercollegiate Cross Country
- PE-46A-L01 - Theory of Golf

During the audit of to be arranged hours (TBA) compliance requirements, we noted that the District is required to maintain attendance records of compliance as of census date and supporting documentation such as the attendance roster. VTD noted that documentation to demonstrate that TBA hours were fulfilled in a manner that documents the days, times, and the number of TBA hours fulfilled was not kept for the following classes:

- PE-38-C01– Theory of Baseball

Questioned Costs

Not applicable

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATE AWARDS FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2011

Effect

Without procedures and effective review process of compliance requirements, the District will not comply with applicable program laws and regulations.

Recommendation

We recommend that the District enhance internal controls and implement procedures to periodically review policies and procedures to enhance District is in compliance with all applicable program laws and regulations.

Management Response and Planned Corrective Action

During Spring semester 2012, the Chief Instructional Officers will work with Enrollment Services and will perform an internal audit to determine that all classes that have TBA hours will include appropriate notations in the catalog and in the class schedule.

We will also require the instructor to keep accurate records of TBA Hour attendance to be turned into the Enrollment Services Office when grades are turned in at the end of each semester for classes with TBA hours.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011**

There were no audit findings reported in the prior year's schedules of Financial Statement Findings and Recommendations, Federal Award Findings and Questioned Costs, or State Award Findings and Questioned Costs.