

**WEST HILLS COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2010

WEST HILLS COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited the accompanying basic financial statements of the business-type activities of West Hills Community College District (the District) as of and for the years ended June 30, 2010 and 2009, and its discretely presented component unit West Hill's Community College Foundation as listed in the Table of Contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of West Hills Community College District and its discretely presented component unit as of June 30, 2010 and 2009, 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 26, 2011, 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 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 26, 2011



Business Services Department
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[West Hills College Coalinga](#) [West Hills College Lemoore](#) [North District Center, Firebaugh](#) [Naval Air Station, Lemoore](#)

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

USING THIS ANNUAL REPORT

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

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 2009-10 fiscal year, the District's actual FTES increased from the 2008-09 fiscal year; however the district was only funded for 4,964 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 \$4.2 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement with approximately 12.8% 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 over the 2008-09 fiscal year by approximately \$2.6 million. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District began several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately \$15 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, 2010**

Condensed financial information is as follows: (in thousands)

**NET ASSETS
As of June 30, 2010, 2009, and 2008**

	June 30, 2010	June 30, 2009	Change	June 30, 2008	Change
ASSETS					
Cash and investments	\$ 99,856	\$ 92,827	\$ 7,029	\$ 79,535	\$ 13,292
Accounts receivable	13,834	10,756	3,078	5,529	5,227
Inventory	-	-	-	422	(422)
Prepaid	2,192	860	1,332	15	845
Capital assets, net of depreciation	79,945	67,866	12,079	65,628	2,238
Total Assets	<u>\$ 195,827</u>	<u>\$ 172,309</u>	<u>\$ 23,518</u>	<u>\$ 151,129</u>	<u>\$ 20,335</u>
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	6,631	6,856	(225)	4,415	2,441
Deferred revenue	3,050	2,750	300	2,162	588
Long-term liabilities - current portion	1,900	1,825	75	1,048	777
Total Current Liabilities	<u>11,581</u>	<u>11,431</u>	<u>150</u>	<u>7,625</u>	<u>3,806</u>
Non-Current Liabilities					
Long-term liabilities	107,657	102,494	5,163	85,043	17,451
Total liabilities	<u>119,238</u>	<u>113,925</u>	<u>5,313</u>	<u>92,668</u>	<u>21,257</u>
NET ASSETS					
Invested in capital assets	58,970	40,738	18,232	42,610	(1,872)
Restricted for expendable purposes	13,238	13,159	79	13,802	(643)
Unrestricted	4,381	4,487	(106)	2,049	2,438
Total Net Assets	<u>76,589</u>	<u>58,384</u>	<u>18,205</u>	<u>58,461</u>	<u>(77)</u>
Total Liabilities and Net Assets	<u>\$ 195,827</u>	<u>\$ 172,309</u>	<u>\$ 23,518</u>	<u>\$ 151,129</u>	<u>\$ 21,180</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, 2010

Operating Results for the Year Ended June 30, 2010, 2009, and 2008

	June 30, 2010	June 30, 2009	Difference	June 30, 2008	Difference
OPERATING REVENUES					
Tuition and fees	\$ 2,394	\$ 2,583	\$ (189)	\$ 2,657	\$ (74)
Auxiliary sales and charges	634	1,111	(477)	2,473	(1,362)
Total Operating Revenues	<u>3,028</u>	<u>3,694</u>	<u>(666)</u>	<u>5,130</u>	<u>(1,436)</u>
OPERATING EXPENSES					
Salaries and benefits	36,055	38,619	(2,564)	35,606	3,013
Other expenses	24,172	25,440	(1,268)	24,466	974
Depreciation	2,906	2,670	236	1,990	680
Total Operating Expenses	<u>63,133</u>	<u>66,729</u>	<u>(3,596)</u>	<u>62,062</u>	<u>4,667</u>
NET LOSS ON OPERATIONS	<u>(60,105)</u>	<u>(63,035)</u>	<u>2,930</u>	<u>(56,932)</u>	<u>(6,103)</u>
NONOPERATING REVENUES AND (EXPENSES)					
State apportionments	25,507	25,192	315	24,915	277
Grants and contracts	30,383	25,666	4,717	22,585	3,081
Property taxes	4,877	2,265	2,612	2,904	(639)
State revenues	2,648	2,616	32	1,985	631
Interest income	3,321	3,988	(667)	1,934	2,054
Interest expense	(3,329)	(3,753)	424	(2,953)	(800)
Other non-operating revenues	3,128	4,602	(1,474)	7,354	(2,752)
Total Nonoperating Revenues	<u>66,535</u>	<u>60,576</u>	<u>5,959</u>	<u>58,724</u>	<u>1,852</u>
OTHER REVENUES					
State revenues, capital	11,649	2,351	9,298	708	1,643
Local revenues, capital	126	31	95	-	31
Total Other Revenues	<u>11,775</u>	<u>2,382</u>	<u>9,393</u>	<u>708</u>	<u>1,674</u>
NET INCREASE (DECREASE) IN NET ASSETS	<u>\$ 18,205</u>	<u>\$ (77)</u>	<u>\$ 18,282</u>	<u>\$ 2,500</u>	<u>\$ (2,577)</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 \$60 million is balanced by the other funding sources leading to an increase in the District's net assets of \$18 million.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2010

Auxiliary revenue consists of Food Service revenues. The Food Service operation provides meals to the students and faculty of the college.

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, 2010, 2009, and 2008

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, 2010</u>	<u>June 30, 2009</u>	<u>Difference</u>	<u>June 30, 2008</u>	<u>Difference</u>
CASH PROVIDED BY (USED IN)					
Operating activities	\$ (57,728)	\$ (60,686)	\$ 2,958	\$ (54,385)	\$ (6,301)
Noncapital financing activities	63,190	57,316	5,874	59,690	(2,374)
Capital financing activities	(1,833)	11,844	(13,677)	(7,589)	19,433
Investing activities	3,399	4,818	(1,419)	2,015	2,803
Net Increase in Cash and Cash Equivalents	<u>\$ 7,028</u>	<u>\$ 13,292</u>	<u>\$ (6,264)</u>	<u>\$ (269)</u>	<u>\$ 13,561</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, 2010

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, 2010:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 9,043,712	\$ 2,038,509	\$ 1,601,345	\$ 192,901	\$ -	\$ 12,876,468
Academic support	3,316,610	1,259,980	935,804	-	-	5,512,394
Student services	5,916,329	1,965,262	1,071,564	10,439,063	-	19,392,217
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	\$ 8,496,171	\$ 7,548,742	\$ 16,623,258	\$ 2,905,814	\$63,132,735

Year ended June 30, 2009:

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Year ended June 30, 2008:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$10,585,327	\$ 2,719,724	\$ 502,815	\$ 58,465	\$ -	\$ 13,866,331
Academic support	2,409,461	672,097	872,232	-	-	3,953,790
Student services	4,685,381	1,541,224	1,475,534	8,353,468	-	16,055,607
Plant operations and maintenance	743,170	307,497	1,233,367	11,250	-	2,295,284
Instructional support services	2,873,097	1,104,717	1,981,487	4,877,500	-	10,836,801
Community services and economic development	875,109	243,079	498,666	27,674	-	1,644,527
Ancillary services and auxiliary operations	4,643,354	1,573,644	3,927,517	292,291	-	10,436,805
Trust and agency activities	501,441	127,722	44,453	310,263	-	983,878
Depreciation expense-unallocated	-	-	-	-	1,989,662	1,989,662
Total	<u>\$27,316,341</u>	<u>\$ 8,289,703</u>	<u>\$ 10,536,070</u>	<u>\$ 13,930,910</u>	<u>\$ 1,989,662</u>	<u>\$ 62,062,686</u>

ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT

The 2009-10 State Budget represents no increase in funding and in fact a reduction of FTES from the previous fiscal year of 215 down to 4,985, which is about \$1.2 million. There was zero increase in COLA and growth. There will likely be no COLA or growth for the 2010-11 fiscal year due to the economic conditions in California.

During the State of California fiscal crisis the California Community Colleges System did not receive any additional funding. However, due to prudent fiscal management by West Hills CCD, they have been able to transfer \$3.1 million to Capital Outlay for approved project local matching funds and additionally have been able to leave an ending balance of 13.9% - \$4.2 million which exceeded the revised budgeted 11.3% - \$3.4 million ending balance amount.

The State continues to face a structural deficit of billions of dollars and it appears that the community college system will continue to be challenged to reduce expenditures while the demand for services continues to increase. The WHCCD is well positioned to handle any negative impact that may be required.

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, 2010

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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash and investments	\$ 9,952,525	\$ 3,030,024
Accounts receivable	13,376,758	10,207,916
Student loans receivable	457,355	548,363
Prepaid expenses - current portion	12,754	2,376
Total Current Assets	<u>23,799,392</u>	<u>13,788,679</u>
Noncurrent Assets		
Restricted cash and cash equivalents	89,086,205	88,934,269
Deferred issuance costs	2,179,094	858,014
Net plan asset-GASB 45	817,265	863,351
Nondepreciable capital assets	26,063,107	15,046,472
Depreciable capital assets	83,067,385	79,170,900
Less: Accumulated depreciation	(29,185,180)	(26,352,441)
Total Noncurrent Assets	<u>172,027,876</u>	<u>158,520,565</u>
TOTAL ASSETS	<u>195,827,268</u>	<u>172,309,244</u>
LIABILITIES		
Current Liabilities		
Accounts payable	4,621,918	5,448,049
Deferred revenue	3,050,268	2,749,753
Amounts held in custody on behalf of others	2,008,995	1,407,903
Long-term liabilities - current portion	1,899,984	1,825,650
Total Current Liabilities	<u>11,581,165</u>	<u>11,431,355</u>
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	1,077,658	1,053,273
Long-term liabilities - noncurrent portion	106,579,095	101,441,051
Total Noncurrent Liabilities	<u>107,656,753</u>	<u>102,494,324</u>
TOTAL LIABILITIES	<u>119,237,918</u>	<u>113,925,679</u>
NET ASSETS		
Invested in capital assets, net of related debt	58,969,822	40,738,230
Restricted for:		
Debt service	12,873,042	12,678,179
Other activities	365,394	480,039
Unrestricted	4,381,092	4,487,117
TOTAL NET ASSETS	<u>\$ 76,589,350</u>	<u>\$ 58,383,565</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, 2010 AND 2009**

	2010	2009
OPERATING REVENUES		
Tuition and Fees	\$ 2,567,491	\$ 2,693,039
Less: Scholarship discount and allowance	(173,705)	(110,327)
Net tuition and fees	<u>2,393,786</u>	<u>2,582,712</u>
Auxiliary Sales and Charges		
Bookstore	-	427,452
Cafeteria	594,537	665,370
Farm	39,702	18,128
TOTAL OPERATING REVENUES	<u><u>3,028,025</u></u>	<u><u>3,693,662</u></u>
OPERATING EXPENSES		
Salaries	27,558,750	29,446,414
Employee benefits	8,496,171	9,171,463
Supplies, materials, and other operating expenses and services	24,172,000	25,440,427
Depreciation	2,905,814	2,670,173
TOTAL OPERATING EXPENSES	<u><u>63,132,735</u></u>	<u><u>66,728,477</u></u>
OPERATING LOSS	<u><u>(60,104,710)</u></u>	<u><u>(63,034,815)</u></u>
NON-OPERATING REVENUES (EXPENSES)		
Grants and Contracts, noncapital:		
Federal	20,000,331	14,106,507
State	10,182,356	11,253,764
Local	200,589	305,442
State apportionments, noncapital	25,507,123	25,192,273
Local property taxes, levied for general purposes	4,876,789	2,265,160
State taxes and other revenues	2,648,129	2,616,165
Investment income, net	3,320,938	3,987,879
Interest and other expenses on debt	(3,328,593)	(3,753,298)
Other non-operating revenues	3,127,695	4,602,284
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u><u>66,535,357</u></u>	<u><u>60,576,176</u></u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	<u><u>6,430,647</u></u>	<u><u>(2,458,639)</u></u>
OTHER REVENUES AND EXPENSES		
State revenues, capital	11,649,419	2,350,528
Local revenues, capital	125,719	30,989
TOTAL OTHER REVENUES AND EXPENSES	<u><u>11,775,138</u></u>	<u><u>2,381,517</u></u>
CHANGE IN NET ASSETS	18,205,785	(77,122)
NET ASSETS, BEGINNING OF YEAR	58,383,565	58,460,687
NET ASSETS, END OF YEAR	<u><u>\$ 76,589,350</u></u>	<u><u>\$ 58,383,565</u></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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 2,671,375	\$ 2,837,246
Payments to vendors for supplies and services	(25,785,184)	(25,847,265)
Auxiliary sales	634,239	1,110,950
Payments to or on behalf of employees	(35,940,507)	(38,787,109)
Other operating receipts (payments)	692,100	-
Net Cash Flows From Operating Activities	<u>(57,727,977)</u>	<u>(60,686,178)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	24,980,567	22,279,456
Non-capital grants and contracts	27,526,514	24,725,293
Property taxes - nondebt related	4,906,842	2,911,409
State taxes and other apportionments	2,648,129	2,616,165
Other nonoperating	3,127,695	4,783,997
Net Cash Flows From Noncapital Financing Activities	<u>63,189,747</u>	<u>57,316,320</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(14,986,195)	(4,907,493)
Proceeds from capital debt	19,555,655	84,321,970
State revenue, capital projects	11,649,419	2,350,528
Local revenue, capital projects	125,719	30,989
Principal paid on capital debt	(14,849,001)	(66,198,299)
Interest and expenses paid on capital debt	(3,328,593)	(3,753,298)
Net Cash Flows From Capital Financing Activities	<u>(1,832,996)</u>	<u>11,844,397</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	100,000	863,351
Interest received from investments	3,299,577	3,954,003
Net Cash Flows From Investing Activities	<u>3,399,577</u>	<u>4,817,354</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,028,351	13,291,893
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	92,827,644	79,535,751
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 99,855,995</u>	<u>\$ 92,827,644</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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	<u>\$ (60,104,710)</u>	<u>\$ (63,034,815)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:		
Depreciation expense	2,905,814	2,670,173
Changes in Assets and Liabilities:		
Receivables, net	(2,599,970)	(2,926,859)
Stores inventories	-	421,557
Prepaid expenses and deferred issuance costs	(1,331,458)	(846,178)
Accounts payable and accrued liabilities	2,500,740	2,198,543
Deferred revenue	300,515	588,055
Funds held for others	601,092	243,346
Total Adjustments	<u>2,376,733</u>	<u>2,348,637</u>
Net Cash Flows From Operating Activities	<u><u>\$ (57,727,977)</u></u>	<u><u>\$ (60,686,178)</u></u>
	<u>2010</u>	<u>2009</u>
NON CASH TRANSACTIONS		
On behalf payments for benefits	<u>\$ 520,202</u>	<u>\$ 593,687</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2010 AND 2009**

	2010		2009	
	Trust Funds	Agency Funds	Trust Funds	Agency Funds
ASSETS				
Deposits and investments	\$ 1,549,636	\$ 173,204	\$ 1,242,313	\$ 29,256
Receivables	-	381,583	1,300	351,071
Due from other funds	420,000	52,640	34,181	139,236
Total Assets	1,969,636	\$ 607,427	1,277,794	\$ 519,563
LIABILITIES				
Accounts payable	-	210,907	435	329,759
Due to student groups	-	39,359	-	35,759
Due to other funds	-	294,236	17,367	135,308
Deferred revenue	-	62,925	8	18,737
Total Liabilities	-	\$ 607,427	17,810	\$ 519,563
NET ASSETS				
Unreserved	1,969,636		1,259,984	
Total Net Assets	\$ 1,969,636		\$ 1,259,984	

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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
	<u>Trust</u>	<u>Trust</u>
	<u>Funds</u>	<u>Funds</u>
ADDITIONS		
Local sources	\$ 215,093	\$ (173,378)
Interdistrict transfers	500,000	400,000
Total Additions	<u>715,093</u>	<u>226,622</u>
 DEDUCTIONS		
Other expenditures	5,441	13,038
Total Deductions	<u>5,441</u>	<u>13,038</u>
 Change in Net Assets	709,652	213,584
Net Assets - Beginning	<u>1,259,984</u>	<u>1,046,400</u>
Net Assets - Ending	<u>\$ 1,969,636</u>	<u>\$ 1,259,984</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, 2010 AND 2009**

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 707,380	\$ 262,509	\$ 145,002	\$ 1,114,891
Investments	955,860	-	-	955,860
Accounts receivable	140,335	-	-	140,335
Total Current Assets	1,803,575	262,509	145,002	2,211,086
NONCURRENT ASSETS				
Rodeo stock	-	-	-	-
Property and leasehold improvements, net	-	-	-	-
Other noncurrent assets	500	-	-	500
Total Noncurrent Assets	500	-	-	500
TOTAL ASSETS	1,804,075	262,509	145,002	2,211,586
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	89,377	-	-	89,377
Funds held for others	15,606	-	-	15,606
Total Current Liabilities	104,983	-	-	104,983
TOTAL LIABILITIES	104,983	-	-	104,983
NET ASSETS				
Unrestricted	1,699,092	-	-	1,699,092
Temporarily restricted	-	262,509	-	262,509
Permanently restricted	-	-	145,002	145,002
Total Net Assets	1,699,092	262,509	145,002	2,106,603
Total Liabilities and Net Assets	\$ 1,804,075	\$ 262,509	\$ 145,002	\$ 2,211,586

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

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 734,542	\$ 388,434	\$ 141,655	\$ 1,264,631
967,471	-	-	967,471
214,903	-	-	214,903
<u>1,916,916</u>	<u>388,434</u>	<u>141,655</u>	<u>2,447,005</u>
22,450	-	-	22,450
173,551	-	-	173,551
500	-	-	500
<u>196,501</u>	<u>-</u>	<u>-</u>	<u>196,501</u>
<u>2,113,417</u>	<u>388,434</u>	<u>141,655</u>	<u>2,643,506</u>
14,432	-	-	14,432
13,982	-	-	13,982
<u>28,414</u>	<u>-</u>	<u>-</u>	<u>28,414</u>
<u>28,414</u>	<u>-</u>	<u>-</u>	<u>28,414</u>
2,085,003	-	-	2,085,003
-	388,434	-	388,434
-	-	141,655	141,655
<u>2,085,003</u>	<u>388,434</u>	<u>141,655</u>	<u>2,615,092</u>
<u>\$ 2,113,417</u>	<u>\$ 388,434</u>	<u>\$ 141,655</u>	<u>\$ 2,643,506</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2009**

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES				
Donations and special events	\$ 109,375	\$ 277,047	\$ -	\$ 386,422
Federal revenue	171,169	-	-	171,169
Membership fees	-	-	-	-
Program fees	168,158	-	-	168,158
Program contracts	176	-	-	176
Fundraisers	173,866	-	-	173,866
Investment income	36,444	45,921	5,597	87,962
Other	175,506	97,723	-	273,229
Total Revenues	<u>834,694</u>	<u>420,691</u>	<u>5,597</u>	<u>1,260,982</u>
EXPENSES				
Program services:				
Scholarship	162,723	-	-	162,723
College Enhancement	950,724	-	-	950,724
Athletic Programs	136,593	-	-	136,593
Educational Programs	105,136	-	-	105,136
Support services:				
General Administrative	298,816	-	-	298,816
Fundraisers	112,635	-	-	112,635
Membership	2,844	-	-	2,844
Total Expenses	<u>1,769,471</u>	<u>-</u>	<u>-</u>	<u>1,769,471</u>
Increase/(Decrease) in Net Assets	(934,777)	420,691	5,597	(508,489)
UNREALIZED GAIN ON INVESTMENTS				
NET ASSETS RELEASED FROM RESTRICTIONS	548,866	(546,616)	(2,250)	-
INCREASE/(DECREASE) IN NET ASSETS	(385,911)	(125,925)	3,347	(508,489)
NET ASSETS, BEGINNING OF YEAR	2,085,003	388,434	141,655	2,615,092
NET ASSETS, END OF YEAR	<u>\$ 1,699,092</u>	<u>\$ 262,509</u>	<u>\$ 145,002</u>	<u>\$ 2,106,603</u>

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

2009

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 203,343	\$ 21,449	\$ 35,000	\$ 259,792
532,860	-	-	532,860
28,647	-	-	28,647
26,636	-	-	26,636
180,577	-	-	180,577
98,429	4,250	-	102,679
9,310	3,140	2,131	14,581
163,186	-	-	163,186
<u>1,242,988</u>	<u>28,839</u>	<u>37,131</u>	<u>1,308,958</u>
42,180	37,315	-	79,495
265,123	-	-	265,123
85,655	-	-	85,655
308,325	-	-	308,325
186,122	-	-	186,122
58,648	-	-	58,648
3,572	-	-	3,572
<u>949,625</u>	<u>37,315</u>	<u>-</u>	<u>986,940</u>
293,363	(8,476)	37,131	322,018
13,861	4,674	3,173	21,708
<u>(12,359)</u>	<u>48,959</u>	<u>(36,600)</u>	<u>-</u>
294,865	45,157	3,704	343,726
1,790,138	343,277	137,951	2,271,366
<u>\$ 2,085,003</u>	<u>\$ 388,434</u>	<u>\$ 141,655</u>	<u>\$ 2,615,092</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (508,489)	\$ 343,726
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Depreciation and amortization	8,274	10,403
(Increase)/Decrease in accounts receivable	74,568	(214,903)
Increase/(Decrease) in accounts payable	74,945	14,432
Increase/(Decrease) in due to other groups	1,624	1,187
Net Cash Flows Provided By Operating Activities	<u>(349,078)</u>	<u>154,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase)/Decrease in investments	11,611	(188,956)
(Increase)/Decrease in rodeo stock	22,450	-
(Purchase)/Disposal of fixed assets	165,277	4,333
Net Cash Flows Provided/(Used) By Investing Activities	<u>199,338</u>	<u>(184,623)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(149,740)</u>	<u>(29,778)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,264,631	1,294,409
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,114,891</u></u>	<u><u>\$ 1,264,631</u></u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

NOTE 1 - ORGANIZATION

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consist of the primary government (the District), as well as the following component units.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

- **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 (IRS) Section 501(c)(3) that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-For-Profit Organizations*. 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; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to the financial statements.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain grants, entitlements, and donations are classified as nonoperating revenue. Federal and State grants received to provide direct grants to students are classified as nonoperating revenues because the District does not generally receive any direct benefit from the grants and are recognized in the fiscal year in which all eligibility requirements are satisfied. Eligibility requirements may include time and/or purpose requirements. 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.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

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

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

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

Cash and Cash Equivalents

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Investments

Investments held at June 30, 2010 and 2009, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Accounts Receivable

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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. Credit for unused sick leave is applicable to all certificated 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.

Net Assets

GASB Statements No. 34 and No. 35 report equity as "Net Assets." 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.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on-behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The amounts of on-behalf payments were \$593,687 for CalSTRS. No on behalf contributions were made to CalPERS.

Estimates

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

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 District capital assets. 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, 2010

Scholarship Discounts and Allowances

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

Federal Financial Assistance Programs

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

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.

Foundation Presentation

The West Hills Community College District Foundation presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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 statement, 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.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 SFAS No. 157.

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 March 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Classifications*. The objectives of this Statements is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for the financial statements for periods beginning after June 15, 2010. The District does not anticipate a significant impact in reporting.

Comparative Financial Information

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2010 and 2009, are classified in the accompanying financial statements as follows:

	2010	2009
Governmental activities	\$ 98,133,155	\$ 91,743,080
Fiduciary funds	1,722,840	1,392,985
Total Deposits and Investments	<u>\$ 99,855,995</u>	<u>\$ 93,136,065</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Deposits and investments as of June 30, 2010 and 2009, consist of the following:

	<u>2010</u>	<u>2009</u>
Cash on hand and in banks	\$ 941,635	\$ 874,861
Cash in revolving	393	393
Cash with fiscal (Payroll)	509,587	-
Investments	98,404,380	92,260,811
Total Deposits and Investments	<u>\$ 99,855,995</u>	<u>\$ 93,136,065</u>

Interest Rate Risk

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

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations as of June 30, 2010 and 2009, are provided by the following schedules that show the distribution of the District's investments by maturity:

June 30, 2010

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

June 30, 2009

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Certificates of Deposits	\$15,911,544	\$15,911,544	\$ -	\$ -	\$ -
Money Market	586,283	586,283	-	-	-
Corporate-Fixed Rate	7,437,182	7,437,182	-	-	-
County Pool	21,543,940	21,543,940	-	-	-
Mutual Funds	7,829,515	7,829,515	-	-	-
Treasury Obligations	38,952,347	38,952,347	-	-	-
Total	\$92,260,811	\$92,260,811	\$ -	\$ -	\$ -

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, 2010

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

June 30, 2009

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa	Unrated
Certificates of Deposits	\$ 15,911,544	N/A	\$ -	\$ -	\$ 15,911,544
Money Market	586,283	N/A	-	-	586,283
Corporate-Fixed Rate	7,437,182	N/A	-	-	7,437,182
County Pool	21,543,940	N/A	-	-	21,543,940
Mutual Funds	7,829,515	N/A	-	-	7,829,515
Treasury Obligations	38,952,347	N/A	-	-	38,952,347
Total	\$ 92,260,811		\$ -	\$ -	\$ 92,260,811

N/A - Not applicable

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Concentration of Credit Risk

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

June 30, 2010

Issuer	Investment Type	Reported Amount
Wells Fargo	Treasury Obligations	\$ 27,653,310
WCMA	Treasury Obligations	27,972,701
EECU	Certificates of Deposit and Corporate Fixed Rate Notes	6,220,114
Deutsche Bank	Mutual Funds	8,143,186
Total		<u>\$ 69,989,311</u>

June 30, 2009

Issuer	Investment Type	Reported Amount
Morgan Stanley	Certificates of Deposit and Corporate Fixed Rate Notes	\$ 12,039,218
Educational Employees Credit Union	Certificates of Deposit	8,299,981
Deutsche Bank	Mutual Funds	7,807,054
Total		<u>\$ 28,146,253</u>

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010 and 2009, the District's bank balance of \$1,749,239 and \$1,712,781, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010, of the investment in mutual funds, corporate notes, and certificates of deposit of \$35,659,055, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. For June 30, 2009, of the investment in mutual funds, corporate notes, and certificates of deposit of \$31,764,524, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 and 2009, consisted of intergovernmental grants, entitlements, interest, and other local sources.

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Federal Government		
Categorical aid	\$ 2,316,136	\$ 1,976,523
State Government		
Apportionment	4,689,945	4,163,389
Categorical aid	1,371,744	896,606
Other state sources	4,560,953	2,724,726
Local Sources		
Interest	120,826	99,465
Taxes	48,528	150,106
Other local sources	268,626	197,101
Total	<u>\$ 13,376,758</u>	<u>\$ 10,207,916</u>
Student receivables	<u>\$ 457,355</u>	<u>\$ 548,363</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.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2010 and 2009, consisted of the following:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Travel and conferences	\$ 12,754	\$ 2,376
Deferred issuance costs (unamortized)	2,179,094	858,014
Total	<u>\$ 2,191,848</u>	<u>\$ 860,390</u>

NOTE 6 - CAPITAL ASSETS

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

June 30, 2010	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Capital Assets Not Being Depreciated				
Land	\$ 5,177,892	\$ 406,000	\$ -	\$ 5,583,892
Construction in progress	9,868,580	10,610,635	-	20,479,215
Total Capital Assets Not Being Depreciated	<u>15,046,472</u>	<u>11,016,635</u>	<u>-</u>	<u>26,063,107</u>
Capital Assets Being Depreciated				
Land improvements	13,333,845	153,247	-	13,487,092
Buildings and improvements	62,597,252	2,712,474	158,454	65,151,272
Furniture and equipment	3,239,803	1,272,218	83,000	4,429,021
Total Capital Assets Being Depreciated	<u>79,170,900</u>	<u>4,137,939</u>	<u>241,454</u>	<u>83,067,385</u>
Total Capital Assets	<u>94,217,372</u>	<u>15,154,574</u>	<u>241,454</u>	<u>109,130,492</u>
Less Accumulated Depreciation				
Land improvements	3,712,164	568,863	-	4,281,027
Buildings and improvements	20,330,453	1,994,371	15,845	22,308,979
Furniture and equipment	2,309,824	342,580	57,230	2,595,174
Total Accumulated Depreciation	<u>26,352,441</u>	<u>2,905,814</u>	<u>73,075</u>	<u>29,185,180</u>
Net Capital Assests	<u>\$ 67,864,931</u>	<u>\$ 12,248,760</u>	<u>\$ 168,379</u>	<u>\$ 79,945,312</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

June 30, 2009	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 5,052,940	\$ 124,952	\$ -	\$ 5,177,892
Construction in progress	5,806,236	4,195,562	133,218	9,868,580
Total Capital Assets Not Being Depreciated	<u>10,859,176</u>	<u>4,320,514</u>	<u>133,218</u>	<u>15,046,472</u>
Capital Assets Being Depreciated				
Land improvements	13,254,080	79,765	-	13,333,845
Buildings and improvements	62,322,871	274,381	-	62,597,252
Furniture and equipment	2,873,752	366,051	-	3,239,803
Total Capital Assets Being Depreciated	<u>78,450,703</u>	<u>720,197</u>	<u>-</u>	<u>79,170,900</u>
Total Capital Assets	<u>89,309,879</u>	<u>5,040,711</u>	<u>133,218</u>	<u>94,217,372</u>
Less Accumulated Depreciation				
Land improvements	3,150,118	562,046	-	3,712,164
Buildings and improvements	18,408,692	1,921,761	-	20,330,453
Furniture and equipment	2,123,458	186,366	-	2,309,824
Total Accumulated Depreciation	<u>23,682,268</u>	<u>2,670,173</u>	<u>-</u>	<u>26,352,441</u>
Net Capital Assests	<u>\$ 65,627,611</u>	<u>\$ 2,370,538</u>	<u>\$ 133,218</u>	<u>\$ 67,864,931</u>

Depreciation expense for the year was \$2,670,173.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2010 and 2009, consisted of the following:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Vendor invoices	\$ 3,591,482	\$ 4,001,918
Salaries and wages payable	1,030,436	1,446,131
Total	<u>\$ 4,621,918</u>	<u>\$ 5,448,049</u>

Discretely Presented Component Unit

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 8 - DEFERRED REVENUE

Deferred revenue at June 30, 2010 and 2009, consisted of the following:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Federal financial assistance	\$ 405,797	\$ 47,371
State categorical aid	784,449	1,187,012
Other state	-	61,647
Enrollment fees	1,581,622	1,304,033
Other local	278,400	149,690
Total	<u>\$ 3,050,268</u>	<u>\$ 2,749,753</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payable (Due To/Due From)

Balances owing between funds at year-end were for \$8,405,844. Interfund balances at June 30, 2010 and 2009, have been eliminated in the consolidation process.

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 between funds of the District have been eliminated in the consolidation process.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 10 - LONG-TERM OBLIGATIONS

Summary for June 30, 2010

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

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

Description of Debt

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Bonded Debt

On March 3, 1999, the District issued \$4,000,000 in general obligation bonds, Series A. Interest on the \$4,000,000 bonds issued March 3, 1999, accrues from March 3, 1999, and is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2000. The bonds have maturities beginning February 1, 2000 through August 1, 2029, and have yields ranging from 3.0 percent to 5.048 percent.

On February 10, 2005, the District issued \$15,600,000 in refunding general obligation bonds. Interest on the \$15,600,000 bonds is payable semi-annually, on February 1 and August 1 of each year, commencing August 1, 2005. The bonds have maturities beginning February 1, 2006 through August 1, 2030, and have yields ranging from 2.5 percent to 4.75 percent. The bonds were issued to refund the outstanding bonds issued in 2000.

The bonds, Series A and B, were issued to finance the construction of a new campus and for the alterations and additions to existing classrooms and other school facilities.

On October 28, 2008, the District issued \$3,839,677 in general obligation bonds. Interest on the \$3,839,677 bonds is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2009. The bonds have maturities beginning February 1, 2009 through August 1, 2033, and have yields ranging from 3.41 percent to 4.95 percent.

On February 24, 2009, the District issued \$2,998,815 in general obligation bonds. Interest on the \$2,998,815 bonds is payable semi-annually, on February 1 and August 1 of each year, commencing August 1, 2009. The bonds have maturities beginning August 1, 2009 through August 1, 2033 and have yields ranging from 2.62 percent to 5.08 percent.

On March 3, 2009, the District issued \$5,999,837 in general obligation bonds. Interest on the \$5,999,837 bonds is payable annually, on August 1 of each year, commencing August 1, 2010. The bonds have maturities beginning August 1, 2010 through August 1, 2033 and have yields ranging from 2.62 percent to 5.42 percent.

The bonds were issued for the school facilities improvement.

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

The outstanding general obligation bonded debt is as follows:

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Debt Service Requirements to Maturity

1999 Issue - General Obligation Bonds - Series A

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

2005 Issue - General Obligation Bonds - Refunding

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

2008 Northern Series A, Current Interest General Obligation Bonds

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

2008 Northern 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>
2011	\$ 185,000	\$ 185,000	\$ -
2012	75,000	67,380	7,620
2013	70,000	56,504	13,496
2014	80,000	58,016	21,984
2015	85,000	55,386	29,614
2016	100,000	58,540	41,460
2017	105,000	55,230	49,770
2018	120,000	56,712	63,288
2030	442,734	130,854	311,880
2031	462,237	128,538	333,699
2032	482,439	126,222	356,217
2033	498,651	122,748	375,903
2034	520,000	120,432	399,568
Total	<u>\$ 3,226,061</u>	<u>\$ 1,221,562</u>	<u>\$ 2,004,499</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2009 Coalinga Series A, Current Interest General Obligation Bonds

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

2009 Coalinga Series A, Capital Appreciation General Obligation Bonds

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2009 Lemoore Series A, Current Interest General Obligation Bonds

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

2009 Lemoore Series A, Capital Appreciation General Obligation Bonds

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2010

Certificates of Participation

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

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

Capital Leases

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

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

The capital leases have minimum lease payments as follows:

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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:

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

Supplemental Early Retirement Plan

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

Bond Anticipation Notes

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

Current Interest Notes:

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

Capital Appreciation Notes:

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

Summary for June 30, 2009

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
Bonds and Notes Payable:					
General obligation bonds- Series A and B	\$ 16,650,000	\$ -	\$ 385,000	\$ 16,265,000	\$ 400,000
General obligation bonds 2008 (Northern)					
Current interest	-	2,745,000	-	2,745,000	-
Capital appreciation	-	1,161,364	-	1,161,364	185,000
Bond premium (25 year amortization)	-	365,354	-	365,354	14,614
General obligation bonds 2009 (Coalinga)					
Current interest	-	2,380,000	-	2,380,000	-
Capital appreciation	-	642,874	-	642,874	125,000
Bond premium (25 year amortization)	-	317,771	-	317,771	12,711
General obligation bonds 2009 (Lemoore)					
Current interest	-	4,955,000	-	4,955,000	-
Capital appreciation	-	1,090,184	-	1,090,184	370,000
Bond premium (25 year amortization)	-	442,659	-	442,659	17,706
Certificates of participation	65,150,000	70,200,000	65,150,000	70,200,000	-
Capital leases	2,457,260	21,764	600,019	1,879,005	631,480
Day care center loan	651,770	-	11,280	640,490	11,856
CDE-Child Care Revolving Loan	234,000	-	52,000	182,000	52,000
Total Long-Term Obligations	\$ 85,143,030	\$ 84,321,970	\$ 66,198,299	\$ 103,266,701	\$ 1,820,367
Compensated absences-net	\$ 948,629	\$ 104,644	\$ -	\$ 1,053,273	

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.

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

Bonded Debt

On March 3, 1999, the District issued \$4,000,000 in general obligation bonds, Series A. Interest on the \$4,000,000 bonds issued March 3, 1999, accrues from March 3, 1999, and is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2000. The bonds have maturities beginning February 1, 2000 through August 1, 2029, and have yields ranging from 3.0 percent to 5.048 percent.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

On January 26, 2000, the District issued \$15,000,000 in general obligation bonds, Series B. Interest on the \$15,000,000 bonds is payable semi-annually, on February 1 and August 1 of each year, commencing February 1, 2001. The bonds have maturities beginning February 1, 2001 through August 1, 2030, and have yields ranging from 4.2 percent to 6.0 percent.

The bonds, Series A and B, were issued to finance the construction of a new campus and for the alterations and additions to existing classrooms and other school facilities.

On October 28, 2008, the District issued \$3,839,677 in general obligation bonds. Interest on the \$3,839,677 bonds is payable semi-annually on February 1 and August 1 of each year commencing February 1, 2009. The bonds have maturities beginning February 1, 2009 through August 1, 2033, and have yields ranging from 3.41 percent to 4.95 percent.

On February 24, 2009, the District issued \$2,998,815 in general obligation bonds. Interest on the \$2,998,815 bonds is payable semi-annually, on February 1 and August 1 of each year, commencing August 1, 2009. The bonds have maturities beginning August 1, 2009 through August 1, 2033 and have yields ranging from 2.62 percent to 5.08 percent.

On March 3, 2009, the District issued \$5,999,837 in general obligation bonds. Interest on the \$5,999,837 bonds is payable annually, on August 1 of each year, commencing August 1, 2010. The bonds have maturities beginning August 1, 2010 through August 1, 2033 and have yields ranging from 2.62 percent to 5.42 percent.

The bonds were issued for the school facilities improvement.

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

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
				Outstanding July 1, 2009	Accreted/ Issued	Redeemed	Outstanding June 30, 2010
03/03/99	08/01/29	3.0-5.048%	\$ 4,000,000	\$ 3,375,000	\$ -	\$ 90,000	\$ 3,285,000
01/26/00	08/01/30	4.2-6.000%	15,000,000	13,275,000	-	295,000	12,980,000
10/28/08	08/01/33	3.41-4.950%	3,839,677	-	3,906,364	-	3,906,364
02/24/09	08/01/33	2.62-5.08%	2,998,815	-	3,022,874	-	3,022,874
03/03/09	08/01/33	2.62-5.42%	5,999,837	-	6,045,184	-	6,045,184
Total				<u>\$ 16,650,000</u>	<u>\$ 12,974,422</u>	<u>\$ 385,000</u>	<u>\$ 29,239,422</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

Debt Service Requirements to Maturity

1999 Issue - General Obligation Bonds - Series A

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ 90,000	\$ 155,465	\$ 245,465
2011	95,000	151,718	246,718
2012	100,000	147,670	247,670
2013	105,000	143,313	248,313
2014	110,000	138,635	248,635
2015-2019	655,000	608,013	1,263,013
2020-2024	830,000	430,350	1,260,350
2025-2029	1,055,000	198,625	1,253,625
2030	245,000	6,125	251,125
Total	<u>\$ 3,285,000</u>	<u>\$ 1,979,914</u>	<u>\$ 5,264,914</u>

2000 Issue - General Obligation Bonds - Series B

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ 310,000	\$ 749,650	\$ 1,059,650
2011	325,000	733,694	1,058,694
2012	345,000	716,604	1,061,604
2013	360,000	698,270	1,058,270
2014	375,000	678,789	1,053,789
2015-2019	2,250,000	3,042,215	5,292,215
2020-2024	3,010,000	2,273,733	5,283,733
2025-2029	4,025,000	1,226,250	5,251,250
2030-2031	1,980,000	120,601	2,100,601
Total	<u>\$ 12,980,000</u>	<u>\$ 10,239,806</u>	<u>\$ 23,219,806</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2008 Northern Series A, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ -	\$ 115,066	\$ 115,066
2011	-	159,938	159,938
2012	-	159,938	159,938
2013	-	159,938	159,938
2014	-	159,938	159,938
2015-2019	130,000	799,686	929,686
2020-2024	955,000	675,525	1,630,525
2025-2028	1,660,000	319,800	1,979,800
Subtotal	<u>\$ 2,745,000</u>	<u>\$ 2,549,829</u>	<u>\$ 5,294,829</u>

2008 Northern 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>
2010	\$ 185,000	\$ 166,204	\$ 18,796
2011	75,000	60,540	14,460
2012	70,000	50,764	19,236
2013	80,000	52,128	27,872
2014	85,000	49,759	35,241
2015	100,000	52,600	47,400
2016	105,000	49,623	55,377
2017	120,000	50,952	69,048
2029	442,734	130,854	311,880
2030	462,237	128,538	333,699
2031	482,439	126,222	356,217
2032	498,651	122,748	375,903
2033	520,000	120,432	399,568
Total	<u>\$ 3,226,061</u>	<u>\$ 1,161,364</u>	<u>\$ 2,064,697</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2009 Coalinga Series A, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ -	\$ 115,593	\$ 115,593
2011	-	132,950	132,950
2012	-	132,950	132,950
2013	-	132,950	132,950
2014	-	132,950	132,950
2015-2019	-	664,750	664,750
2020-2024	420,000	623,856	1,043,856
2025-2029	760,000	456,631	1,216,631
2030-2033	1,200,000	176,500	1,376,500
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 2,569,130</u>	<u>\$ 4,949,130</u>

2009 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>
2010	\$ 125,000	\$ 112,725	\$ 12,275
2011	135,000	109,809	25,191
2012	100,000	73,360	26,640
2013	100,000	66,160	33,840
2014	100,000	59,660	40,340
2015	100,000	53,800	46,200
2016	100,000	48,520	51,480
2017	100,000	43,760	56,240
2018	100,000	39,480	60,520
2019	100,000	35,600	64,400
Total	<u>\$ 1,060,000</u>	<u>\$ 642,874</u>	<u>\$ 417,126</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

2009 Lemoore Series A, Current Interest General Obligation Bonds

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2010	\$ -	\$ 98,100	\$ 98,100
2011	-	267,546	267,546
2012	-	267,546	267,546
2013	-	267,546	267,546
2014	-	267,546	267,546
2015-2019	-	1,337,730	1,337,730
2020-2024	705,000	1,307,807	2,012,807
2025-2029	1,675,000	1,014,630	2,689,630
2030-2033	2,575,000	453,881	3,028,881
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 5,282,332</u>	<u>\$ 10,237,332</u>

2009 Lemoore 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>
2010	\$ 370,000	\$ 329,448	\$ 40,552
2011	130,000	103,090	26,910
2012	125,000	88,275	36,725
2013	135,000	84,888	50,112
2014	145,000	81,200	63,800
2015	155,000	77,283	77,717
2016	165,000	73,260	91,740
2017	175,000	69,195	105,805
2018	185,000	65,157	119,843
2019	195,000	61,152	133,848
2020	205,000	57,236	147,764
Total	<u>\$ 1,985,000</u>	<u>\$ 1,090,184</u>	<u>\$ 894,816</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

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, 2009, the principal balance outstanding was \$70,200,000. The interest rate as of June 30, 2009, was 0.26 percent and is based on the auction rate at the time of sale.

Year Ending June 30,	Principal	Interest	Total
2010	\$ -	\$ 1,053,000	\$ 1,053,000
2011	-	1,053,000	1,053,000
2012	-	1,053,000	1,053,000
2013	-	1,053,000	1,053,000
2014	-	1,053,000	1,053,000
2015-2019	7,000,000	5,112,000	12,112,000
2020-2024	15,300,000	4,194,750	19,494,750
2025-2029	20,700,000	2,850,750	23,550,750
2030-2034	27,200,000	1,060,500	28,260,500
Total	<u>\$ 70,200,000</u>	<u>\$ 18,483,000</u>	<u>\$ 88,683,000</u>

Capital Leases

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

Balance, July 1, 2009	\$ 2,457,260
Additions	21,764
Payments	600,019
Balance, June 30, 2010	<u>\$ 1,879,005</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2010	\$ 754,480
2011	435,215
2012	290,074
2013	293,548
2014	285,249
2015	287,637
Total	<u>2,346,203</u>
Less: Amount Representing Interest	467,198
Present Value of Minimum Lease Payments	<u>\$ 1,879,005</u>

Day Care Center Loan

On December 17, 2004, the District entered into a loan agreement with the Low Income Housing Fund, a California non-profit corporation for a total loan amount of \$677,000. The loan was used to expand and rehabilitate the Child Development Center operated by the District. The current loan agreement is for a five-year period with required debt payments calculated on a 30-year amortization schedule. After the five-year term has expired, an estimated principal balance of \$625,576 will remain for the District to pay-off or refinance. The required annual payments are reflected below with the outstanding loan balance at June 30, 2009, totaling \$14,915.

Required Annual Payments:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 11,856	\$ 31,755	\$ 43,611
2011	3,059	7,845	10,904
Total	<u>\$ 14,915</u>	<u>\$ 39,600</u>	<u>\$ 54,515</u>

Estimated Principal Balance Outstanding:

Year Ending June 30,	Principal
2010	\$ 628,634
2011	625,576

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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
2010	\$ 52,000
2011	52,000
2012	52,000
2013	26,000
Total	<u>\$ 182,000</u>

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

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

Plan Description

The Plan (the Plan) is a single-employer defined benefit healthcare plan administered by West Hills Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 32 retirees and beneficiaries currently receiving benefits and 309 active plan members.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2009-2010, the District contributed 100 percent of the required "pay as you go" portion of \$68,234 and has also contributed funds totaling \$100,000 towards the future obligations of the District. The annual required contribution (ARC) for the District as of July 1, 2009, was \$417,554. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling \$817,265 as of June 30, 2010.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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	\$ (417,554)
Interest earned, net of expenses, on net plan assets	203,234
Annual OPEB cost (expense)	68,234
Contributions made	<u>100,000</u>
Change in net OPEB asset/prepaid	(46,086)
Net OPEB asset/prepaid, beginning of year	<u>863,351</u>
Net OPEB asset/prepaid, end of year	<u><u>\$ 817,265</u></u>

Trend Information

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

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

Funding Status and Funding Progress

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

Actuarial Methods and Assumptions

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

In the November 1, 2008, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.1 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates was 4.0 percent. The cost trend rate used for the Dental and Vision Programs was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2010, was 29 years. The actuarial value of assets was not determined in this actuarial valuation.

NOTE 12 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2010, the District contracted with the Valley Insurance Program 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 2010, the District participated in the Valley Insurance Program Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to community college districts that can meet the JPA's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

CalSTRS

Plan Description

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

Funding Policy

Active members are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-2010 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, 2010, 2009, and 2008, were \$950,115, \$1,084,330, and \$1,023,632, 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 2009-2010 was 9.709 percent of covered payroll. The District's contributions to CalPERS for fiscal years ending June 30, 2010, 2009, and 2008, were \$1,066,900, \$1,132,472, and \$978,464, respectively, and equaled 100 percent of the required contributions for each year.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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 \$520,202, \$593,687, and \$560,454 for the years ending June 30, 2010, 2009, and 2008, respectively, (4.517 percent) of salaries subject to CalSTRS. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

APPLE

Plan Description

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

Funding Policy

Active plan members and the District are each required to contribute 3.75 percent of an individual's salary to the plan, for a total of 7.5 percent of an individual's salary. Individuals enrolled in the plan are 100 percent vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2010, was \$95,850.

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

The District is a member of the Central Valley Schools Health and Welfare Trusts (CVSHWT), the Self Insured Schools of California (SISC), and the State Wide Association of Community Colleges (SWACC) Joint Powers Authorities (JPAs). The District pays annual premiums for its property liability, health, 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, 2010, the District made payments of \$3,993,081, \$470,031, and \$161,118 to CVSHWT, SISC, and SWACC, respectively for health, worker's compensation, and property liability coverage.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2010.

Construction Commitments

As of June 30, 2010, the District had the following commitments with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
NDC San Joaquin Center	\$ 350,000	January 2011
NDC Parking Lot Development	225,000	May 2011
WHL Multi-Use Sports Facility	24,317,000	June 2011
WHC Wellness Center	9,452,000	January 2011
WHC Ag Science Facilities/Allen Farm	14,835,000	December 2011
Total	<u>\$ 49,179,000</u>	

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 16 - TAX AND REVENUE ANTICIPATION NOTES

At June 30, 2010, the District had outstanding Tax and Revenue Anticipation Notes in the amount of \$1,100,000, which matured on July 1, 2010. On July 1, 2010, the District issued \$3,895,000 Tax and Revenue Anticipation Notes bearing interest at 0.6 percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on July 1, 2010. By June 30, 2010, the District had placed 100 percent of principal and interest in an irrevocable trust for the sole purpose of satisfying the notes. The District was not required to make any additional payments on the notes. As the District has in substance defeased the debt, the tax anticipation notes of \$3,895,000 and related accrued interest and cash held in trust are not included in these financial statements.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
2009 1.65% TRANS	1,100,000	-	1,100,000	1,100,000
2010 0.6% TRANS	-	3,895,000	-	3,895,000
Total	<u>1,100,000</u>	<u>3,895,000</u>	<u>1,100,000</u>	<u>4,995,000</u>

NOTE 17 - SUBSEQUENT EVENTS

The District issued \$3,865,000 of Tax and Revenue Anticipation Notes dated July 1, 2010. The notes mature on July 1, 2011, and yield 0.915 percent interest. The notes were sold to supplement cash flow. The principal and interest is due on account by July 1, 2011.

REQUIRED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2010**

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)
11/1/08	\$ 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, 2010

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

TRUSTEES

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

ADMINISTRATION

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

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Camp	84.149A	\$ 336,155
ARRA: State Fiscal Stabilization Fund	84.394	240,583
High School Equivalency Program	84.141A	412,441
Student Financial Assistance Cluster:		
Academic Competitive Grant	84.375A	6,163
Supplemental Educational Opportunity Grants	84.007	132,513
Federal Workstudy	84.033	218,635
TANF 50% Federal/Calworks	84.033	262,363
Pell Grant	84.063	9,755,040
Subtotal - Student Financial Assistance Cluster		<u>10,374,714</u>
TRIO Cluster:		
Upward Bound	84.047A	494,552
Upward Bound - Math / Science	84.047M	516,532
Student Support Services/One Step Beyond	84.042A	321,050
Subtotal - TRIO Cluster		<u>1,332,134</u>
Vocational Education Act:		
VATEA - Leadership	84.048	138,000
VATEA Tech. Prep.	84.048	135,500
VATEA IB	84.048	331,679
VATEA IB - Career & Technical Education	84.048	300,000
Subtotal - VATEA Programs		<u>905,179</u>
Title IV - 21st Century Learning Centers	84.287	713,798
Title V - Higher Education Institutional Aid	84.031S	1,346,272
Subtotal - U.S. Department of Education		<u>15,661,276</u>
U.S. DEPARTMENT OF AGRICULTURE		
Child Care Food Services	10.558	380,794
Subtotal - U.S. Department of Agriculture		<u>380,794</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Passed through California Department of Health Care Services:		
ARRA:ePLUS		80,448
Subtotal - U.S Department of Health and Human Services		<u>80,448</u>
U.S. DEPARTMENT OF JUSTICE		
ARRA: Edward Byrne Memorial Justice Assistance	16.804	6,164
Subtotal U.S. Department of Justice		<u>6,164</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, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S.DEPARTMENT OF LABOR		
ARRA: Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	\$ 64,258
Community Based JTG	17.269	437,475
WIA Cluster:		
Workforce Investment Act - Dislocated Worker	17.260	335,587
Workforce Investment Act - Adult Program	17.258	807,801
ARRA: Workforce Investment Act - Adult Program	17.258	571,652
ARRA: Workforce Investment Act - Dislocated Worker	17.260	129,912
Workforce Investment Act - Veterans Employment Asst.	17.258	408,375
Youth Employment Program	17.259	470,435
ARRA: Youth Employment Program	17.259	160,385
ARRA: Summer Youth Employment Program	17.259	398,409
Subtotal - Workforce Investment Cluster		<u>3,282,556</u>
Subtotal U.S. Department of Labor		<u>3,784,289</u>
U.S. DEPARTMENT OF TRANSPORTATION		
Safe, Accountable, and Efficient Transportation Equity Act: A Legacy for Users	20.235	87,360
Subtotal U.S. Department of Transportation		<u>87,360</u>
Total Federal Programs		<u>\$ 20,000,331</u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE			
After School-Avenal	\$ 264,880	\$ 263,925	\$ 528,805
After School-Lemoore	432,662	347,760	780,422
BFAP - Financial Aid Administration	290,197	290,197	580,394
Basic Skills/ Immigrant Edu. Supplement	242,111	536,254	778,365
Cal Works	229,848	281,820	511,668
CARE Grant	133,791	222,523	356,314
Career Development	-	10,963	10,963
Career Technical Education Initiative	50,000	50,000	100,000
Career Technology-Educational Equipment	193,827	150,000	343,827
Child Care-State Preschool	4,673,746	2,105,706	6,779,452
Child Care-Food	24,728	-	24,728
Child Care-Material and Supplies	1,781	5,543	7,324
Disability Support Programs and Services	469,096	702,164	1,171,260
Pre-Kindergarten & Family Literacy	-	268,821	268,821
Pre-Kindergarten Supplemental	10,000	-	10,000
ECE Consortium Grant	18,544	12,500	31,044
Extended Opportunity Program and Service	488,487	806,843	1,295,330
First Five			
Children Services Network	30,000	27,955	57,955
Prop 10 - Fresno County	98,955	98,408	197,363
Prop 10 - Avenal	99,959	135,000	234,959
Prop 10 - San Joaquin	243,087	270,875	513,962
K-Camp	14,743	18,880	33,623
Instructional Materials	-	100,000	100,000
I.R.D.C. Agribusiness	237,674	433,932	671,606
Lottery			
Unrestricted	-	602,809	602,809
Restricted	105,527	14,244	119,771
Matriculation	217,984	455,497	673,481
Staff Diversity	4,670	10,636	15,306
Scheduled Maintenance and Repair	-	100,000	100,000
Teacher Prep Pipeline	224,828	450,000	674,828
Telecommunications Infrastructure	-	72,072	72,072
Responsive Incumbent Workers	188,738	-	188,738
State Compensation Insurance Fund	4,000	-	4,000
CCCCO/Nursing Education	349,872	233,424	583,296
CCCCO/CAHSEE	58,190	-	58,190
Strengthening Career Tech Ed. Programs	-	250,000	250,000
Career Academy Grant: Coalinga	83,416	166,750	250,166
Career Academy Grant: Lemoore	41,538	180,514	222,052
Career Academy Grant: District-wide	247,434	-	247,434
Transfer Articulation Grant	-	5,000	5,000
Facility Renovation Repair	110,813	-	110,813
TCOE: Career Experience	20,000	-	20,000
Cal Grants	-	630,152	630,152
SPACE/CCCCO: FCWE	-	50,000	50,000
Middle College High	108,348	121,846	230,194
Total State Programs	<u>\$ 10,013,474</u>	<u>\$ 10,483,013</u>	<u>\$ 20,496,487</u>

See accompanying note to supplementary information.

Cash Received	Program Revenues			Total Revenue	Total Program Expenditures
	Accounts Receivable	Deferred Revenue			
\$ 276,250	\$ -	\$ 11,370		\$ 264,880	\$ 264,880
433,664	-	1,002		432,662	432,662
294,952	-	63,698		231,254	231,254
431,367	-	189,256		242,111	242,111
255,582	-	32,687		222,895	222,895
156,772	-	35,525		121,247	121,247
-	-	-		-	-
31,188	-	19,460		11,728	11,728
150,851	-	18,065		132,786	132,786
4,432,660	318,967	-		4,751,627	4,751,627
23,537	4,191	-		27,728	27,728
1,781	-	-		1,781	1,781
611,864	-	-		611,864	611,864
-	-	-		-	-
6,172	3,828	-		10,000	10,000
18,544	-	-		-	18,544
632,470	-	46,128		586,342	586,342
30,000	-	-		30,000	30,000
87,951	11,004	-		98,955	98,955
93,462	6,497	-		99,959	99,959
230,447	12,640	-		243,087	243,087
-	14,743	-		14,743	14,743
-	-	-		-	-
203,240	34,434	-		237,674	237,674
-	-	-		-	-
69,852	89,314	53,639		105,527	105,527
377,799	-	104,751		273,048	273,048
5,584	-	-		5,584	5,584
-	-	-		-	-
16,252	208,576	-		224,828	224,828
-	-	-		-	-
377,221	20,385	208,868		188,738	188,738
4,000	-	-		4,000	4,000
299,939	49,933	-		349,872	349,872
18,590	39,600	-		58,190	58,190
(250,000)	250,000	-		-	-
83,416	-	-		83,416	83,416
41,538	-	-		41,538	41,538
57,668	189,766	-		247,434	247,434
-	-	-		-	-
94,091	5,158	-		99,249	99,249
20,000	-	-		20,000	20,000
-	-	-		-	-
(50,000)	50,000	-		-	-
45,640	62,708	-		108,348	108,348
<u>\$ 9,614,344</u>	<u>\$ 1,371,744</u>	<u>\$ 784,449</u>		<u>\$ 10,183,095</u>	<u>\$ 10,201,639</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE
GENERAL APPORTIONMENT - ANNUAL (ACTUAL) ATTENDANCE
AS OF JUNE 30, 2010**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession - 2009			
1. Noncredit	77.43	-	77.43
2. Credit	748.87	-	748.87
B. Summer Intersession - 2010			
1. Noncredit	-	-	-
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	3,344.69	-	3,344.69
(b) Daily Census Contact Hours	982.62	-	982.62
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	401.75	-	401.75
(b) Credit	4.43	-	4.43
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	110.43	-	110.43
(b) Daily Census Contact Hours	0.50	-	0.50
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>5,670.72</u>	<u>-</u>	<u>5,670.72</u>
E. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	192.64	-	192.64
2. Credit	316.68	-	316.68
	<u>509.32</u>	<u>-</u>	<u>509.32</u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2010.

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2010

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 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 financial statements of the business-type activities of West Hills Community College District (the District) for the years ended June 30, 2010 and 2009, and have issued our report thereon dated January 26, 2011. 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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of West Hills Community College District in a separate letter dated January 26, 2011.

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

Vannoy, Triv, Day & Co., LLP

Fresno, California
January 26, 2011



**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 the compliance of West Hills Community College District (the District) 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 its major Federal programs for the year ended June 30, 2010. West Hills Community College District's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of West Hills Community College District's management. Our responsibility is to express an opinion on West Hills Community College District's compliance based on our audit.

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

In our opinion, West Hills Community College District complied, in all material respects, with the compliance requirements referred to above could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010.

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

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

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 26, 2011



REPORT ON STATE COMPLIANCE

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited the compliance of West Hills Community College District (the District) with the types of compliance requirements described in Section 400 of the California State Chancellor's Office's *California Community College District Audit Manual (CDAM)* that are applicable to community colleges in the State of California. The specific requirements are described below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards for financial and compliance 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 noncompliance with the types of compliance requirements with State laws and regulations have 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.

General Directive

Section 424: MIS Implementation - State General Apportionment Funding System

Administration

Section 435: Open Enrollment

Section 437: Student Fees - Instructional Materials and Health Fees

Apportionments

Section 423: Apportionment of Instructional Service Agreements/Contracts

Section 425: Residency Determination for Credit Courses

Section 427: Concurrent Enrollment of K-12 Students in Community College Credit Courses

Section 432: Enrollment Fee

Section 426: Students Actively Enrolled

Fiscal Operations

Section 421: Salaries of Classroom Instructors (50% Law)

Section 431: Gann Limit Calculation

Student Services

Section 428: Use of Matriculation Funds

Section 433: CalWORKs - Use of State and Federal TANF Funding

Facilities

Section 434: Scheduled Maintenance Program

In our opinion, West Hills Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2010.

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

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 26, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2010**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unqualified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<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 not considered to be material weaknesses?	<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>84.007, 84.063, 84.033,</u>	
<u>84.375A</u>	<u>Student Financial Aid Cluster</u>
<u>84.394</u>	<u>ARRA: State Fiscal Stabilization Funds</u>
<u>84.141A</u>	<u>High School Equivalency Program</u>
<u>84.287</u>	<u>21st Century Learning Centers</u>
<u>10.558</u>	<u>Child Care Food Services</u>
<u>17.258, 17.259, 17.260</u>	<u>WIA Cluster (includes ARRA)</u>
<u>17.269</u>	<u>Community Based Job 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 not considered to be material weaknesses?	<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, 2010**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010**

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



January 26, 2011

Board of Trustees
West Hills Community College District
Coalinga, California

In planning and performing our audit of the financial statements of West Hills Community College District for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 26, 2011, on the financial statements of West Hills Community College District.

DISTRICT OFFICE

Stale-Dated Checks

Finding

In reviewing the District's outstanding check listing for the month of March, we noted numerous stale-dated checks which were not cashed within six months, making the probability of them clearing the accounts quite low. Specifically, we found \$23,356 outstanding checks in the Financial Aid Account which were dated all the way back to June 12, 2009 and \$2,033 outstanding checks in the Payroll Account dating back to February 27, 2009. Any checks that do not clear the account within six months should be voided and added back to the proper account.

Recommendation

All outstanding checks which have not cleared the account within six months should be investigated. If the site cannot investigate as to why those outstanding checks have not been cashed, then they should be voided and credited back into the proper account and taken off the subsequent bank reconciliation's. Although the chances are low, the check may clear on a subsequent bank statement. In this case, the amount should be charged against the appropriate account and described as "outstanding check written off-cleared."

FARM

Cash Disbursements

Finding

We noted that four out of ten purchase orders were dated after the date on the invoice. This would indicate that items are being purchased prior to their approval.

Recommendation

The site should review the cash disbursement procedures outlined in the District's purchasing policy. In order to provide proper controls over spending, the site should take the necessary steps to ensure that expenditures are approved through the purchasing process prior to the item being purchased.

ASSOCIATED STUDENT BODY

Revenue Potentials

Finding

Revenue potential forms are not used to document and control fundraising activities as they occur. These forms supply an element of internal control without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.

Recommendation

As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed project. The revenue potential also indicates weak control areas in the fundraising procedures at the site, including lost or stolen merchandise, problems with collecting all moneys due and so forth. The revenue potential form used at the site should contain four major elements. These are:

- Potential Income-This lists the selling price of the item multiplied by the number of items purchased to compute the total income that should be deposited from this fundraiser if all the items were sold and all the money was turned in. This element should also be utilized to track the cost of the items, check numbers used to purchase the items, and the purchase dates. This purchasing information is a good reference source for future sales and also tracks to cost so that profits can be determined.
- Receipts/Fundraiser Deposits-This records all deposits turned in which are from funds generated from the sale. The receipt number issued to the advisor, date, and deposit amount should be logged. This is necessary to be able to recap the deposits of the sale and to trace these deposits to the appropriate accounts at the end of the sale to the appropriate accounts to ensure that all postings were correct.

- Analysis-This section is used to compare the potential income as calculated in the potential income section to the actual funds raised as calculated in the Receipts/Fundraiser Deposits section. The difference between these two amounts should be documented explained. The explanation can consist of merchandise not sold, merchandise lost or destroyed, or funds lost or stolen.
- Recap-This section figures the net profit of the sale. Further fundraisers of this type can be planned or canceled depending on the information calculated in this section.

Cash Receipts

Finding

While testing the cash receipts system, we discovered that cashiers are not using pre-numbered receipts to document when money is being turned in, how much money, and by which students. Without this supporting documentation we cannot determine the deposit's intactness or if the cashiers are forwarding money to the ASB bookkeeper in a timely manner. Since there are no receipts attached to the monies turned in, the bookkeeper cannot reconcile the money back to any documentation to determine the accuracy of the cash count sheet and the actual money turned in.

Recommendation

Pre-numbered receipts should be issued for all cash collections by teacher, advisors and the site bookkeeper, which would include a specific description of the source of the funds. A carbon of the receipts issued by the teachers and advisors should be forwarded with the cash to the bookkeeper as documentation that all monies collected have been turned in. The receipts issued to teachers and advisors from the bookkeeper should be totaled and reconciled to the current bank deposit. A system to mark the last receipt which corresponds to a deposit must be started in order to know which receipts are related to the current bank deposit.

Cash Disbursements

Finding

In testing the cash disbursement procedures at the site, we determined that internal controls over the disbursement process are not in place. We noted the following:

- Not all payment request forms have the required three approval signatures.
- Although it is the District's policy to pre-approve purchases with ASB funds in club meetings and with the use of a Purchase Order Form, we found 4 of 10 disbursements had purchase order forms that were dated after the invoice date, indicating that the expenditure had not been pre-approved with the proper authorizations. Additionally, with the control document of a purchase order form not being completed before the item is purchased, club spending might deplete the group's account causing deficit spending.

Recommendation

In order to improve the controls over cash disbursements:

- It is best practice to require three signatures, these including a District representative, a student representative and an advisor on all Purchase Order and Payment Request Forms.

Board of Trustees
West Hills Community College District
January 26, 2011

- The site should follow the District's purchasing policy in order to ensure all of the ASB purchases are pre-approved.

We will review the status of the current year comments during our next audit engagement.

Vannest, Eric, Day & Co., LLP

Fresno, California
January 26, 2011