

**WEST HILLS COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2012

WEST HILLS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2012

FINANCIAL SECTION

Independent Auditors' Report	2
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements - Primary Government	
Statements of Net Assets	12
Statements of Revenues, Expenses, and Changes in Net Assets	13
Statements of Cash Flows – Direct Method	14
Fiduciary Funds	
Statements of Net Assets	16
Statements of Changes in Net Assets	17
Discretely Presented Component Unit - West Hills Community College Foundation	
Statement of Financial Position	18
Statement of Activities	19
Statement of Cash Flows	20
Notes to Financial Statements	21

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Other Postemployment Benefits (OPEB) Funding Progress	58
---	----

SUPPLEMENTARY INFORMATION

District Organization	60
Schedule of Expenditures of Federal Awards	61
Schedule of Expenditures of State Awards	63
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance	64
Reconciliation of <i>Education Code</i> Section 84362 (50 Percent Law) Calculation	65
Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements	68
Notes to Supplementary Information	69

INDEPENDENT AUDITORS' REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	71
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	73
Report on State Compliance	75

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	78
Financial Statement Findings and Recommendations	79
Federal Awards Findings and Questioned Costs	80
State Awards Findings and Questioned Costs	81
Summary Schedule of Prior Audit Findings	82

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, 2012 and 2011, and its discretely presented component unit the West Hills Community College District 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. 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 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, 2012 and 2011, 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 7, 2013, 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 58 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.

Vannest, Eric, Day & Co., LLP

Fresno, California
January 7, 2013



WEST HILLS

COMMUNITY COLLEGE DISTRICT

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, 2012

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 2011-12 fiscal year, the District's actual FTES increased from the 2010-11 fiscal year; however the district was only funded for 4,664 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 \$4 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement with approximately 13.6% 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 decreased from the 2010-11 fiscal year by approximately \$1.3 million. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District continues several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately \$14 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, 2012

Condensed financial information is as follows: (in thousands)

NET ASSETS

As of June 30, 2012, 2011, and 2010

	June 30, 2012	June 30, 2011	Change	June 30, 2010	Change
ASSETS					
Current Assets					
Cash and investments	\$ 101,338	\$ 103,595	\$ (2,257)	\$ 98,381	\$ 5,214
Accounts receivable	13,153	11,179	1,974	13,834	(2,655)
Deferred issuance costs-current	142	168	(26)	183	(15)
Prepaid	13	10	3	13	(3)
Total Current Assets	<u>114,646</u>	<u>114,952</u>	<u>(306)</u>	<u>112,411</u>	<u>2,541</u>
Non-Current Assets					
Capital assets, net of depreciation	111,584	101,606	9,978	79,945	21,661
Net Plan Asset-GASB 45	2,043	1,699	344	817	882
Deferred issuance costs-noncurrent	2,942	2,297	645	1,996	301
Total Non-Current Assets	<u>116,569</u>	<u>105,602</u>	<u>10,967</u>	<u>82,758</u>	<u>22,844</u>
Total Assets	<u>\$ 231,215</u>	<u>\$ 220,554</u>	<u>\$ 10,661</u>	<u>\$ 195,169</u>	<u>\$ 25,385</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	4,184	4,949	(765)	4,756	193
Deferred revenue	4,037	3,337	700	3,050	287
Long-term liabilities - current portion	1,334	1,381	(47)	1,900	(519)
Total Current Liabilities	<u>9,555</u>	<u>9,667</u>	<u>(112)</u>	<u>9,706</u>	<u>(39)</u>
Non-Current Liabilities					
Long-term liabilities	131,896	119,997	11,899	107,657	12,340
Total liabilities	<u>141,451</u>	<u>129,664</u>	<u>11,787</u>	<u>117,363</u>	<u>12,301</u>
NET ASSETS					
Invested in capital assets	72,950	71,720	1,230	58,970	12,750
Restricted for expendable purposes	8,982	10,544	(1,562)	13,238	(2,694)
Unrestricted	7,832	8,626	(794)	5,598	3,028
Total Net Assets	<u>89,764</u>	<u>90,890</u>	<u>(1,126)</u>	<u>77,806</u>	<u>13,084</u>
Total Liabilities and Net Assets	<u>\$ 231,215</u>	<u>\$ 220,554</u>	<u>\$ 10,661</u>	<u>\$ 195,169</u>	<u>\$ 25,385</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, 2012

Operating Results for the Year Ended June 30, 2012, 2011, and 2010

	June 30, 2012	June 30, 2011	Difference	June 30, 2010	Difference
OPERATING REVENUES					
Tuition and fees	\$ 2,357	\$ 2,251	\$ 106	\$ 2,394	\$ (143)
Auxiliary sales and charges	843	842	1	634	208
Total Operating Revenues	<u>3,200</u>	<u>3,093</u>	<u>107</u>	<u>3,028</u>	<u>65</u>
OPERATING EXPENSES					
Salaries and benefits	37,798	39,109	(1,311)	36,713	2,396
Other expenses	31,120	24,793	6,327	22,296	2,497
Depreciation	3,890	2,950	940	2,906	44
Total Operating Expenses	<u>72,808</u>	<u>66,852</u>	<u>5,956</u>	<u>61,915</u>	<u>4,937</u>
NET LOSS ON OPERATIONS	<u>(69,608)</u>	<u>(63,759)</u>	<u>(5,849)</u>	<u>(58,887)</u>	<u>(4,872)</u>
NONOPERATING REVENUES AND (EXPENSES)					
State apportionments	22,544	25,602	(3,058)	25,507	95
Grants and contracts	33,529	35,069	(1,540)	30,383	4,686
Property taxes	5,292	3,935	1,357	4,877	(942)
State revenues	64	64	-	2,648	(2,584)
Interest income	2,057	2,780	(723)	3,321	(541)
Interest expense	(2,403)	(2,986)	583	(3,329)	343
Other non-operating revenues	896	960	(64)	3,128	(2,168)
Total Nonoperating Revenues	<u>61,979</u>	<u>65,424</u>	<u>(3,445)</u>	<u>66,535</u>	<u>(1,111)</u>
OTHER REVENUES					
State revenues, capital	6,210	11,377	(5,167)	11,649	(272)
Local revenues, capital	293	42	251	125	(83)
Total Other Revenues	<u>6,503</u>	<u>11,419</u>	<u>(4,916)</u>	<u>11,774</u>	<u>(355)</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>\$ (1,126)</u>	<u>\$ 13,084</u>	<u>\$ (14,210)</u>	<u>\$19,422</u>	<u>\$ (6,338)</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 \$69.6 million is balanced by the other funding sources leading to a decrease in the District's net assets of \$1.1 million.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

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, 2012, 2011, and 2010

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, 2012</u>	<u>June 30, 2011</u>	<u>Difference</u>	<u>June 30, 2010</u>	<u>Difference</u>
CASH PROVIDED BY (USED IN)					
Operating activities	\$ (68,771)	\$ (58,319)	\$ (10,452)	\$ (56,511)	\$ (1,808)
Noncapital financing activities	62,071	66,897	(4,826)	61,315	5,582
Capital financing activities	2,281	(5,259)	7,540	(1,833)	(3,426)
Investing activities	2,162	2,776	(614)	3,400	(624)
Net Increase in Cash and Cash Equivalents	<u>\$ (2,257)</u>	<u>\$ 6,095</u>	<u>\$ (8,352)</u>	<u>\$ 6,371</u>	<u>\$ (276)</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, 2012

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, 2012:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 9,974,691	\$ 2,594,323	\$ 1,130,821	\$ 1,481,618	\$ -	\$ 15,181,453
Academic support	3,228,509	957,847	800,930	185,403	-	5,172,689
Student services	5,721,723	2,124,424	1,474,905	15,344,042	-	24,665,094
Plant operations and maintenance	965,661	468,030	1,713,238	397,968	-	3,544,897
Instructional support services	2,852,039	1,220,612	1,025,249	3,449,935	-	8,547,835
Community services and economic development	1,117,767	283,630	747,118	332,444	-	2,480,959
Ancillary services and auxiliary operations	4,208,840	1,614,223	2,803,490	232,383	-	8,858,936
Trust and agency activities	347,854	118,087	-	-	-	465,941
Depreciation expense-unallocated	-	-	-	-	3,890,183	3,890,183
Total	\$28,417,084	\$ 9,381,176	\$ 9,695,751	\$ 21,423,793	\$ 3,890,183	\$ 72,807,987

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2012

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

ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT

The 2011-12 State Budget represents no increase in funding for COLA or growth. There will likely be no COLA or growth for the 2012-13; 2013-14 or 2014-15 fiscal years because of the economic conditions in California and the structural deficit that currently exists. With the passage of Proposition 30 there is at least the opportunity to stop the bleeding from the budget; however, based on the forecasts for the revenues being short of what was budgeted the outlook still remains cloudy as to any growth or new revenues. In fact the \$6 billion on increased taxes under Proposition 30 will remove discretionary income of the taxpayers thus will have a direct impact on the economic growth in the state. Until and unless there are jobs created the outlook for California is grim at best.

The District will continue to be very cautious and conservative in our budget planning going forward until such time as the economic indicators provide reason to change our approach. The District has never relied on Sacramento to solve problems at the local level and will not do so in the future. The District has been very aggressive in obtaining new opportunities for funding including the recent DOL grant of \$19 million of which the District is the fiscal agent. Additionally, working with the private sector to generate several million dollars by participating in the new market tax credit funding program will help contribute to the overhead of our operations.

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 District 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, 2012

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
ASSETS		
Current Assets		
Cash and investments	\$ 10,439,073	\$ 12,346,503
Restricted cash and cash equivalents	90,898,189	91,248,533
Accounts receivable	11,924,402	10,396,377
Student loans receivable	1,230,205	782,557
Deferred issuance costs-current portion	141,749	-
Prepaid expenses - current portion	12,861	9,580
Total Current Assets	<u>114,646,479</u>	<u>114,783,550</u>
Noncurrent Assets		
Deferred issuance costs-noncurrent portion	2,941,592	2,464,513
Net plan asset-GASB 45	2,042,806	1,699,110
Nondepreciable capital assets	26,991,305	50,047,633
Depreciable capital assets	120,619,327	83,695,160
Less: Accumulated depreciation	(36,025,813)	(32,135,630)
Total Noncurrent Assets	<u>116,569,217</u>	<u>105,770,786</u>
TOTAL ASSETS	<u>231,215,696</u>	<u>220,554,336</u>
LIABILITIES		
Current Liabilities		
Accounts payable	4,046,335	4,807,202
Deferred revenue	4,037,430	3,336,915
Amounts held in custody on behalf of others	137,678	141,642
Long-term liabilities - current portion	1,333,766	1,380,779
Total Current Liabilities	<u>9,555,209</u>	<u>9,666,538</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	1,055,063	1,125,959
Long-term liabilities - noncurrent portion	130,841,354	118,871,663
Total Noncurrent Liabilities	<u>131,896,417</u>	<u>119,997,622</u>
TOTAL LIABILITIES	<u>141,451,626</u>	<u>129,664,160</u>
NET ASSETS		
Invested in capital assets, net of related debt	72,950,094	71,720,416
Restricted for:		
Debt service	8,855,097	10,542,578
Other activities	126,895	855
Unrestricted	7,831,984	8,626,327
TOTAL NET ASSETS	<u>\$ 89,764,070</u>	<u>\$ 90,890,176</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Tuition and Fees	\$ 2,504,107	\$ 2,342,627
Less: Scholarship discount and allowance	(147,143)	(91,721)
Net tuition and fees	<u>2,356,964</u>	<u>2,250,906</u>
Auxiliary Sales and Charges		
Cafeteria	592,333	737,183
Farm	250,474	105,128
TOTAL OPERATING REVENUES	<u>3,199,771</u>	<u>3,093,217</u>
OPERATING EXPENSES		
Salaries	28,417,084	29,874,551
Employee benefits	9,381,176	9,234,070
Supplies, materials, and other operating expenses and services	31,119,544	24,793,111
Depreciation	3,890,183	2,950,450
TOTAL OPERATING EXPENSES	<u>72,807,987</u>	<u>66,852,182</u>
OPERATING LOSS	<u>(69,608,216)</u>	<u>(63,758,965)</u>
NON-OPERATING REVENUES (EXPENSES)		
Grants and Contracts, noncapital:		
Federal	22,989,300	25,295,919
State	10,399,272	9,590,504
Local	140,966	182,084
State apportionments, noncapital	22,543,966	25,602,247
Local property taxes, levied for general purposes	5,291,619	3,934,785
State taxes and other revenues	64,323	63,914
Investment income, net	2,057,008	2,780,474
Interest and other expenses on debt	(2,403,164)	(2,986,836)
Other non-operating revenues	896,185	960,078
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>61,979,475</u>	<u>65,423,169</u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	<u>(7,628,741)</u>	<u>1,664,204</u>
OTHER REVENUES AND EXPENSES		
State revenues, capital	6,209,957	11,376,675
Local revenues, capital	292,678	42,682
TOTAL OTHER REVENUES AND EXPENSES	<u>6,502,635</u>	<u>11,419,357</u>
CHANGE IN NET ASSETS	(1,126,106)	13,083,561
NET ASSETS, BEGINNING OF YEAR	90,890,176	77,806,615
NET ASSETS, END OF YEAR	<u>\$ 89,764,070</u>	<u>\$ 90,890,176</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 2,853,127	\$ 2,696,708
Payments to vendors for supplies and services	(34,489,514)	(25,630,822)
Auxiliary sales	842,807	842,311
Payments to or on behalf of employees	(37,973,296)	(36,555,531)
Other operating receipts (payments)	(3,964)	328,697
Net Cash Flows Used By Operating Activities	<u>(68,770,840)</u>	<u>(58,318,637)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	20,791,520	24,186,761
Non-capital grants and contracts	33,829,086	33,112,088
Property taxes - nondebt related	5,351,837	3,697,889
State taxes and other apportionments	1,202,081	4,940,548
Other nonoperating	896,185	960,078
Net Cash Flows From Noncapital Financing Activities	<u>62,070,709</u>	<u>66,897,364</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(13,867,839)	(25,591,086)
Proceeds from capital debt	22,056,429	13,673,347
State revenue, capital projects	6,209,957	11,376,675
Local revenue, capital projects	292,678	42,682
Principal paid on capital debt	(10,007,320)	(1,773,553)
Interest and expenses paid on capital debt	(2,403,164)	(2,986,836)
Net Cash Flows Provided/(Used) By Capital Financing Activities	<u>2,280,741</u>	<u>(5,258,771)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	2,161,616	2,775,936
Net Cash Flows From Investing Activities	<u>2,161,616</u>	<u>2,775,936</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,257,774)	6,095,892
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>103,595,036</u>	<u>97,499,144</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 101,337,262</u>	<u>\$ 103,595,036</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	<u>\$ (69,608,216)</u>	<u>\$ (63,758,965)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	3,890,183	2,950,450
Changes in Assets and Liabilities:		
Receivables, net	(1,975,673)	2,655,179
Prepaid expenses and deferred issuance costs	(622,109)	(282,245)
GASB 45, Net Plan Asset	(343,696)	(881,845)
Accounts payable and accrued liabilities	(760,867)	185,284
Deferred revenue	700,515	286,647
Current portion of long-term obligations	(47,013)	519,205
Funds held for others	<u>(3,964)</u>	<u>7,653</u>
Total Adjustments	<u>837,376</u>	<u>5,440,328</u>
Net Cash Flows Used by Operating Activities	<u><u>\$ (68,770,840)</u></u>	<u><u>\$ (58,318,637)</u></u>
	<u>2012</u>	<u>2011</u>
NON CASH TRANSACTIONS		
On behalf payments for benefits	<u><u>\$ 678,320</u></u>	<u><u>\$ 580,800</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, 2012 AND 2011**

	2012		2011	
	Trust Funds	Agency Funds	Trust Funds	Agency Funds
ASSETS				
Deposits and investments	\$ 3,896,423	\$ 282,234	\$ 2,815,279	\$ 426,698
Receivables	8,161	268,394	-	235,329
Due from other funds	20,567	37,281	320,044	143,548
Total Assets	<u>3,925,151</u>	<u>\$ 587,909</u>	<u>3,135,323</u>	<u>\$ 805,575</u>
LIABILITIES				
Accounts payable	-	317,508	-	249,797
Due to student groups	-	40,361	-	44,042
Due to other funds	5,973	174,463	2,898	456,741
Deferred revenue	-	55,577	-	54,995
Total Liabilities	<u>5,973</u>	<u>\$ 587,909</u>	<u>2,898</u>	<u>\$ 805,575</u>
NET ASSETS				
Restricted	<u>3,919,178</u>		<u>3,132,425</u>	
Total Net Assets	<u>\$ 3,919,178</u>		<u>\$ 3,132,425</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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
	<u>Trust</u>	<u>Trust</u>
	<u>Funds</u>	<u>Funds</u>
ADDITIONS		
Local sources	\$ 298,209	\$ 319,217
Interdistrict transfers	500,000	850,000
Total Additions	<u>798,209</u>	<u>1,169,217</u>
DEDUCTIONS		
Other expenditures	11,456	6,428
Total Deductions	<u>11,456</u>	<u>6,428</u>
Change in Net Assets	786,753	1,162,789
Net Assets - Beginning	3,132,425	1,969,636
Net Assets - Ending	<u>\$ 3,919,178</u>	<u>\$ 3,132,425</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, 2012 AND 2011**

	June 30,	
	2012	2011
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 646,731	\$ 1,122,730
Investments	1,396,755	1,240,384
Accounts receivable	216,445	136,063
Prepaid expenses	1,506	10,525
Total Current Assets	2,261,437	2,509,702
NONCURRENT ASSETS		
Other noncurrent assets	500	500
Total Noncurrent Assets	500	500
TOTAL ASSETS	\$ 2,261,937	\$ 2,510,202
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	184,706	233,456
Funds held for others	18,859	19,204
Total Current Liabilities	203,565	252,660
TOTAL LIABILITIES	203,565	252,660
NET ASSETS		
Unrestricted	813,156	1,250,907
Temporarily restricted	546,919	543,250
Permanently restricted	698,297	463,385
Total Net Assets	2,058,372	2,257,542
Total Liabilities and Net Assets	\$ 2,261,937	\$ 2,510,202

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, 2012 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2011**

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Donations and special events	\$ 64,158	\$ 90,784	\$ 232,200	\$ 387,142
Donated salaries	276,420	-	-	276,420
Federal revenue	228,058	1,278	-	229,336
Program fees	463,608	-	-	463,608
Program contracts	108,599	-	-	108,599
Fundraisers	242,450	-	-	242,450
Investment income	6,017	2,484	4,962	13,463
Other	77,084	414	-	77,498
Transfers	(37,608)	37,608	-	-
Net assets released from restrictions	131,149	(128,899)	(2,250)	-
Total Revenues	<u>1,559,935</u>	<u>3,669</u>	<u>234,912</u>	<u>1,798,516</u>
EXPENSES				
Program services:				
Scholarship	212,520	-	-	212,520
College Enhancement	969,107	-	-	969,107
Athletic Programs	146,782	-	-	146,782
Educational Programs	108,425	-	-	108,425
Support services:				
General Administrative	171,486	-	-	171,486
Fundraisers	388,623	-	-	388,623
Membership	743	-	-	743
Total Expenses	<u>1,997,686</u>	<u>-</u>	<u>-</u>	<u>1,997,686</u>
INCREASE/(DECREASE) IN NET ASSETS	(437,751)	3,669	234,912	(199,170)
NET ASSETS, BEGINNING OF YEAR	1,250,907	543,250	463,385	2,257,542
NET ASSETS, END OF YEAR	<u>\$ 813,156</u>	<u>\$ 546,919</u>	<u>\$ 698,297</u>	<u>\$ 2,058,372</u>

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

2011 Total

\$ 300,918
285,223
491,198
340,675
31,489
374,110
130,532
104,154
-
-
2,058,299

145,709
917,745
143,921
235,990

132,060
330,853
1,082

1,907,360

150,939

2,106,603

\$ 2,257,542

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, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (199,170)	\$ 150,939
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Decrease in accounts receivable	(80,382)	4,272
(Increase) in prepaid assets	9,019	(10,525)
Increase in accounts payable	(48,750)	144,079
Increase in due to other groups	(345)	3,598
Net Cash Flows Provided/(Used) By Operating Activities	<u>(319,628)</u>	<u>292,363</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in investments	<u>(156,371)</u>	<u>(284,524)</u>
Net Cash Flows Used By Investing Activities	<u>(156,371)</u>	<u>(284,524)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(475,999)</u>	<u>7,839</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,122,730</u>	<u>1,114,891</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 646,731</u>	<u>\$ 1,122,730</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

NOTE 1 - ORGANIZATION

The West Hills Community College District (District) is a political subdivision of the State of California and is a comprehensive, public, two-year institution offering postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The District maintains a Coalinga Campus, a Lemoore Campus, and the North District Center in Firebaugh. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The District operates under a locally elected seven-member Board of Trustees form of government and provides higher education in the County of Fresno. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 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, 2012 AND 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.

Complete 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 and No. 38. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 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 District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37 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, 2012 AND 2011

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2012 and 2011, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 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, 2012 AND 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. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets – net of related debt.

Restricted - 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, 2012 AND 2011

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, 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 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 California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2012, was \$678,320 for CalSTRS. These amounts are reflected in the District's audited financial statements.

Estimates

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

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, 2012 AND 2011

Foundation Financial Statement 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 Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

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

New Accounting Pronouncements

In November 2010, GASB issued 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 GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB 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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier implementation is encouraged.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4 introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged.

In March 2012, GASB issued Statement No. 66, *Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the General Fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in GASB Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply GASB Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier implementation is encouraged.

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans. This Statement and Statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement - determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of State and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier 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.

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

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, 2012 and 2011, are classified in the accompanying financial statements as follows:

	2012	2011
Governmental activities	\$ 100,972,305	\$ 103,087,884
Fiduciary funds	4,178,657	3,241,977
Total Deposits and Investments	<u>\$ 105,150,962</u>	<u>\$ 106,329,861</u>

Deposits and investments as of June 30, 2012 and 2011, consist of the following:

	2012	2011
Cash on hand and in banks	\$ 1,192,958	\$ 2,083,255
Cash in revolving	393	393
Cash with fiscal (Payroll)	729,218	663,625
Investments	103,228,393	103,582,588
Total Deposits and Investments	<u>\$ 105,150,962</u>	<u>\$ 106,329,861</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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, 2012, is provided by the following schedules that show the distribution of the District's investments by maturity:

June 30, 2012

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months
Certificates of Deposits	\$ 15,370,789	\$ -	\$ 15,370,789	\$ -
Money Market	1,801,999	1,801,999	-	-
U.S. Gov. Agency Securities	20,411,687	20,411,687	-	-
Municipal Bonds	11,585,366	11,585,366	-	-
Corporate Bonds	25,965,118	25,965,118	-	-
Fresno County Pool	28,093,434	-	-	28,093,434
Total	\$ 103,228,393	\$ 59,764,170	\$ 15,370,789	\$ 28,093,434

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, 2012

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End								
			AAA	AA	AA+	AA-	A	A+	A-	Unrated	
Certificates of Deposits	\$ 15,370,789	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,370,789
Money Market	1,801,999	N/A	-	-	-	-	-	-	-	-	1,801,999
U.S. Gov. Agency Securities	20,411,687	N/A	-	-	16,892,479	1,155,136	-	-	-	-	2,364,072
Municipal Bonds	11,585,366	N/A	1,390,814	1,187,161	-	3,018,997	-	1,180,021	2,814,365	-	1,994,008
Corporate Bonds	25,965,118	N/A	-	1,858,040	5,307,407	8,065,090	2,500,610	3,051,855	-	-	5,182,116
Fresno County Pool	28,093,434	N/A	-	-	-	-	-	-	-	-	28,093,434
Total	\$ 103,228,393		\$ 1,390,814	\$ 3,045,201	\$ 22,199,886	\$ 12,239,223	\$ 2,500,610	\$ 4,231,876	\$ 2,814,365		\$ 54,806,418

N/A - Not applicable

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Wells Fargo	Treasury Obligations	\$ 29,061,076
Morgan Stanley	Treasury Obligations	\$ 29,154,686
Deutsche Bank	Mutual Funds	\$ 6,648,319
EECU	Certificates of Deposit	\$ 6,397,164

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, 2012, the District's bank balance of \$129,272 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, 2012, of the investment in corporate notes of \$25,965,118, 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.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012 and 2011, consisted of intergovernmental grants, entitlements, interest, and other local sources.

	Primary Governmnet	
	June 30, 2012	June 30, 2011
Federal Government		
Categorical aid	\$ 1,574,089	\$ 2,192,829
State Government		
Apportionment	7,857,877	6,105,431
Categorical aid	1,688,276	1,036,240
Other state sources	289,572	382,463
Local Sources		
Interest	20,756	125,364
Taxes	200,777	104,054
Other local sources	293,055	449,996
Total	<u>\$ 11,924,402</u>	<u>\$ 10,396,377</u>
Student receivables	<u>\$ 1,230,205</u>	<u>\$ 782,557</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, 2012 and 2011, consisted of the following:

	June 30, 2012	June 30, 2011
Travel and conferences	<u>\$ 12,861</u>	<u>\$ 9,580</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 5,934,902	\$ 610,000	\$ -	\$ 6,544,902
Construction in progress	44,112,731	-	23,666,328	20,446,403
Total Capital Assets Not Being Depreciated	<u>50,047,633</u>	<u>610,000</u>	<u>23,666,328</u>	<u>26,991,305</u>
Capital Assets Being Depreciated				
Land improvements	13,487,092	6,320,227	-	19,807,319
Buildings and improvements	65,310,613	30,422,322	-	95,732,935
Furniture and equipment	4,897,455	181,618	-	5,079,073
Total Capital Assets Being Depreciated	<u>83,695,160</u>	<u>36,924,167</u>	<u>-</u>	<u>120,619,327</u>
Total Capital Assets	<u>133,742,793</u>	<u>37,534,167</u>	<u>23,666,328</u>	<u>147,610,632</u>
Less Accumulated Depreciation				
Land improvements	4,855,714	852,673	-	5,708,387
Buildings and improvements	24,339,646	2,621,464	-	26,961,110
Furniture and equipment	2,940,270	416,046	-	3,356,316
Total Accumulated Depreciation	<u>32,135,630</u>	<u>3,890,183</u>	<u>-</u>	<u>36,025,813</u>
Net Capital Assests	<u>\$ 101,607,163</u>	<u>\$ 33,643,984</u>	<u>\$ 23,666,328</u>	<u>\$ 111,584,819</u>

Depreciation expense for the year was \$3,890,183.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2012 and 2011, consisted of the following:

	Primary Government	
	June 30, 2012	June 30, 2011
Vendor invoices	\$ 2,487,414	\$ 3,327,179
Salaries and wages payable	1,310,344	1,288,053
Student refunds payable	248,577	191,970
Total	<u>\$ 4,046,335</u>	<u>\$ 4,807,202</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 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, 2012 and 2011, consisted of the following:

	Primary Government	
	June 30, 2012	June 30, 2011
Federal financial assistance	\$ 23,645	\$ 44,370
State categorical aid	1,256,395	1,107,214
Enrollment fees	2,523,587	2,027,424
Other local	233,803	157,907
Total	<u>\$ 4,037,430</u>	<u>\$ 3,336,915</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 \$7,958,621 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 \$17,538,717.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary for June 30, 2012

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	\$ 3,100,000	\$ -	\$ 2,995,000	\$ 105,000	\$ 105,000
General obligation bonds - 2005 Refunding	13,300,000	-	440,000	12,860,000	455,000
General obligation refunding bonds - 2012	-	3,080,000	-	3,080,000	55,000
Bond premium (18 year amortization)	-	70,818	-	70,818	3,934
General obligation bonds - 2008 (Northern)					
Current interest	2,745,000	-	-	2,745,000	-
Capital appreciation	1,118,015	88,899	75,000	1,131,914	70,000
Bond premium (25 year amortization)	336,126	-	14,614	321,512	14,614
General obligation bonds - 2008, B (Northern)					
Current interest	-	7,800,000	-	7,800,000	-
Capital appreciation	-	158,426	-	158,426	-
Bond premium (25 year amortization)	-	290,971	-	290,971	11,639
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	651,801	56,219	135,000	573,020	100,000
Bond premium (25 year amortization)	292,349	-	12,711	279,638	12,711
General obligation bonds - 2008, B (Coalinga)					
Current interest	-	6,595,000	-	6,595,000	-
Capital appreciation	-	2,020,287	-	2,020,287	-
Bond premium (25 year amortization)	-	365,470	-	365,470	14,619
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	959,332	101,975	130,000	931,307	125,000
Bond premium (25 year amortization)	407,247	-	17,706	389,541	17,706
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	-	9,625,000	-
Capital appreciation	2,805,856	234,527	-	3,040,383	-
Bond premium (30 year amortization)	739,189	-	24,640	714,549	24,640
Certificates of Participation - 2008	70,200,000	-	-	70,200,000	-
Capital leases	908,680	616,037	513,295	1,011,422	129,472
CDE-Child Care Revolving Loan	78,000	294,000	94,000	278,000	68,000
Supplemental Employee Retirement Program	379,293	-	126,431	252,862	126,431
Bond anticipation notes	4,986,200	283,800	5,270,000	-	-
Note premium (3 year amortization)	285,354	-	285,354	-	-
Total Long-Term Obligations	<u>\$ 120,252,442</u>	<u>\$ 22,056,429</u>	<u>\$ 10,133,751</u>	<u>\$ 132,175,120</u>	<u>\$ 1,333,766</u>
Compensated absences-net	<u>\$ 1,125,959</u>	<u>\$ -</u>	<u>\$ 70,896</u>	<u>\$ 1,055,063</u>	

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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 \$1,011,422 will be paid through the General and the Other Special Revenue Funds.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 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, 2011	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2012
03/03/99	08/01/12	3.0-5.048%	\$ 4,000,000	\$ 3,100,000	\$ -	\$ 2,995,000	\$ 105,000
02/10/05	08/01/31	2.5-4.75%	15,600,000	13,300,000	-	440,000	12,860,000
05/23/12	08/01/29	2.0-3.5%	3,080,000	-	3,080,000	-	3,080,000
Northern:							
10/28/08	08/01/33	3.41-4.950%	3,839,677	3,863,015	88,899	75,000	3,876,914
05/23/12	08/01/41	2.0-4.23%	7,957,059	-	7,958,426	-	7,958,426
Coalinga:							
02/24/09	08/01/32	2.62-5.08%	2,998,815	3,031,801	56,219	135,000	2,953,020
05/23/12	08/01/38	2.0-4.21	4,498,812	-	8,615,287	-	8,615,287
Lemoore:							
03/03/09	08/01/33	2.62-5.42%	5,999,837	5,914,332	101,975	130,000	5,886,307
02/17/11	08/01/41	2.56-7.40%	12,343,909	12,430,856	234,527	-	12,665,383
Total				<u>\$ 41,640,004</u>	<u>\$ 20,135,333</u>	<u>\$ 3,775,000</u>	<u>\$ 58,000,337</u>

Debt Service Requirements to Maturity

1999 Issue - General Obligation Bonds - Series A

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ 105,000	\$ 4,515	\$ 109,515

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

2005 Issue - General Obligation Bonds - Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
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	535,000	479,731	1,014,731
2018-2022	3,005,000	2,056,754	5,061,754
2023-2027	3,720,000	1,311,350	5,031,350
2028-2032	3,680,000	350,879	4,030,879
Total	<u>\$ 12,860,000</u>	<u>\$ 6,309,478</u>	<u>\$ 19,169,478</u>

2012 Issue - General Obligation Bonds - Refunding

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2013	\$ 55,000	\$ 11,317	\$ 66,317
2014	135,000	95,900	230,900
2015	145,000	93,200	238,200
2016	145,000	88,850	233,850
2017	150,000	84,500	234,500
2018-2022	820,000	359,200	1,179,200
2023-2027	965,000	208,100	1,173,100
2028-2030	665,000	46,538	711,538
Total	<u>\$ 3,080,000</u>	<u>\$ 987,605</u>	<u>\$ 4,067,605</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>
2013	\$ -	\$ 159,938	\$ 159,938
2014	-	159,938	159,938
2015	-	159,938	159,938
2016	-	159,937	159,937
2017	-	159,937	159,937
2018-2022	635,000	754,799	1,389,799
2023-2027	1,340,000	489,900	1,829,900
2028	770,000	70,500	840,500
Subtotal	<u>\$ 2,745,000</u>	<u>\$ 2,114,887</u>	<u>\$ 4,859,887</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

2008 Northern Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 70,000	\$ 70,000	\$ -
2014	80,000	71,872	8,128
2015	85,000	68,612	16,388
2016	100,000	72,520	27,480
2017	105,000	68,418	36,582
2018	120,000	70,248	49,752
2030-2034	2,406,061	710,244	1,695,817
Total	<u>\$ 2,966,061</u>	<u>\$ 1,131,914</u>	<u>\$ 1,834,147</u>

2008 Northern, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 38,684	\$ 38,684
2014	-	331,581	331,581
2015	60,000	331,581	391,581
2016	70,000	330,381	400,381
2017	90,000	328,981	418,981
2018-2022	350,000	1,609,305	1,959,305
2023-2027	1,005,000	1,532,930	2,537,930
2028-2032	1,510,000	1,332,920	2,842,920
2033-2037	3,610,000	903,750	4,513,750
2038-2042	1,105,000	55,250	1,160,250
Total	<u>\$ 7,800,000</u>	<u>\$ 6,795,363</u>	<u>\$ 14,595,363</u>

2008 Northern, Series B, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2021-2022	<u>\$ 305,000</u>	<u>\$ 158,426</u>	<u>\$ 146,574</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

2008 Coalinga Series A, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2013	\$ -	\$ 132,950	\$ 132,950
2014	-	132,950	132,950
2015	-	132,950	132,950
2016	-	132,950	132,950
2017	-	132,950	132,950
2018-2022	200,000	654,750	854,750
2023-2027	635,000	536,487	1,171,487
2028-2032	1,005,000	301,400	1,306,400
2033	540,000	30,250	570,250
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 2,187,637</u>	<u>\$ 4,567,637</u>

2008 Coalinga Series A, Capital Appreciation General Obligation Bonds

<u>Year Ending June 30,</u>	<u>Value at Maturity</u>	<u>Accreted Obligation</u>	<u>Interest to Accrete</u>
2013	\$ 100,000	\$ 100,000	\$ -
2014	100,000	90,180	9,820
2015	100,000	81,340	18,660
2016	100,000	73,360	26,640
2017	100,000	66,160	33,840
2018-2020	300,000	161,980	138,020
Total	<u>\$ 800,000</u>	<u>\$ 573,020</u>	<u>\$ 226,980</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

2008 Coalinga, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2013	\$ -	\$ -	\$ -
2014	5,000	278,748	283,748
2015	65,000	249,525	314,525
2016	105,000	248,225	353,225
2017	-	245,078	245,078
2018-2022	-	1,225,375	1,225,375
2023-2027	850,000	1,191,044	2,041,044
2028-2032	1,765,000	975,857	2,740,857
2033-2037	1,500,000	685,988	2,185,988
2038-2042	2,305,000	140,000	2,445,000
Subtotal	<u>\$ 6,595,000</u>	<u>\$ 5,239,840</u>	<u>\$ 11,834,840</u>

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

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	\$ 140,000	\$ 87,836	\$ 52,164
2018-2022	1,010,000	441,476	568,524
2027	275,000	85,745	189,255
Total	<u>\$ 1,425,000</u>	<u>\$ 615,057</u>	<u>\$ 809,943</u>

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

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2023	<u>\$ 2,325,000</u>	<u>\$ 1,405,230</u>	<u>\$ 919,770</u>

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

2008 Lemoore Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 267,546	\$ 267,546
2014	-	267,546	267,546
2015	-	267,546	267,546
2016	-	267,546	267,546
2017	-	267,546	267,546
2018-2022	215,000	1,337,730	1,552,730
2023-2027	1,405,000	1,167,642	2,572,642
2028-2032	2,190,000	708,163	2,898,163
2033	1,145,000	97,875	1,242,875
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 4,649,140</u>	<u>\$ 9,604,140</u>

2008 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 125,000	\$ 125,000	\$ -
2014	135,000	120,231	14,769
2015	145,000	114,985	30,015
2016	155,000	109,461	45,539
2017	165,000	103,752	61,248
2018-2022	760,000	357,878	402,122
Total	<u>\$ 1,485,000</u>	<u>\$ 931,307</u>	<u>\$ 553,693</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2013	\$ -	\$ 603,600	\$ 603,600
2014	-	603,600	603,600
2015	-	603,600	603,600
2016	-	603,600	603,600
2017	-	603,600	603,600
2018-2022	-	3,018,000	3,018,000
2023-2027	1,055,000	2,977,750	4,032,750
2028-2032	620,000	5,289,450	5,909,450
2033-2037	1,634,432 ¹	7,596,818	9,231,250
2038-2042	8,828,688 ¹	3,754,677	12,583,365
Subtotal	<u>\$ 12,138,120</u>	<u>\$ 25,654,695</u>	<u>\$ 37,792,815</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.

2008 Lemoore, Series B, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ -	\$ -	\$ -
2014	10,000	8,900	1,100
2015	40,000	31,680	8,320
2016	30,000	18,822	11,178
2017	65,000	36,296	28,704
2018-2022	850,000	321,421	528,579
2023-2027	410,000	110,144	299,856
Total	<u>\$ 1,405,000</u>	<u>\$ 527,263</u>	<u>\$ 877,737</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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, 2012, the principal balance outstanding was \$70,200,000. The interest rate as of June 30, 2012, was 0.26 percent and is based on the auction rate at the time of sale.

Year Ending June 30,	Principal	Interest	Total
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	2,200,000	1,036,500	3,236,500
2018-2022	13,400,000	4,624,500	18,024,500
2023-2027	18,400,000	3,438,000	21,838,000
2028-2032	24,500,000	1,835,250	26,335,250
2033-2034	11,700,000	177,750	11,877,750
Total	<u>\$ 70,200,000</u>	<u>\$ 15,324,000</u>	<u>\$ 85,524,000</u>

Capital Leases

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

Balance, July 1, 2011	\$ 908,680
Additions	616,037
Payments	513,295
Balance, June 30, 2012	<u>\$ 1,011,422</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2013	\$ 179,880
2014	173,648
2015	173,648
2016	173,648
2017	173,648
2018	173,648
2019	173,648
Total	<u>1,221,768</u>
Less: Amount Representing Interest	210,346
Present Value of Minimum Lease Payments	<u>\$ 1,011,422</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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
2013	\$ 68,000
2014	42,000
2015	42,000
2016	42,000
2017	42,000
2018	42,000
Total	<u>\$ 278,000</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 \$252,862 as of June 30, 2012.

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. As of June 30, 2012, the entire obligation was defeased with a portion of the Coalinga 2008, Series B General Obligation Bonds.

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

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

Plan Description

The Plan (the Plan) is a single-employer defined benefit healthcare plan administered by West Hills Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 25 retirees and beneficiaries currently receiving benefits and over 300 active plan members.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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 2011-12, the District contributed 100 percent of the required "pay as you go" portion of \$67,089 and has also contributed funds totaling \$913,216 towards the future obligations of the District. The annual required contribution (ARC) for the District as of July 1, 2011, 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 \$2,042,806 as of June 30, 2012.

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)
Additional interest earned, net of expenses, on net plan assets	37,579
Adjustment to annual required contribution	<u>(219,605)</u>
Annual OPEB cost (expense)	(637,109)
Contributions made	<u>980,805</u>
Change in net OPEB asset	343,696
Net OPEB asset, beginning of year	<u>1,699,110</u>
Net OPEB asset, end of year	<u><u>\$ 2,042,806</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 June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Asset
2012	\$ 455,083	216%	\$ 2,042,806
2011	455,083	277%	1,699,110
2010	417,554	196%	817,265

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Funding Status and Funding Progress

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

Actuarial Valuation Date	Value of Assets (a)	Actuarial 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%

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.

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, 2012, was 27 years. The actuarial value of assets was \$1,629,807 as of October 31, 2010. As of June 30, 2012, the trust held assets with a value of \$3,821,861.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

NOTE 12 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2012, 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 2012, 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).

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.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012 AND 2011

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 2011-12 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, 2012, 2011, and 2010, were \$1,152,657, \$1,060,792, and \$950,115, 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 2011-12 was 10.923 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2012, 2011, and 2010, were \$1,268,860, \$1,289,847, and \$1,066,900, respectively, and equaled 100 percent of the required contributions for each year.

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 \$678,320, \$580,800, and \$520,202, for the years ending June 30, 2012, 2011, and 2010, respectively, (4.855 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. 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.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

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, 2012, was \$89,909.

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, 2012, the District made payments of \$4,635,953, \$423,814, and \$232,200, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2012.

Litigation

The District is not currently a party to any legal proceedings.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012 AND 2011**

Construction Commitments

As of June 30, 2012, the District had the following commitments in excess of \$250,000 with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
WHC Elm Street improvements	\$ 515,615	June 30, 2013
NDC Land acquisition, phase 3	464,660	June 30, 2013
NDC Riverwalk	285,116	June 30, 2013
WHC Ag Science Facilities/Allen Farm	2,101,148	September 1, 2013
Total	<u>\$ 3,366,539</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.

NOTE 16 - TAX AND REVENUE ANTICIPATION NOTES

At July 1, 2011, the District issued Tax and Revenue Anticipation Notes in the amount of \$5,660,000, which matured on June 1, 2012.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2011 at 0.588% (due June 1, 2012)	<u>\$ -</u>	<u>\$ 5,660,000</u>	<u>\$ 5,660,000</u>	<u>\$ -</u>

NOTE 17 - SUBSEQUENT EVENTS

The District issued \$1,350,000 of Tax and Revenue Anticipation Notes dated July 1, 2012. The notes mature on June 3, 2013, and yield 0.6 percent interest. The notes were sold to supplement cash flow.

REQUIRED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2012**

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, 2012

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 2015
Bill Henry	Vice President	November 2015
Nina Oxborrow	Clerk	November 2013
Jack Minnite	Member	November 2013
J.L. Levinson	Member	November 2013
Edna Ivans	Member	November 2015
Steve Cantu	Member	November 2015

ADMINISTRATION

Dr. Frank P. Gornick	Chancellor
Mr. Ken Stoppenbrink	Vice Chancellor, Business Services
Mr. Don Warkentin	President, West Hills College Lemoore
Dr. Tom Harris	Interim President, West Hills College Coalinga
Dr. Carole Goldsmith	Vice Chancellor, Educational Services and Workforce Development
Mr. Dave Bolt	Vice President, Educational Services, West Hills College Lemoore
Ms. Stephanie Droker	Interim Vice President, Educational Services, West Hills College Coalinga
Ms. Sylvia Dorsey-Robinson	Vice President, Student Services, West Hills College Lemoore
Mr. Pedro Avila	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, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Camp	84.149A	\$ 416,938
High School Equivalency Program	84.141A	464,935
Carl D. Perkins - Career and Technical Education	84.243	93,940
Student Financial Assistance Cluster:		
Supplemental Educational Opportunity Grants	84.007	170,870
Direct Loans	84.268	2,063,966
Federal Workstudy	84.033	331,389
TANF 50% Federal/Calworks	84.033	240,820
Pell Grant	84.063	11,312,698
Subtotal - Student Financial Assistance Cluster		<u>14,119,743</u>
TRIO Cluster:		
Upward Bound	84.047A	494,942
Upward Bound - Math / Science	84.047M	462,680
Student Support Services/One Step Beyond	84.042A	248,650
Subtotal - TRIO Cluster		<u>1,206,272</u>
Vocational and Technical Education Act:		
VTEA - Leadership	84.048	128,000
VTEA IB	84.048	240,460
VTEA IB - Career & Technical Education	84.048	270,000
Subtotal - VTEA Programs		<u>638,460</u>
Title IV - 21st Century Learning Centers	84.287	715,161
Title V - Higher Education Institutional Aid	84.031S	199,465
Subtotal - U.S. Department of Education		<u>17,854,914</u>
U.S. DEPARTMENT OF AGRICULTURE		
Community Food Projects	10.225	100,055
Child Care Food Services	10.558	366,577
Subtotal - U.S. Department of Agriculture		<u>466,632</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, 2012**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S.DEPARTMENT OF LABOR		
Workforce Investment Act - Discretionary	17.255	\$ 254,400
ARRA: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	1,038,018
Community Based JTG	17.269	307,488
Trade Adjustment Assistance Community College & Career Training	17.282	829,131
Workforce Investment Act - National Emergency	17.277	30,731
WIA Cluster:		
Workforce Investment Act - Adult Program	17.258	455,148
ARRA: Workforce Investment Act - Adult Program	17.258	70,245
Workforce Investment Act - Veterans Employment Asst.	17.258	759,275
ARRA: Youth Employment Program	17.259	420,494
Workforce Investment Act - Dislocated Worker	17.260	372,376
Subtotal - Workforce Investment Cluster		<u>2,077,538</u>
Subtotal U.S. Department of Labor		<u>4,537,306</u>
NATIONAL SCIENCE FOUNDATION		
Achieving Community College Excellence for Scholarship Success	47.076	130,448
Total Federal Programs		<u>\$ 22,989,300</u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	\$ 810,541	\$ 821,911	\$ 1,632,452
BFAP - Financial Aid Administration	290,197	306,076	596,273
Basic Skills/ Immigrant Edu. Supplement	173,978	334,447	508,425
Cal Works	279,076	200,644	479,720
CDC Works	-	16,411	16,411
FCOE Child Care Development	-	6,411	6,411
CARE Grant	222,523	127,102	349,625
Career Technical Education Initiative	50,000	11,193	61,193
Career Technology-Educational Equipment	-	18,065	18,065
Child Care-State Preschool	2,296,417	2,296,417	4,592,834
Child Care-Food	22,753	-	22,753
Child Care-Infant/Toddler Resource	-	2,314	2,314
Disability Support Programs and Services	702,164	450,913	1,153,077
Pre-Kindergarten Supplemental	10,000	10,000	20,000
ECE Consortium Grant	12,500	16,250	28,750
Extended Opportunity Program and Service	806,843	515,080	1,321,923
First Five			
Prop 10 - Fresno County	105,000	97,308	202,308
Prop 10 - Avenal	90,029	100,000	190,029
Prop 10 - San Joaquin	227,501	305,583	533,084
K-Camp	69,166	-	69,166
Demonstration Site	44,404	60,000	104,404
Health Care Career	80,270	-	80,270
Lottery			
Unrestricted	-	639,485	639,485
Restricted	106,871	109,093	215,964
Matriculation	445,497	216,613	662,110
Staff Diversity	10,636	-	10,636
Teacher Prep Pipeline	111,520	139,712	251,232
Responsive Incumbent Workers	250,000	223,952	473,952
CCCCO/Nursing Education	237,887	237,887	475,774
Career Academy Grant: Coalinga	2,425,000	666,400	3,091,400
Facility Renovation Repair	-	110,813	110,813
Middle College High	121,846	99,454	221,300
Total State Programs	<u>\$ 10,002,619</u>	<u>\$ 8,139,534</u>	<u>\$ 18,142,153</u>

See accompanying note to supplementary information.

Cash Received	Program Revenues		Total Revenue	Total Program Expenditures
	Accounts Receivable	Deferred Revenue		
\$ 795,541	\$ 15,000	\$ -	\$ 810,541	\$ 810,541
292,607	-	18,213	274,394	274,394
214,094	-	40,116	173,978	173,978
250,155	8,429	23,325	235,259	235,259
-	-	-	-	-
-	-	-	-	-
126,847	255	-	127,102	127,102
8,267	-	8,267	-	-
-	-	-	-	-
3,500,732	159,756	-	3,660,488	3,660,488
18,278	4,475	-	22,753	22,753
-	-	-	-	-
428,163	-	-	428,163	428,163
4,065	5,935	-	10,000	10,000
11,775	-	-	-	11,775
533,381	2,399	-	535,780	535,780
-	-	-	-	-
236,250	18,738	150,000	104,988	104,988
88,845	1,184	-	90,029	90,029
227,501	60,177	-	287,678	287,678
69,166	-	-	69,166	69,166
44,404	-	-	44,404	44,404
137,405	-	57,135	80,270	80,270
-	-	-	-	-
-	-	-	-	-
121,355	179,988	194,472	106,871	106,871
215,476	-	-	215,476	215,476
4,670	-	-	4,670	4,670
181,287	12,000	81,767	111,520	111,520
134,916	115,084	-	250,000	250,000
199,825	38,062	-	237,887	237,887
1,265,775	1,007,122	683,100	1,589,797	1,589,797
-	-	-	-	-
39,782	59,672	-	99,454	99,454
<u>\$ 9,150,562</u>	<u>\$ 1,688,276</u>	<u>\$ 1,256,395</u>	<u>\$ 9,570,668</u>	<u>\$ 9,582,443</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 AS OF JUNE 30, 2012**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2011 only)			
1. Noncredit	75.92	-	75.92
2. Credit	423.53	-	423.53
B. Summer Intersession (Summer 2012 - Prior to July 1, 2012)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,452.12	-	3,452.12
(b) Daily Census Contact Hours	935.74	-	935.74
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	343.12	-	343.12
(b) Credit	13.20	-	13.20
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	82.76	-	82.76
(b) Daily Census Contact Hours	0.01	-	0.01
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>5,326.40</u>	<u>-</u>	<u>5,326.40</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)			
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	406.61	-	406.61
2. Credit	344.84	-	344.84
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit	6.74	-	6.74
2. Credit	759.59	-	759.59

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2012

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,117,937	\$ -	\$ 6,117,937	\$ 6,117,937	\$ -	\$ 6,117,937
Other	1300	2,748,014	-	2,748,014	2,748,013	-	2,748,013
Total Instructional Salaries		8,865,951	-	8,865,951	8,865,950	-	8,865,950
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,816,142	-	2,816,142
Other	1400	-	-	-	247,178	-	247,178
Total Noninstructional Salaries		-	-	-	3,063,320	-	3,063,320
Total Academic Salaries		8,865,951	-	8,865,951	11,929,270	-	11,929,270
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	4,082,981	-	4,082,981
Other	2300	-	-	-	326,909	-	326,909
Total Noninstructional Salaries		-	-	-	4,409,890	-	4,409,890
Instructional Aides							
Regular Status	2200	100,359	-	100,359	100,359	-	100,359
Other	2400	885,756	-	885,756	886,626	-	886,626
Total Instructional Aides		986,115	-	986,115	986,985	-	986,985
Total Classified Salaries		986,115	-	986,115	5,396,875	-	5,396,875
Employee Benefits	3000	2,444,910	-	2,444,910	5,352,598	-	5,352,598
Supplies and Material	4000	-	-	-	463,869	-	463,869
Other Operating Expenses	5000	231,721	-	231,721	2,873,050	-	2,873,050
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		12,528,697	-	12,528,697	26,015,662	-	26,015,662

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 89,499	\$ -	\$ 89,499	\$ 89,499	\$ -	\$ 89,499
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	221,742	-	221,742
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	117,553	-	117,553
Objects to Exclude							
Rents and Leases	5060	-	-	-	127,472	-	127,472
Lottery Expenditures							-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	649	-	649
Books, Magazines, and Periodicals	4200	-	-	-	861	-	861
Instructional Supplies and Materials	4300	-	-	-	97,623	-	97,623
Noninstructional Supplies and Materials	4400	-	-	-	295,073	-	295,073
Total Supplies and Materials		-	-	-	394,206	-	394,206

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2012**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 338,210	\$ -	\$ 338,210
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		89,499	-	89,499	1,288,682	-	1,288,682
Total for ECS 84362, 50 Percent Law		\$ 12,439,198	\$ -	\$ 12,439,198	\$ 24,726,980	\$ -	\$ 24,726,980
Percent of CEE (Instructional Salary Cost/Total CEE)		50.31%		50.31%	100.00%		100.00%
50% of Current Expense of Education					\$ 12,363,490		\$ 12,363,490

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, 2012**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2012.

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2012

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 Annual (Actual) Attendance

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

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

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

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, 2012 and 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 7, 2013. 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 previously defined.

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, District Management, the California Community Colleges Chancellor's Office, and the District's Federal and State awarding agencies and pass-through entities 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 7, 2013



**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) 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, 2012. 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 that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

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 previously defined.

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 pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vannest, Eric, Day & Co., LLP

Fresno, California
January 7, 2013



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, 2012, and have issued our report thereon dated January 7, 2013.

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 in accordance with Section 400 of the Chancellor's Office *California Community Colleges Contracted District Audit Manual (CDAM)* issued in May 2012 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 Funding System
- Section 425 Residency Determination for Credit Courses
- Section 426 Students Actively Enrolled
- Section 427 Concurrent Enrollment of K-12 Students in Community College Credit Courses
- Section 431 Gann Limit Calculation
- Section 433 California Work Opportunity and Responsibility to Kids (CalWORKS)
- Section 435 Open Enrollment
- Section 437 Student Fee – Instructional and Other Materials
- Section 438 Student Fees – Health Fees and Use of Health Fees
- Section 474 Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
- Section 475 Disabled Student Programs and Services (DSPS)
- Section 476 Curriculum and Instruction
- Section 479 To Be Arranged (TBA) Hours

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. 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.

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.

Vannest, Eric, Day & Co., LLP

Fresno, California
January 7, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2012**

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>
<u>84.149</u>	<u>Camp</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.047, 84.042</u>	<u>TRIO Cluster</u>
<u>84.048</u>	<u>Vocational Education programs</u>
<u>84.031</u>	<u>Title V-Higher Education Act</u>
	<u>ARRA: Competitive Grants for Workers</u>
	<u>Training and Placement in High Growth</u>
<u>17.275 (ARRA)</u>	<u>and Emerging Industry Sectors</u>
	<u>Trade Adjustment Assistance Community</u>
<u>17.282</u>	<u>College & Career Training</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</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, 2012**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

State Awards Findings and Questioned Costs

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2012

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.

Current Status

Implemented.