WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2011 AND 2010

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2011

FINANCIAL SECTION

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

We have audited the basic financial statements of West Valley-Mission Community College District (the District) as of and for the years ended June 30, 2011 and 2010, and its discretely presented component unit Mission-West Valley Land Corporation 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 Land Corporation were not audited in accordance with *Government Auditing Standards.* An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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.

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

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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 21, 2011

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the West Valley-Mission Community College District (the District) as of June 30, 2011. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2011. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District Management.

OBJECTIVES OF THE AUDIT

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The Statement of Net Assets - page 18
- Statement of Revenues, Expenses, and Changes in Net Assets – page 19
- The Statement of Cash Flows – page 20

The focus of the Statement of Net Assets is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial resources with capital assets and long-term obligations.

The Statement of Revenues, Expenses, and Changes in Net Assets focuses on the costs of the District's operational activities, which are supported primarily by local property taxes and State apportionment revenues. Activities are reported as either operating or non-operating. A community college depends on State apportionment for operating expenses; however, the operating expenses reflect a loss because the financial reporting model classifies State appropriations, taxes and interest income as non-operating revenues.

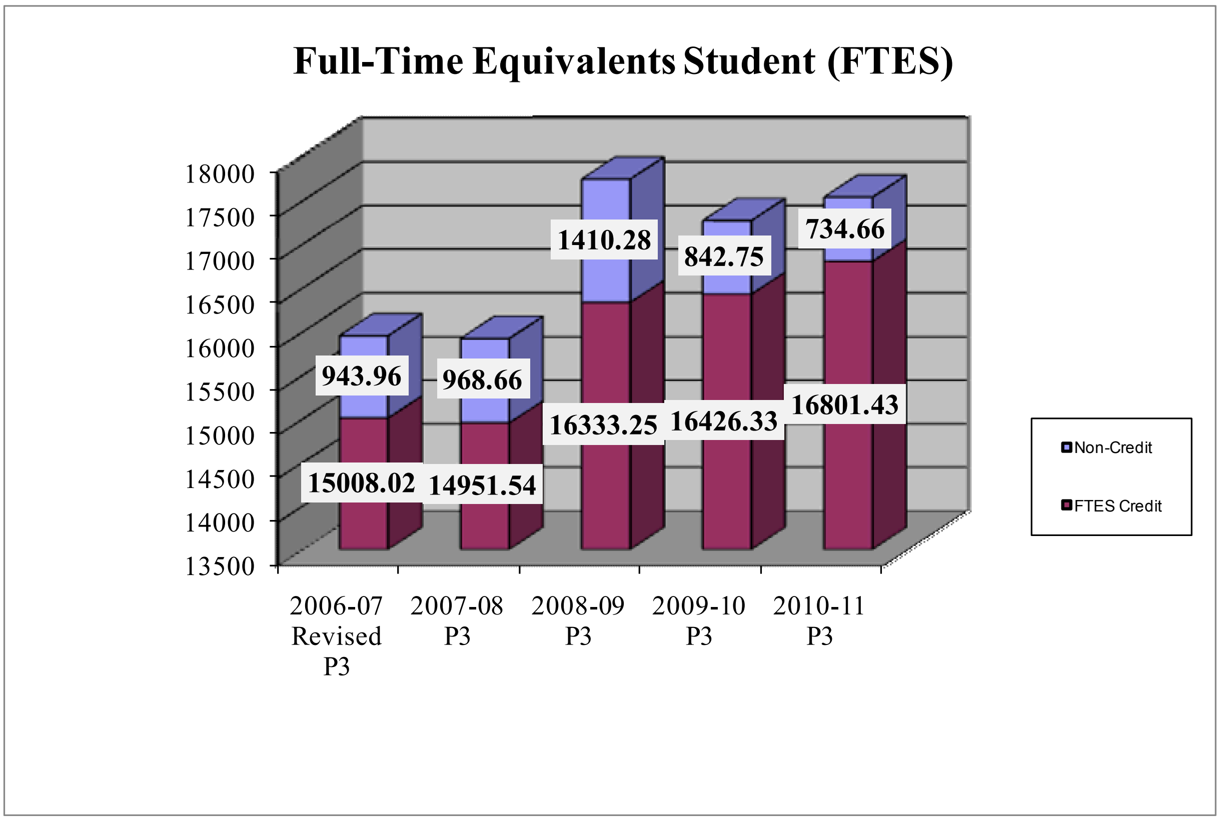
The Statement of Cash Flow provides an analysis of the sources and uses of cash within the operations of the District. This statement helps measure the ability to meet financial obligations as they mature.

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

STUDENT ATTENDANCE HIGHLIGHTS

The CCFS-320 Annual Student Attendance Report (P-3) in fiscal year 2010-11, for West Valley-Mission Community College District, reported an increase of 267 full-time equivalent students (FTES) from the previous year's base. The increase of FTES was due to a growth funding of 2.21 percent.

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



This chart illustrates total credit and noncredit FTES reported on the CCFS-320 Attendance Report increased by 267 FTES or an increase of 1.5 percent from FY2009 – 10 to FY 2010-11.

FINANCIAL HIGHLIGHTS

- The District's revenue is dependent on the State's enrollment-based funding formula. SB 361, established in 2006, revised the California Community College (CCC) apportionment allocation formula to help ensure that district funding rates were permanently equalized at the 90th percentile of the highest funded district. CCC receives most of their monies from three major sources: state general funds, local property taxes, and student fees. The level of funding varies from year to year and if state revenue projections change, such as a property tax shortfall, then the State applies a deficit factor to reduce apportionment revenues, even after the close of a fiscal year.

- Student enrollment fees remained at $26 per unit during the fiscal year of 2010-11. California state revenues declined from loss of property taxes and increased unemployment which resulted in a State revenue shortfall. The total general deficit for the CCC system equaled $30 million for a net reduction in 2010-2011, or a loss of 0.9947 percent. As of June 2011, a deficit factor was applied to the apportionment computational revenue, which was an additional loss of $455,067 revenue or 100 credit FTES for WVMCCD.

- The economic position of the District is closely tied to that of the State of California. The District received zero funding for the estimated -0.38 percent cost-of-living adjustment (COLA) in fiscal year 2010-11 and zero funding of all growth funds. The District's Unrestricted General Fund received 19.5 percent ($18.2 million) of funding through State apportionment; 80.5 percent ($75 million) from local sources.

- The District ended the 2010-11 fiscal year with an Unrestricted General Fund balance of $5,634,262 million. As of June 30, 2011, the Unrestricted General Fund reserve was $4,617,840 million or 5 percent of the Unrestricted General Fund expenditures. The Board of Trustees has set a goal to maintain at least a 5 percent reserve for the Unrestricted General Fund expenditures.

- The District is committed to recruiting and retaining outstanding faculty and staff and one way to compete with peer institutions and non-academic employers is through a total compensation package. COLA was not funded in fiscal year 2010-11, however, annual step and column increase on the salary schedule was funded.

- To offset a projected deficit for fiscal year 2011-12, an agreement was reached with all bargaining units, to cap medical benefits at $18,050 annually.

- The average cost for health premiums increased by 1.9 percent in fiscal year 2010-11. The annual composite rate of $17,460 per FTE was used for budget purposes, or an increase of $330/FTE from the prior year's composite rate of $17,130.

- The Board of Trustees authorized the District to offer an early retirement incentive program to the Associated College Educators (ACE), meet-and confer groups, and supervisors for fiscal year 2009-10, and fiscal year 2010-11, to realize some salary and benefit savings. The retirement incentive programs included a supplemental employee retirement program (SERP), cash incentives, and a CalSTRS 2+ program. The funding for the retirement incentives was obtained from Mission-West Valley Land Corporation. Expenditures for SERP continue until fiscal year 2011-12, with a total liability to the Unrestricted General Fund of $185,633 annually.

- Medical and mandatory benefit costs for both employees and retirees continue to increase. The District provides retirees, hired before 1994, with lifetime medical benefits. The District has accounted for retiree benefits on a "pay-as-you-go" basis. An actuarial study determined that present value liability for those benefits, as of December, 2010, was $108.4 million. This amount represents the present value of all benefits to be paid for current and future retirees. An on-going solution to cover the increased costs of retiree benefits is to participate in the California Employer's Retirement Benefit Trust (CERBT). Effective January 1, 2008, all California public employers were permitted to join the CERBT program to pre-fund other post- employment benefit (OPEB) obligations. The CERBT is a Section 115 Trust and is Internal Revenue Service-compliant. West Valley Mission CC District approved a Board resolution in FY 2010-11, to authorize the District to "deposit all or a portion of the amounts received from the State of California in connection with the construction of capital projects into an irrevocable trust under the auspices of the CalPERS and invested therein in accordance with the investment criteria established by CalPERS." It is an irrevocable trust dedicated to the purpose of pre-funding OPEB.

- Student financial aid provided to qualifying students throughout the District is approximately $20.1 million in fiscal year 2010-11. This aid is provided through grants and loans from the Federal government, the State Chancellor's Office, and local funding.

- The District's Non-Resident tuition fee for fiscal year 2010-11 is $199 per unit based on no more than contiguous districts non-resident tuition rate and the capital outlay fee of $0 per unit remains the same.

- In November 2004, the voters approved a Proposition 39, General Obligation Bond (Measure H), for $235 million. Funds from Measure H will be used to provide expansion, major safety, repairs, renovations, and modernization at both college campuses. The active construction project list funded by Measure H bonds and state capital project funds during 2010-11 includes the West Valley Campus Fox (Technology) Center, completed January 2010; West Valley Math and Science Addition, completed and opened for classes Summer 2009; Renovation of the match and Science building, started Fall 2009; and Mission College has its first renovation project start with the Hospitality Management building in the Fall.

- The District has $214.7 million in general obligation bonds outstanding, including accreted interest, at the end of fiscal year 2010-11.

THE DISTRICT AS A WHOLE

NET ASSETS
Table 1

	2011	2010	Change	2009	Change
ASSETS					
Current Assets					
Cash and investments	$ 54,279,664	$ 38,349,280	$ 15,930,384	$ 23,146,458	$ 15,202,822
Restricted cash and investments	143,383,229	213,614,453	(70,231,224)	182,798,552	30,815,901
Accounts receivable (net)	20,911,622	19,441,465	1,470,157	25,338,558	(5,897,093)
Other current assets	6,996,601	766,778	6,229,823	587,673	179,105
Total Current Assets	225,571,116	272,171,976	(46,600,860)	231,871,241	40,300,735
Non Current Assets					
Other non current assets	20,236,946	2,624,226	17,612,720	2,489,879	134,347
Capital Assets (net of depreciation)	187,055,483	159,192,273	27,863,210	131,214,330	27,977,943
Total Assets	432,863,545	433,988,475	(1,124,930)	365,575,450	68,413,025
LIABILITIES					
Current Liabilities					
Accounts payable and accrued liabilities	22,027,384	18,589,254	3,438,130	18,511,148	78,106
Deferred revenue	10,573,427	10,547,247	26,180	10,205,185	342,062
Current portion of long-term obligations	2,940,225	2,879,506	60,719	1,127,750	1,751,756
Total Current Liabilities	35,541,036	32,016,007	3,525,029	29,844,083	2,171,924
Long-term Obligations	281,065,633	285,674,461	(4,608,828)	229,744,687	55,929,774
Total Liabilities	316,606,669	317,690,468	(1,083,799)	259,588,770	58,101,698
NET ASSETS					
Invested in capital assets	93,393,986	95,509,815	(2,115,829)	84,194,517	11,315,298
Restricted	15,287,923	23,939,601	(8,651,678)	11,640,171	12,299,430
Unrestricted	7,574,967	(3,151,409)	10,726,376	10,151,992	(13,303,401)
Total Net Assets	$ 116,256,876	$ 116,298,007	$ (41,131)	$ 105,986,680	$ 10,311,327

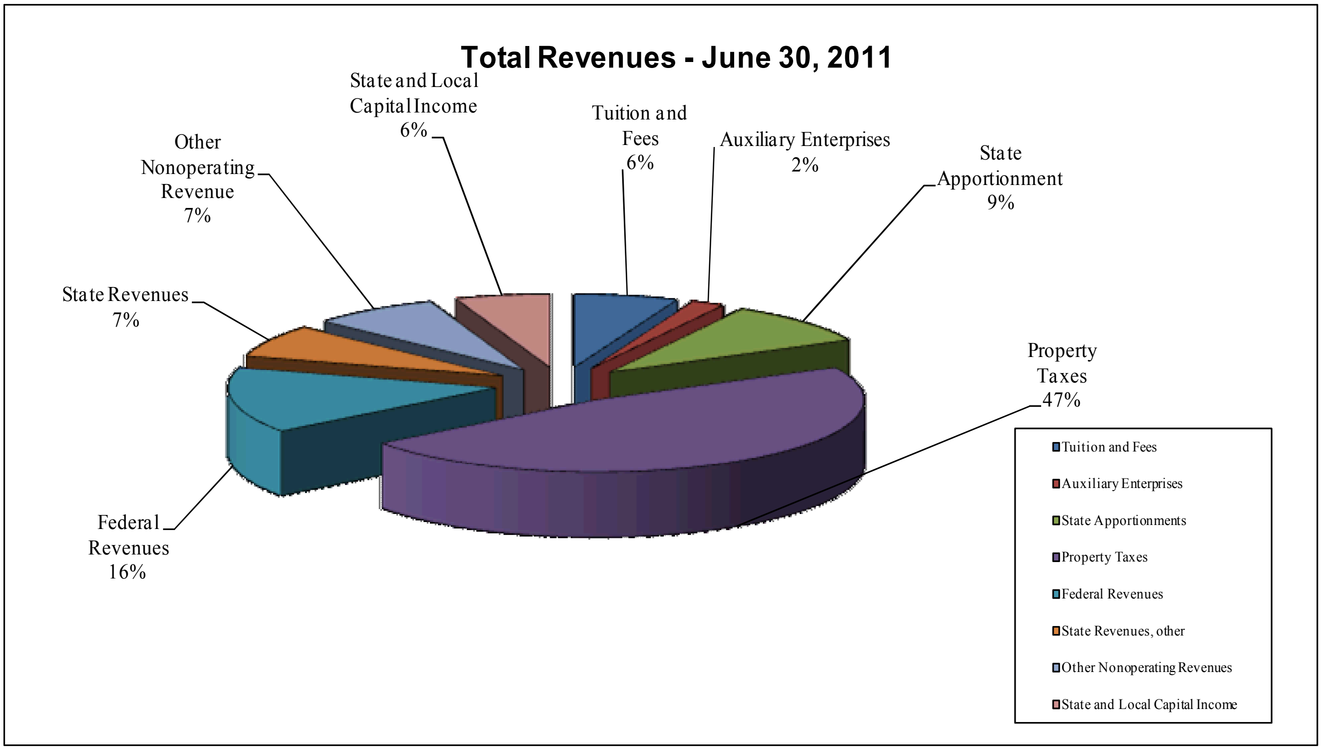
- Cash and investments consist mainly of cash in the county treasury, local agency investment funds (LAIF), and investments from the 2009 Revenue Bond issue. Cash increased by $38.3 million from the prior year. Interest income has continued to decline over the last fiscal year due to a steady fall of interest rates and Treasury bill yield.
- Restricted cash and investments decreased by $70.2 million from 2009 Revenue bond proceeds and capital outlay expenditures of general obligation bonds and funding of the other post employment benefits irrevocable trust.
- Net accounts receivable consist mainly of receivables from state and federal grants. Receivables increased by $1.5 million due primarily to timing differences in when the State Chancellor's Office pays deferred payments to the District. The District has earned these funds but has not yet received the cash as of the fiscal year end.
- Other current assets increased by $6 million due to an amount to be paid from the retirement trust fund to the governmental fund which pays the retiree benefits.
- Other noncurrent assets increased by $17.6 million as a result of the first transfer into the retirement irrevocable trust fund that occurred in 2010-11.

- Capital assets (net of depreciation) are the historical value of land, buildings, construction in progress and equipment less depreciation. Net Capital assets increased by $27.9 million due to an increase to Construction in Progress for Measure H construction projects.
- Accounts payable and accrued liabilities consist mainly of payables to vendors and accrued payroll benefits. The $3.4 million increase is primarily due to changes in vendor payables.
- Deferred revenue relates to federal, state, and local program funds that were received, but not yet earned, as of the fiscal year end. Most grants are considered earned when spent up to the amount of the award. There was no significant change in the current year.
- The current portion of long-term obligations consists of the principal payment for the Measure H bond, Compensated Absences, Capital Leases and Apportionment.
- The non-current portion of Long-term obligations is all of the long-term debt that is to be paid beyond the next fiscal year. It currently consists of the Measure H bond, amortized bond premiums, Compensated Absences, and Capital Leases.
- Net assets remained relatively stable.

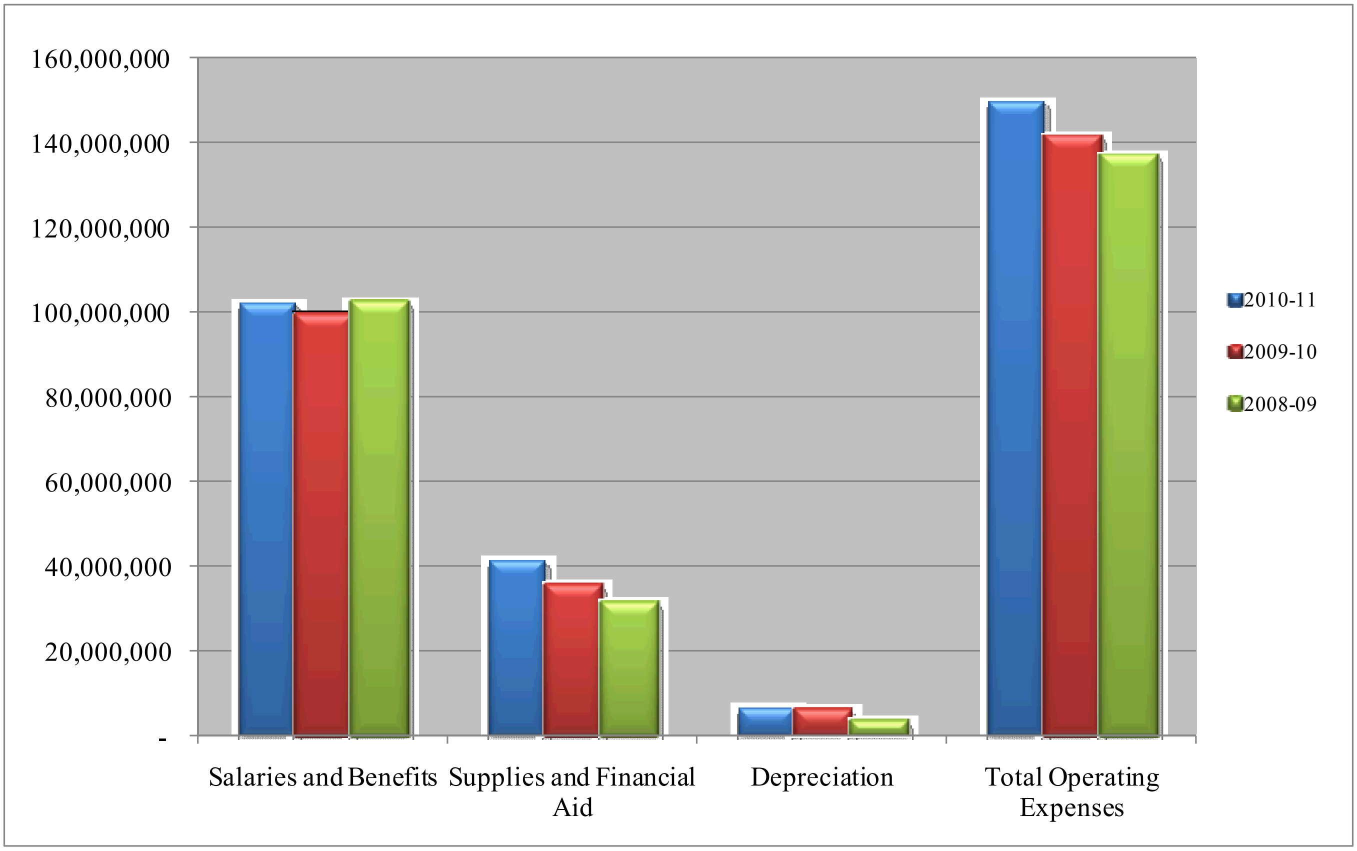
OPERATING RESULTS FOR THE YEAR

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Assets* on page 19.

	2011	2010	Change	2009	Change
Operating Revenues					
Tuition and fees	$ 9,903,922	$ 10,610,546	$ (706,624)	$ 8,501,728	$ 2,108,818
Auxiliary enterprises	3,124,770	3,005,665	119,105	2,660,683	344,982
Total Operating Revenues	13,028,692	13,616,211	(587,519)	11,162,411	2,453,800
Operating Expenses					
Salaries and benefits	101,918,947	99,446,269	2,472,678	102,288,745	(2,842,476)
Supplies and maintenance	41,315,240	35,780,898	5,534,342	31,344,578	4,436,320
Depreciation	6,581,291	6,351,361	229,930	3,633,609	2,717,752
Total Operating Expenses	149,815,478	141,578,528	8,236,950	137,266,932	4,311,596
Loss on Operations	(136,786,786)	(127,962,317)	(8,824,469)	(126,104,521)	(1,857,796)
Nonoperating Revenues					
State apportionments	14,838,993	11,755,907	3,083,086	8,994,120	2,761,787
Property taxes	74,737,447	77,531,048	(2,793,601)	69,644,171	7,886,877
Federal revenues	23,318,154	17,869,623	5,448,531	11,315,247	6,554,376
State revenues, other	11,293,586	13,388,616	(2,095,030)	14,485,216	(1,096,600)
Net interest expense	(17,723,902)	(8,087,598)	(9,636,304)	(1,158,357)	(6,929,241)
Transfers from fiduciary funds	9,090,948	-	9,090,948	-	-
Other nonoperating revenues	12,185,611	11,000,009	1,185,602	17,177,398	(6,177,389)
Total Nonoperating Revenue	127,740,837	123,457,605	4,283,232	120,457,795	2,999,810
Other Revenues					
State and local capital income	9,004,818	14,816,039	(5,811,221)	13,401,394	1,414,645
Net Increase in Net Assets	$ (41,131)	$ 10,311,327	$ (10,352,458)	$ 7,754,668	$ 2,556,659

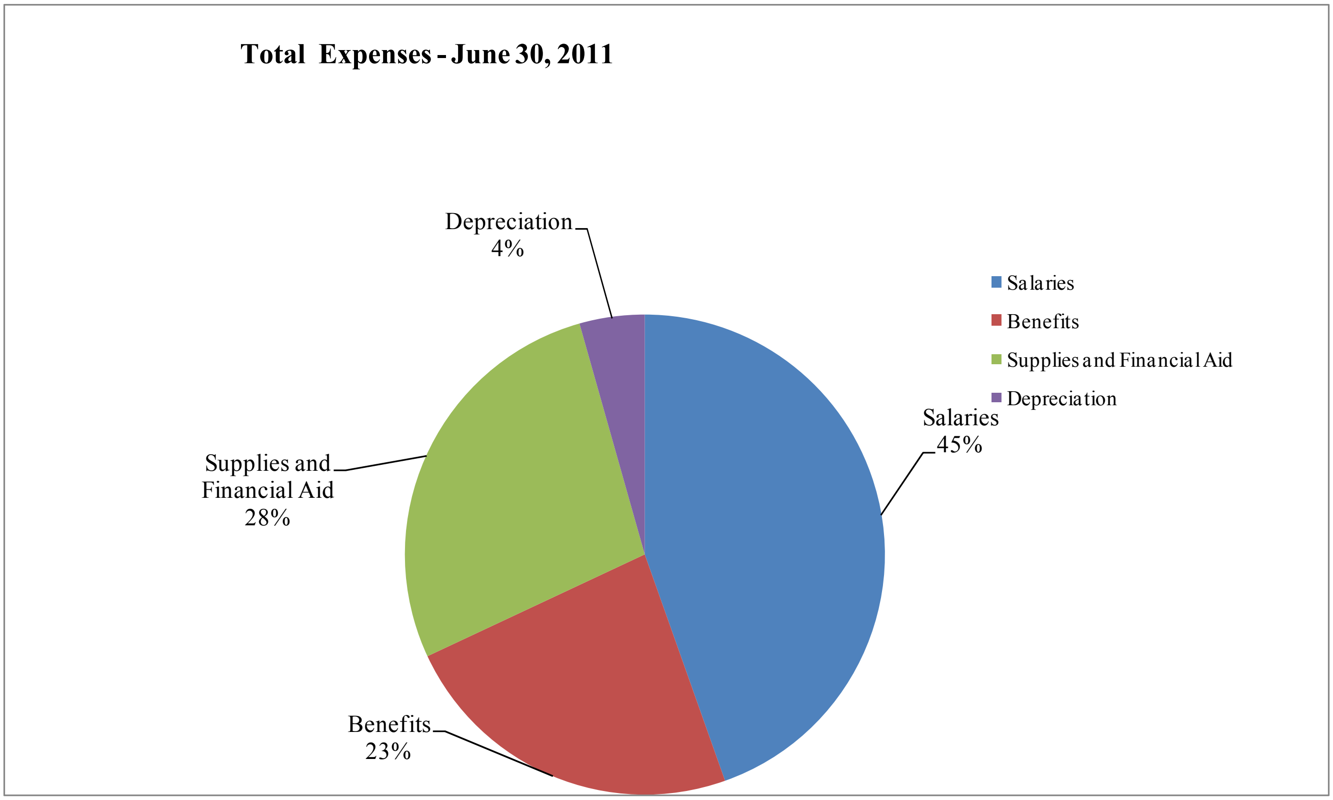


- The District's primary revenue fund is the state apportionment calculation, which is comprised of three sources of revenues: local property taxes, student enrollment fees and state apportionment. We noted an increase in property taxes levied and received from property within the county. Receipts include an assessment for property tax to be used to repay the general obligation bonds. Taxes collected for specific purposes declined from the previous fiscal year due to a large bond payment.
- Grant and contract revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs. (Net change is an increase of $4.5 million).
- Auxiliary revenue consists of community education funds and contract education revenues. The operation is self-supporting and contributes to the student programs on the campus (Net change is an increase of $0.1 million).
- Interest income of $0.6 million was off-set by interest expense of $18.3 million. The interest income is primarily the result of cash held in the Santa Clara County Treasury. Interest income and interest expense (net) changed by $9.6 million over the 2009-10 fiscal year due to declining interest rates throughout the year and increases in debt service payments.



- The overall operating expenses for the District increased by 6.0% from the previous fiscal year end.
- Salaries and benefits increased by an average of 2.5% over the prior year. This increase is a net of increases to health insurance premiums, annual step and column salary increases, and other post employment benefits, offset by a decrease of full-time equivalent staff and increased efficiency.
- Supplies, materials, and other operating expenses and services increased by $5.5 million due mainly to increases in financial aid awards.
- The increase in depreciation expenses is due to increasing capital assets from bond projects.

The following chart represents the District's operating expenses. The total cost of salaries and benefits accounts for 68% of the total expenditures. The other operating expenses comprise of 29% of the District expenditures, such as financial aid, instructional contracts, facilities rentals, advertising, property insurance, legal services, and many other expenses that are necessary to the operation of a college.



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

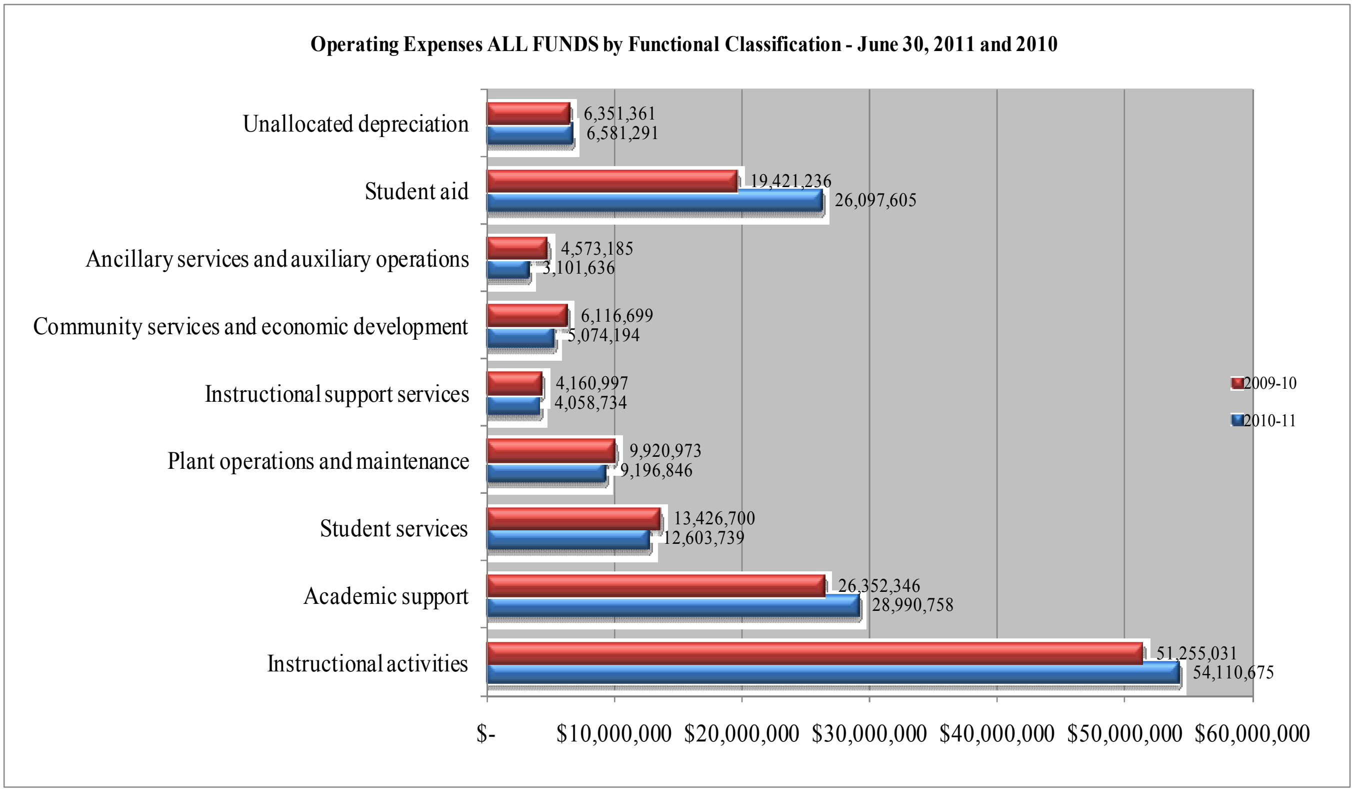
Functional expenses for the year ended June 30, 2011 for all Funds except Trust and Agency Funds are as follows:

	Salaries and Benefits	Supplies, Materials Other Expenses and Services	Depreciation	Total
Instructional activities	$ 52,037,708	$ 2,072,967	$ -	$ 54,110,675
Academic support	24,138,769	4,851,989	-	28,990,758
Student services	10,789,577	1,814,162	-	12,603,739
Plant operations and maintenance	5,749,780	3,447,066	-	9,196,846
Instructional support services	3,661,488	397,246	-	4,058,734
Community services and economic development	3,349,002	1,725,192	-	5,074,194
Ancillary services and auxiliary operations	1,886,156	1,215,480	-	3,101,636
Student aid	306,467	25,791,138	-	26,097,605
Unallocated depreciation	-	-	6,581,291	6,581,291
Total	$ 101,918,947	$ 41,315,240	$ 6,581,291	$ 149,815,478

Functional expenses for the year ended June 30, 2010 for all Funds except Trust and Agency Funds are as follows:

	Salaries and Benefits	Supplies, Material, and Other Expenses and Services	Depreciation	Total
Instructional activities	$ 49,117,657	$ 2,137,374	$ -	$ 51,255,031
Academic support	22,654,827	3,697,519	-	26,352,346
Student services	11,841,056	1,585,644	-	13,426,700
Plant operations and maintenance	4,696,981	5,223,992	-	9,920,973
Instructional support services	3,912,777	248,220	-	4,160,997
Community services and economic development	3,660,517	2,456,182	-	6,116,699
Ancillary services and auxiliary operations	3,224,490	1,348,695	-	4,573,185
Student aid	337,964	19,083,272	-	19,421,236
Unallocated depreciation	-	-	6,351,361	6,351,361
Total	$ 99,446,269	$ 35,780,898	$ 6,351,361	$ 141,578,528

The Chart below compares FY 2010-2011 to FY 2009-10 as a percent of total operating expenses by functional classifications.



CHANGES IN CASH POSITION

The Statement of Cash Flows on pages 20 and 21 provides information about our 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. Our primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

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

Cash Provided by (Used in)	2011	2010	Change	2009	Change
Operating activities	$ (119,623,657)	$ (123,109,624)	$ 3,485,967	$ (120,284,149)	$ (2,825,475)
Noncapital financing activities	93,412,523	190,751,487	(97,338,964)	124,657,716	66,093,771
Capital financing activities	(28,487,888)	(22,119,248)	(6,368,640)	86,571,594	(108,690,842)
Investing activities	398,182	496,108	(97,926)	1,257,294	(761,186)
Net Increase (Decrease) in Cash	(54,300,840)	46,018,723	(100,319,563)	92,202,455	(46,183,732)
Cash, Beginning of Year	251,963,733	205,945,010	46,018,723	113,742,555	92,202,455
Cash, End of Year	$ 197,662,893	$ 251,963,733	$ (54,300,840)	$ 205,945,010	$ 46,018,723

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, the District had $187.1 million of capital assets, including land, buildings, and furniture and equipment. At June 30, 2010, our capital assets were $159.2 million. The District is currently in the middle of a major capital improvement program with construction on-going throughout the college campuses. These projects are primarily funded through our general obligation bonds. These projects are accounted for within our Construction in Progress account until the project is completed, at which time the cost of the buildings and/or improvements will be brought into the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2011-12 fiscal year and beyond with primary funding through our general obligation bond.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land and construction in progress	$ 33,071,054	$ 38,016,997	$ 7,075,170	$ 64,012,881
Buildings and improvements	165,170,066	1,386,200	151,345	166,404,921
Furniture and equipment	13,295,835	1,970,131	-	15,265,966
Vehicles	1,427,438	146,343	60,260	1,513,521
Subtotal	212,964,393	41,519,671	7,286,775	247,197,289
Accumulated depreciation	53,772,120	6,581,291	211,605	60,141,806
	$ 159,192,273	$ 34,938,380	$ 7,075,170	$ 187,055,483

Obligations

At the end of the 2010-11 fiscal year, the District had $214.7 million general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the West Valley-Mission Community College District boundaries. In addition to the above obligations, the District is obligated to employees of the District for vacation and load banking benefits and lease purchase agreement for equipment.

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
General obligation bonds	$ 215,807,893	$ 1,117,199	$ 2,240,000	$ 214,685,092
Lease revenue bonds	56,120,000	-	40,000	56,080,000
Bond premiums, net of amortization	6,526,421	-	572,745	5,953,676
Compensated absences	5,630,789	1,230,604	-	6,861,393
Capital leases	59,563	-	52,957	6,606
Supplemental early retirement plan	652,549	-	233,458	419,091
Total Long-term Obligations	$ 288,553,967	$ 2,347,803	$ 3,139,160	$ 284,005,858
Amount due within one year				$ 2,940,225

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Board of Trustees adopted the final budget for FY 2010-11 on November 16, 2011.

Within the District, operating costs have continually increased. The State Budget has not kept pace with the increased operating costs, primarily in health and welfare benefits, especially in regards to the need to recognize post retirement benefits.

The Board of Trustees approved the budget Priorities for FY 2011-12 on March 16, 2010. The intent of the budget priorities was to accomplish the approved goals over two fiscal years. In accordance with District Policy 6.5.3, the following District Budget Priorities are established for the 2011-12 and 2012-13 Fiscal Years. References to Board Goals refer to those Goals approved at the Board of Trustee meeting of February 15, 2011.

The priority of the Board for the 2011-12 and 2012-13 Fiscal Years is to establish a budget that balances on-going expenditures with on-going revenues and maintains a prudent Unrestricted General Fund Reserve of 5%. (Board Goal #2).

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

1) Maintain effective instructional and student support programs and services to foster a learning-centered environment. (Board Goal #4)
2) Seek growth in Full-time Equivalent Students (FTES) to achieve maximum State revenues through efficient management of enrollments and class sections. (Board Goal #1)
3) Improve administrative systems and organizational structures to improve efficiency and effectiveness. (Board Goal #5)
4) Minimize the filling of vacant positions while developing a staffing plan to reduce personnel costs and/or make more effective use of existing positions. (Board Goal # 2 and #5)
5) Control the rising cost of health care benefits through plan design, aggressive negotiations with providers, hard audits of participants and collective bargaining. (Board Goal #2)
6) Effectively manage cash to meet anticipated obligations. (Board Goal #2)
7) Allocate resources to address accreditation recommendations
8) Examine all possible assets of the District to determine how such assets can generate additional revenues and aggressively pursue community and business partnerships.

The 2011-12 budget was balanced with one-time reserves, while maintaining a prudent unrestricted general fund reserve of 5 percent, and a board contingency reserve of 0.65 percent.

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

The economic position of the District is closely tied to the State of California as State apportionments and property taxes allocated to the District represent over half of its total unrestricted sources of revenue received within the General Fund.

Although June 15 is the constitutional deadline for the legislature to submit its proposed budget to the Governor, the state budget was approved 100 days into the new fiscal year on October 8, 2010. For the 2010-11 fiscal year, the LAO's forecast of California's General Fund revenues and expenditures shows that the state must address a budget problem of $25.4 billion between now and the time the Legislature enacts a 2011-12 state budget plan. The budget problem consists of a $6 billion projected deficit for 2010-11 and a $19 billion gap between projected revenues and spending in 2011-12. The State budget for FY 2010-11 increased the apportionment deferrals for California Community Colleges by $129 million, creating a total inter-year deferral of $832 million.

The District did not have a cash flow constraint during FY 2010-11 due to State deferrals and property tax shortfalls, but will continue to monitor cash on a monthly basis during FY 2011-12.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the West Valley-Mission Community College District:

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WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	$ 54,279,664	$ 38,349,280
Restricted cash and cash equivalents	143,383,229	213,614,453
Accounts receivables, (net)	20,911,622	19,441,465
Due from fiduciary funds	6,639,652	-
Prepaid expenses - current portion	146,349	556,178
Deferred charges	210,600	210,600
Total Current Assets	225,571,116	272,171,976
Noncurrent Assets		
Deferred charges - noncurrent portion	2,413,626	2,624,226
Prepaid OPEB contribution	17,823,320	-
Nondepreciable capital assets	64,012,881	33,071,054
Depreciable capital assets, net of depreciation	123,042,602	126,121,219
Total Noncurrent Assets	207,292,429	161,816,499
TOTAL ASSETS	432,863,545	433,988,475
LIABILITIES		
Current Liabilities		
Accounts payable	15,208,194	14,874,237
Interest payable, unrestricted	6,819,190	3,715,017
Deferred revenue	10,573,427	10,547,247
Lease obligations - current portion	6,606	52,957
Bonds and notes payable - current portion	2,127,416	2,020,346
Other long-term liabilities - current portion	806,203	806,203
Total Current Liabilities	35,541,036	32,016,007
Noncurrent Liabilities		
Compensated absences payable - noncurrent portion	6,861,393	5,630,789
Other post employment benefits - noncurrent portion	-	3,756,752
Lease obligations - noncurrent portion	-	6,606
Bonds and notes payable - noncurrent portion	268,637,676	269,907,547
Other long-term liabilities - noncurrent portion	5,566,564	6,372,767
Total Noncurrent Liabilities	281,065,633	285,674,461
TOTAL LIABILITIES	316,606,669	317,690,468
NET ASSETS		
Invested in capital assets, net of related debt	93,393,986	95,509,815
Restricted for:		
Debt service	11,010,331	18,617,730
Capital projects	1,509,723	1,809,811
Educational programs	2,755,928	3,505,150
Other activities	11,941	6,910
Unrestricted	7,574,967	(3,151,409)
TOTAL NET ASSETS	$ 116,256,876	$ 116,298,007

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

	2011	2010
OPERATING REVENUES		
Student Tuition and Fees	$ 13,945,505	$ 14,279,729
Less: Scholarship discount and allowance	(4,041,583)	(3,669,183)
Net tuition and fees	9,903,922	10,610,546
Auxiliary Enterprises	3,124,770	3,005,665
TOTAL OPERATING REVENUES	13,028,692	13,616,211
OPERATING EXPENSES		
Salaries	66,782,330	68,958,017
Employee benefits	35,136,617	30,488,252
Supplies, materials, and other operating expenses and services	41,315,240	35,780,898
Depreciation	6,581,291	6,351,361
TOTAL OPERATING EXPENSES	149,815,478	141,578,528
OPERATING LOSS	(136,786,786)	(127,962,317)
NONOPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	14,838,993	11,755,907
Local property taxes, levied for general purposes	63,959,097	66,092,991
Taxes levied for other specific purposes	10,778,350	11,438,057
Federal revenues	23,318,154	17,869,623
State revenues, other	11,293,586	13,388,616
Investment income	367,760	303,267
Interest expense on capital related debt	(18,381,557)	(9,216,468)
Interest income on capital asset-related debt	289,895	825,603
Transfer from agency fund	9,090,948	-
Transfer to agency fund	-	(1,000,000)
Local grants and other nonoperating revenue	12,185,611	12,000,009
TOTAL NONOPERATING REVENUES (EXPENSES)	127,740,837	123,457,605
INCOME BEFORE OTHER REVENUES AND EXPENSES	(9,045,949)	(4,504,712)
State revenues, capital	9,004,818	14,816,039
CHANGE IN NET ASSETS	(41,131)	10,311,327
NET ASSETS, BEGINNING OF YEAR	116,298,007	105,986,680
NET ASSETS, END OF YEAR	$ 116,256,876	$ 116,298,007

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

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

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 11,540,186	$ 10,944,883
Payments to students for scholarships and grants	(20,129,818)	(15,379,767)
Payments to or on behalf of employees	(99,835,510)	(96,752,825)
Payments to vendors for supplies and services	(14,323,285)	(24,926,687)
Auxiliary enterprise sales and charges:	3,124,770	3,005,665
Other operating receipts (payments)	-	(893)
Net Cash Flows Used By Operating Activities	(119,623,657)	(123,109,624)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State apportionments	13,320,627	10,587,754
Property taxes - nondebt related	63,959,097	66,092,991
Federal grants and contracts	24,858,146	17,294,633
State grants and contracts	9,165,273	15,308,577
Other nonoperating	(67,300)	26,516,724
Contribution to OPEB trust	(17,823,320)	-
Proceeds from OPEB debt	-	54,950,808
Net Cash Flows From Noncapital Financing Activities	93,412,523	190,751,487
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(34,444,501)	(34,667,919)
State revenue, capital projects	13,826,507	8,066,070
Property taxes - related to capital debt	10,778,350	11,438,057
Principal paid on capital debt	(2,332,956)	(881,006)
Interest paid on capital debt	(16,605,183)	(7,092,498)
Deferred cost on issuance	-	192,445
Interest received on capital asset-related debt	289,895	825,603
Net Cash Flows Used Capital Financing Activities	(28,487,888)	(22,119,248)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	398,182	469,108
Net Cash Flows From Investing Activities	398,182	469,108
CHANGE IN CASH AND CASH EQUIVALENTS	(54,300,840)	46,018,723
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	251,963,733	205,945,010
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 197,662,893	$ 251,963,733

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

STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT, Continued
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating Loss	$ (136,786,786)	$ (127,962,317)
Adjustments to Reconcile Operating Loss to Net Flows from Operating Activities:		
Depreciation and amortization expense	6,581,291	6,351,361
Changes in Assets and Liabilities:		
Accounts receivables, net	3,042,855	(3,025,208)
Prepaid expenses	409,829	(160,950)
Other assets	-	(18,155)
Accounts payable and accrued liabilities	8,147,433	(512,253)
Deferred revenue	(1,018,279)	2,217,898
Total Adjustments	17,163,129	4,852,693
Net Cash Flows Used By Operating Activities	$ (119,623,657)	$ (123,109,624)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:		
Cash in banks	$ 54,279,664	$ 38,349,280
Cash equivalents, restricted	143,383,229	213,614,453
Total Cash and Cash Equivalents	$ 197,662,893	$ 251,963,733
NON CASH TRANSACTIONS		
On behalf payments for benefits	$ 1,777,092	$ 1,559,262

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

STATEMENTS OF FIDUCIARY NET ASSETS
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
Cash and cash equivalents	$ 14,679,475	$ 1,328,097
Investments	26,963,341	-
Accounts receivable, net	153,560	1,765,538
Prepaid expenses	-	17,737
Total Assets	$ 41,796,376	$ 3,111,372
LIABILITIES		
Accounts payable	$ 7,339,328	$ 259,481
Deferred revenue	234,942	150,776
Total Liabilities	7,574,270	410,257
NET ASSETS		
Unreserved	34,222,106	2,701,115
Total Net Assets and Liabilities	$ 41,796,376	$ 3,111,372

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

	Trust	
ADDITIONS	**2011**	**2010**
Federal revenues	$ 1,315,370	$ -
State revenues	-	559,679
Local revenues	2,475,379	1,727,049
Total Additions	3,790,749	2,286,728
DEDUCTIONS		
Classified salaries	657,514	774,849
Employee benefits	202,448	174,468
Books and supplies	104,183	37,852
Services and operating expenditures	1,711,454	691,380
Capital outlay	21,687	599
Total Deductions	2,697,286	1,679,148
OTHER FINANCING SOURCES (USES)		
Operating transfers in	39,518,776	180,462
Operating transfers out	(9,091,248)	(45,517)
Other sources	-	1,000,000
Total Other Financing Sources (Uses)	30,427,528	1,134,945
Change in Net Assets	31,520,991	1,742,525
Net Assets - Beginning	2,701,115	958,590
Net Assets - Ending	$ 34,222,106	$ 2,701,115

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	2011	2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 9,121,440	$ 8,135,826
Accounts receivable	-	3,119
Interest receivable	10,817	10,458
Total Current Assets	9,132,257	8,149,403
NONCURRENT ASSETS		
Land	16,702	16,702
Lease commissions - net	637,710	652,687
Total Noncurrent Assets	654,412	669,389
TOTAL ASSETS	$ 9,786,669	$ 8,818,792
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 377,713	$ 675,793
Accrued expenses	90,487	88,908
Total Current Liabilities	468,200	764,701
NONCURRENT LIABILITIES		
Refundable security deposits	550,000	200,000
Total Noncurrent Liabilities	550,000	200,000
TOTAL LIABILITIES	1,018,200	964,701
NET ASSETS		
Unrestricted	8,768,469	7,854,091
Total Net Assets	8,768,469	7,854,091
TOTAL LIABILITIES AND NET ASSETS	$ 9,786,669	$ 8,818,792

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
UNRESTRICTED		
REVENUES		
Rental income	$ 4,232,005	$ 4,582,138
Interest income	42,045	52,847
Fee income	-	175,000
Total Revenues	4,274,050	4,809,985
EXPENSES		
Operating expenses	3,359,672	5,659,891
Total Expenses	3,359,672	5,659,891
CHANGE IN NET ASSETS	914,378	(849,906)
NET ASSETS, BEGINNING OF YEAR	7,854,091	8,703,997
NET ASSETS, END OF YEAR	$ 8,768,469	$ 7,854,091

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 914,378	$ (849,906)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Amortization of commissions	14,977	14,977
(Increase) decrease in		
Accounts receivable	3,119	(3,119)
Interest receivable	(359)	46,291
Increase (decrease) in		
Accounts payable	(298,080)	(3,270,690)
Accrued expenses	1,579	1,570
Net Cash Flows From (Used) Operating Activities	635,614	(4,060,877)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from refundable security deposits	350,000	-
Net Cash Flows From Investing Activities	350,000	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	985,614	(4,060,877)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,135,826	12,196,703
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,121,440	$ 8,135,826

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

NOTE 1 –ORGANIZATION

The West Valley-Mission Community College District (the District) was established in 1963 as a political subdivision of the State of California and provides post secondary educational services to residents of Santa Clara County. The District operates under a locally elected eight-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, Special Revenue Funds, and Capital Project Funds, but these budgets are managed at the department level. Currently, the District operates two community colleges located within Santa Clara County, California. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District follows 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 District has determined that the West Valley – Mission Advance Foundation and West Valley-Mission College Foundation do not meet the criteria for inclusion under GASB 39. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

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 Valley-Mission College District Financing Corporation
- Mission-West Valley Land Corporation

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

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

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. 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 significant intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end. For the District, operating revenues consist primarily of student fees and auxiliary through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent student (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and or purpose requirements.

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

The accounting policies of the District conform to accounting principles generally accepted in the United State of America (US GAAP) as applicable to colleges and universities, as well as those prescribed by the California Community Colleges Chancellor's Office. The District reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements. The District has elected not to apply FASB pronouncements issued after November 30, 1989. When applicable, certain prior year amounts have been reclassified to conform to current year presentation.

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 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

The following is a summary of the more significant policies:

Cash and Cash Equivalents

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

Investments

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

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $673,650 and $672,673, respectively, as of June 30, 2011 and 2010.

Prepaid Expenses

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

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 are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction-in-progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 50 years; improvements, 20 years; equipment, 8 to 20 years.

Accrued Liabilities and Long-term Obligations

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

Deferred Issuance Costs, Premiums, and Discounts

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid.

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

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

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

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

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.

Noncurrent Liabilities

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

Net Assets

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

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

Restricted – Expendable: Net assets whose use by the District is subject to externally imposed constraints that can be fulfilled by actions of the District pursuant to those constraints or by the passage of time.

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 educational and general operations of the District.

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 reclassifications and corrections are accrued in the year in which the FTES are generated.

Property Tax

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

The voters of the District passed a General Obligation Bond in 2004 for the acquisition, construction and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are billed and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

Student tuition and fee revenue is reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Assets. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers 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, outstanding Perkins Loan, 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. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. 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.* During the years ended June 30, 2011 and 2010, the District distributed $1,648,450 and $1,729,190, respectively, in direct lending through the U.S. Department of Education. These amounts have been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students, however, the amounts are included on the Schedule of Federal Financial Assistance.

On-Behalf Payments

GASB Statement No 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenue 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.

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.

Component Unit – Mission West Valley Land Corporation Presentation

The Mission West Valley Land Corporation (Land Corporation) 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 Land Corporation 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 Land Corporation does not use fund accounting.

The assets, liabilities, and fund balance of the Organization are reported as unrestricted funds, which represent the portion of resources that are available for general support of the Organization's operations. The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

New Accounting Pronouncements

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

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

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

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

Comparative Financial Information

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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.

Investment in the State Investment Pool - The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in the pool is reported in the accompanying financial statement at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis.

General Authorizations

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

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

Summary of Deposits and Investments

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

Total business-type activities	$ 197,662,893
Fiduciary	41,642,816
Component unit	9,121,440
Total Deposits and Investments	$ 248,427,149

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

Cash on hand and in banks	$ 1,780,588
Investments	246,646,561
Total Deposits and Investments	$ 248,427,149

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 primarily investing in County and State investment pools.

Specific Identification

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

Investment Type	Fair Value	Weighted Average Maturity
U.S. Treasuries	$ 18,027,596	0.10
CalPers	26,963,341	1.00
County Pool	192,534,184	1.24
State Investment Pool	9,121,440	0.65
Total	$ 246,646,561	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool and LAIF are not required to be rated, nor have they been rated as of June 30, 2011.

Investment Type	Fair Value	Not Required To Be Rated	Rating as of Year End Aaa	Rating as of Year End Unrated
U.S. Treasuries	$ 18,027,596	$ -	$ 18,027,596	$ -
CalPers	26,963,341	26,963,341	-	26,963,341
County Pool	192,534,184	192,534,184	-	192,534,184
State Investment Pool	9,121,440	9,121,440	-	9,121,440
Total	$ 246,646,561	$ 228,618,965	$ 18,027,596	$ 228,618,965

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit.) The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2011, approximately $340,000 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 4 - ACCOUNTS RECEIVABLE

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

The accounts receivable are as follows:

	2011	2010
Federal Government		
Categorical aid	$ 520,541	$ 2,044,421
State Government		
Apportionment	3,277,351	1,892,180
Categorical aid	2,998,233	270,268
Lottery	1,170,866	1,100,696
Other state sources	6,870	319,723
State construction grants	2,185,341	7,007,030
Local Government		
Interest	98,320	128,742
Student receivables	2,713,997	5,037,721
Other local sources	7,940,103	1,640,864
Total	$ 20,911,622	$ 19,441,645

Discretely Presented Component Unit

The Mission-West Valley Land Corporation's accounts receivable are interest receivable.

NOTE 5 - CAPITAL ASSETS

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 2,050,827	$ -	$ -	$ 2,050,827
Construction in progress	31,020,227	38,016,997	7,075,170	61,962,054
Total Capital Assets Not Being Depreciated	33,071,054	38,016,997	7,075,170	64,012,881
Capital Assets Being Depreciated				
Land improvements	13,447,692	1,386,200	-	14,833,892
Buildings and improvements	151,722,374	-	151,345	151,571,029
Furniture and equipment	13,295,835	1,970,131	-	15,265,966
Vehicles	1,427,438	146,343	60,260	1,513,521
Total Capital Assets Being Depreciated	179,893,339	3,502,674	211,605	183,184,408
Total Capital Assets	212,964,393	41,519,671	7,286,775	247,197,289
Less Accumulated Depreciation				
Land improvements	6,713,154	445,392	-	7,158,546
Buildings and improvements	40,618,315	4,554,091	151,345	45,021,061
Furniture and equipment	5,423,740	1,505,262	-	6,929,002
Vehicles	1,016,911	76,546	60,260	1,033,197
Total Accumulated Depreciation	53,772,120	6,581,291	211,605	60,141,806
Net Capital Assets	$ 159,192,273	$ 34,938,380	$ 7,075,170	$ 187,055,483

Depreciation expense for the year was $6,581,291.

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

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 2,050,827	$ -	$ -	$ 2,050,827
Construction in progress	55,866,039	32,888,517	57,734,329	31,020,227
Total Capital Assets Not Being Depreciated	57,916,866	32,888,517	57,734,329	33,071,054
Capital Assets Being Depreciated				
Land improvements	13,288,619	159,073	-	13,447,692
Buildings and improvements	100,510,533	51,757,524	545,683	151,722,374
Furniture and equipment	6,661,654	7,183,601	549,420	13,295,835
Vehicles	1,352,520	74,918	-	1,427,438
Total Capital Assets Being Depreciated	121,813,326	59,175,116	1,095,103	179,893,339
Total Capital Assets	179,730,192	92,063,633	58,829,432	212,964,393
Less Accumulated Depreciation				
Land improvements	6,357,320	355,834	-	6,713,154
Buildings and improvements	36,603,440	4,560,558	545,683	40,618,315
Furniture and equipment	4,605,343	1,367,817	549,420	5,423,740
Vehicles	949,759	67,152	-	1,016,911
Total Accumulated Depreciation	48,515,862	6,351,361	1,095,103	53,772,120
Net Capital Assets	$ 131,214,330	$ 85,712,272	$ 57,734,329	$ 159,192,273

Depreciation expense for the year was $6,351,361.

Discretely Presented Component Unit

As of June 30, 2011 and 2010, the Mission-West Valley Land Corporation owned land with a historical cost of $16,702.

NOTE 6 - INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers between District governmental funds are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These operating transfers have been eliminated through consolidation within the entity-wide financial statements. Transfers between the primary government and the fiduciary funds are eliminated in the consolidation process. During the 2011 fiscal year the amount transferred to the primary government from the fiduciary funds totaled to $9,090,248.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government	
	2011	2010
Accrued payroll benefits	$ 12,753,923	$ 7,426,753
Apportionment	379,939	246,744
Construction project related vendors	545,181	3,965,593
Vendor	1,529,151	3,235,147
Total	$ 15,208,194	$ 14,874,237

Discretely Presented Component Unit

The accounts payable of Mission-West Valley Land Corporation consist primarily of amounts owed to vendors for supplies and services.

NOTE 8 - DEFERRED REVENUE

Deferred revenue consisted of the following:

	Primary Government	
	2011	2010
Federal financial assistance	$ 54,987	$ 38,875
State categorical aid	1,802,731	1,445,762
Enrollment fees	6,407,291	7,094,751
Capital projects	201,521	532,340
Other local	2,106,897	1,435,519
Total	$ 10,573,427	$ 10,547,247

NOTE 9 - LONG-TERM OBLIGATIONS

Long-term Obligations Summary

The changes in the District's long-term obligations during the 2011 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Accretions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable						
General obligation bonds	$ 215,807,892	$ -	$ 1,117,199	$ 2,240,000	$ 214,685,091	$ 2,087,416
Revenue bonds	56,120,000	-	-	40,000	56,080,000	40,000
Premiums, net	6,526,421	-	-	572,745	5,953,676	572,745
Total Bonds and Notes Payable	278,454,313	-	1,117,199	2,852,745	276,718,767	2,700,161
Other Liabilities						
Compensated absences	5,630,791	1,230,603	-	-	6,861,394	-
Capital leases	59,562	-	-	52,956	6,606	6,606
Supplemental early retirement	652,549	-	-	233,458	419,091	233,458
Total Other Liabilities	6,342,902	1,230,603	-	286,414	7,287,091	240,064
Total Long-term Obligations	$ 284,797,215	$ 1,230,603	$ 1,117,199	$ 3,139,159	$ 284,005,858	$ 2,940,225

The changes in the District's long-term obligations during the 2010 fiscal year consisted of the following:

	Balance Beginning of Year	Additions	Accretions	Deductions	Balance End of Year	Due in One Year
Bonds and Notes Payable						
General obligation bonds	$ 215,511,864	$ -	$ 561,028	$ 265,000	$ 215,807,892	$ 2,020,346
Revenue bonds	-	56,120,000	-	-	56,120,000	-
Premiums, net	6,905,256	193,910	-	572,745	6,526,421	572,745
Total Bonds and Notes Payable	222,417,120	56,313,910	561,028	837,745	278,454,313	2,593,091
Other Liabilities						
Compensated absences	5,703,932	368,912	-	442,053	5,630,791	-
Capital leases	112,519	-	-	52,957	59,562	52,957
Other postemployment benefits	2,392,122	8,555,978	-	7,191,348	3,756,752	-
State apportionment	246,744	-	-	246,744	-	-
Supplemental early retirement	-	1,947,825	-	1,295,276	652,549	233,458
Total Other Liabilities	8,455,317	10,872,715	-	9,228,378	10,099,654	286,415
Total Long-term Obligations	$ 230,872,437	$ 67,186,625	$ 561,028	$ 10,066,123	$ 288,553,967	$ 2,879,506

Description of Debt

Payments on the 2006 general obligation bonds are made by the Measure H Debt Services - Bond Interest and Redemption Fund with local revenues. Payments on the 2009A revenue bonds are made by the Student Representation Fee Funds. Payments on the 2009A-1 revenue bonds are made by the general fund. Capital leases payments are made by the General Fund. The compensated absences and other post employment benefits will be paid by the fund for which the employee worked.

General obligation bonds were approved by a local election in November 2004. The total amount approved by the voters was $235,000,000. At June 30, 2011, $235,000,000 had been issued and $214,685,091 was outstanding. Interest rates on the bonds range from 1.83 percent - 5.00 percent.

Revenue bonds were issued in November 2009 for $55,000,000 to provide funding for retiree benefits, and $1,120,000 for the West Valley Student Center. Interest rates on the bonds range from 2.00 percent to 8.253 percent and will be partially offset by federal subsidies under the Build America Bond program.

The District has utilized capital leases agreements to purchase primarily equipment. The current lease purchase agreements in the amount of $6,606 will be paid through 2012.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding June 30, 2010	Accretion	Redeemed	Bonds Outstanding June 30, 2011
5/4/2006	8/1/2030	4.00%-5.00%	$ 100,000,000	$ 80,070,000	$ -	$ 440,000	$ 79,630,000
5/19/09	8/1/2019	5.00%	14,184,692	14,922,892	1,117,199	1,800,000	14,240,091
5/19/09	8/1/2035	1.83%-4.21%	120,815,000	120,815,000	-	-	120,815,000
				$ 215,807,892	$ 1,117,199	$ 2,240,000	$ 214,685,091

The 2006 general obligation bonds mature through 2036 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2012	$ 2,087,417	$ 12,356,762	$ 14,444,178
2013	2,173,857	12,493,971	14,667,828
2014	2,295,410	12,614,994	14,910,403
2015	2,438,314	12,715,477	15,153,791
2016	2,604,038	12,796,591	15,400,629
2017-2021	21,625,312	53,860,403	75,485,715
2022-2026	38,525,000	49,776,156	88,301,156
2027-2031	58,100,000	37,178,204	95,278,204
2032-2036	83,200,000	17,044,875	100,244,875
Subtotal	213,049,347	$ 220,837,433	$ 433,886,780
Accretions to Date	1,635,744		
Total	$ 214,685,091		

Revenue Bonds

The 2009 revenue bonds mature through 2031 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2012	$ 40,000	$ 4,373,779	$ 4,413,779
2013	40,000	4,392,779	4,432,779
2014	40,000	4,388,278	4,428,278
2015	115,000	4,388,278	4,503,278
2016	285,000	4,380,278	4,665,278
2017-2021	4,375,000	21,415,685	25,790,685
2022-2026	21,270,000	17,737,961	39,007,961
2027-2031	29,915,000	4,281,037	34,196,037
Total	$ 56,080,000	$ 65,358,075	$ 121,438,075

Capital Leases

The District has entered into various capital lease arrangements. Future minimum lease payments are as follows:

Year Ending June 30,	Lease Payment
2012	$ 7,084
Less: Amount Representing Interest	(478)
Present Value of Minimum Lease Payments	$ 6,606

Compensated Absences and Faculty Banked Leave Liability

The District calculated the total long term portion of compensated absences as of June 30, 2011 at $6,861,394. Of this amount, $3,888,170 was calculated for the unfunded faculty banked leave, $2,960,385 for accrued vacation, and $12,318 for compensated absences and compensatory time. In addition to the $3,888,170 of unfunded faculty banked leave there is $3,667,389 of faculty banked leave, which was accrued in the District's general fund as funds have been set aside for the future payment of this liability. The compensated absences and the unfunded faculty banked leave are included in the entity-wide statements.

Supplemental Early Retirement Plan

In May 2008, the District approved an offering of a Supplemental Early Retirement Plan (SERP) incentive to eligible employees. The window to elect to participate was August 1, 2008 through August 31, 2008 and the District liability for those faculty electing to participate was $47,825. The premium for annuities purchased by the District was over a five year period beginning in FY 07/08 through FY 11/12. In addition, in March 2009, the District approved offering a CalSTRS "Plus 2" or bonus lump sum cash payable to eligible employees. The window to elect to participate in the CalSTRS "Plus 2" plan was July 1, 2009 through August 31, 2009. The District received a grant from the Mission West Valley Land Corporation to pay for CalSTRS "Plus 2" and cash incentive in full rather than deferring payments over 8 years and paying interest. Other bargaining units were also offered a similar Supplemental Early Retirement Program with the same window as the CalSTRS plan. The premiums for annuities purchased by the District for other employee groups was over a five year period beginning in FY 09/10 through FY 12/13.

Year Ending June 30,	Payment
2012	$ 233,458
2013	185,633
Total	$ 419,091

NOTE 10 - POSTEMPLOYMENT BENEFITS

Plan Description

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

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

* Retirees receive 50% benefits for 10 years of service + 10% for additional year of service to 100% for 15

Active plan participants at June 30, 2011 totaled 127 and current retirees were 522. Employees hired after January 1, 1994 are not eligible for medical benefits upon retirement.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, the District's bargaining units and the unrepresented groups. For fiscal year 2010-11, the District contributed $7,827,156 to the plan, all of which was used for current premiums (approximately 119 percent of estimated current year's annual required contributions). In addition, the District contributed $26,963,341 to the plan through the sale of lease revenue bonds in the prior year. The District recognizes the costs of providing those benefits and related costs when paid.

Annual OPEB Cost and Net OPEB Asset/Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters 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 excess) over a period not to exceed thirty 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 obligation to the Plan:

Annual required contribution	$ 6,570,773
Contributions made	(28,150,845)
Change in net OPEB liability	(21,580,072)
Net OPEB liability, beginning of year	3,756,752
Net OPEB assets, end of year	$ (17,823,320)

The actual contribution, annual required contribution, percentage contributed and the net OPEB liability is as follows:

Year Ended June 30,	Actual Contribution	Annual Required Contribution	Percentage Contributed	Net OPEB Liability/(Asset)
2009	$ 6,163,856	$ 8,555,978	72%	$ 2,392,177
2010	7,191,348	8,555,978	84%	3,756,752
2011	28,150,845	6,570,773	428%	(17,823,320)

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve 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 contributions 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 following the notes to the financial statements, presents multiyear 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

Projection 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 value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2011, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.61 percent investment rate of return, (net of administrative expenses). The healthcare cost trend rate was 4 percent until reaching the ultimate trend. The UAAL is being amortized at a level percentage with payroll assuming a 3 percent annual increase in payroll. The remaining amortization period at June 30, 2011, was 27 years.

NOTE 11 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2011, the District contracted with the Bay Area Community College District for property and general insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2010-2011, the District participated in the Northern California Community College Pool ("NCCCP") for workers' compensation insurance coverage. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

NOTE 12 - EMPLOYEE RETIREMENT SYSTEMS

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

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits 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 Boulevard, Sacramento, California 95826.

All certificated employees and those employees meeting minimum standards adopted by the Board of Governors of the California Community Colleges, and employed 50 percent or more of a full-time equivalent position, participates in the Defined Benefit Plan (DB Plan). Part-time educators hired under a contract of less than 50 percent or on an hourly or daily basis without contract may elect membership in the Cash Balance Benefit Program (CB Benefit Program). Since January 1, 1999, both of these plans have been part of the California State Teachers' Retirement Plan (CalSTRS), a cost-sharing, multiple-employer contributory public employee retirement system. The California State Teachers' Retirement Law (Part 13 of the *California Education Code*, Section 22000 et seq.) established benefit provisions for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from the CalSTRS Executive Office, 7667 Folsom Boulevard, Sacramento, California 95851.

The CalSTRS, a defined benefit pension plan, provides retirement, disability, and death benefits, and depending on which component of the CalSTRS the employee is in, post-retirement cost-of-living adjustments may also be offered. Employees in the DB Plan attaining the age of 60 with five years of credited California service (service) are eligible for "normal" retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is generally defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with at least 30 years of service. While early retirement can reduce the two percent age factor used at age 60, service of 30 or more years will increase the percentage age factor to be applied. Disability benefits are generally the maximum of 50 percent of final compensation for most applicants. Eligible dependent children can increase this benefit up to a maximum of 90 percent of final compensation. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The features of the CB Benefit Program include immediate vesting, variable contribution rates that can be bargained, guaranteed interest rates, and flexible retirement options. Participation in the CB Benefit Program is optional; however, if the employee selects the CB Benefit Program and their basis of employment changes to half time or more, the member will automatically become a member of the DB Plan.

Funding Policy

Active members of the DB Plan are required to contribute 8.0 percent of their salary while the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2010-2011 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The CB Benefit Program is an alternative CalSTRS contribution plan for instructors. Instructors who choose not to sign up for the DB Plan or FICA may participate in the CB Benefit Program. The District contribution rate for the CB Benefit Program is always a minimum of four percent with the sum of the District and employee contribution always being equal or greater than eight percent.

Annual Pension Cost

The District's total contributions to CalSTRS for the fiscal years ended June 30, 2011, 2010, and 2009, were $3,008,577, $3,015,734, and $3,324,018, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and 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, California 95811.

All full-time classified employees participate in the CalPERS, an agent multiple-employer contributory public employee retirement system that act as a common investment and administrative agent for participating public entities within the State of California. The West Valley-Mission Community College District is part of a "cost-sharing" pool with CalPERS. Employees are eligible for retirement as early as age 50 with five years of service. At age 55, the employee is entitled to a monthly benefit of 2.0 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement after age 55 will increase the percentage rate to a maximum of 2.5 percent at age 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after five years of credited service. Upon separation from the Fund, members' accumulated contributions are refundable with interest credited through the date of separation.

The Public Employees' Retirement Law (Part 3 of the *California Government Code*, Section 20000 et seq.) establishes benefit provisions for CalPERS. 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, California 95814.

Funding Policy

Active plan members are required to contribute 7.0 percent of their salary (7.0 percent of monthly salary over $133.33 if the member participates in Social Security), and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The District's contribution rate to CalPERS for fiscal year 2010-2011 was 10.707 percent of covered payroll.

Annual Pension Cost

The District's contributions to CalPERS for fiscal years ending June 30, 2011, 2010, and 2009, were $2,478,825 $2,142,577, and $2,192,341, respectively, and equaled 100 percent of the required contributions for each year.

Social Security

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

Alternative Plan

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

On Behalf Payments

The 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 $1,777,092 (4.267 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.

NOTE 13 - 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.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2011.

Construction Commitments

As of June 30, 2011, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitment	Expected Date of Completion
West Valley College		
Classroom and study services facility upgrade	$ 284,240	03/31/12
Science and Math reconstruction	1,170,152	12/31/11
Language Arts/Social Science reconstruction	833,056	09/30/13
Campus Center renovation	7,319,115	02/28/12
Solar photo voltaic system project	4,986,908	12/31/11
ADA barrier removal	355,986	09/30/12
Mission College		
Childcare replacement	1,516,250	12/31/11
Hospitality management	1,320,203	02/28/12
Infrastructure upgrade - electric/data	2,021,003	01/31/12
Main building replacement	2,610,038	10/31/13
Solar photo voltaic system project	5,323,430	12/31/11
Classroom and study services facility upgrade	708,203	02/28/12
Districtwide		
Information systems building	1,519,428	12/31/11
Fire alarm replacement	2,593,690	08/31/12
	$ 32,561,702	

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

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

The District is a member of the Northern California Community College Pool ("NCCCP") and the Bay Area Community College District (BACCD) Joint Powers Authority JPAs. The District pays annual premiums for its property and general liability and workers' compensation coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities. The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2011, the District made payments of $1,466,841 and $538,979 to NCCCP and BACCD, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Unprojected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
November 1, 2008	$ -	$ 108,416,025	$ 108,416,025	$ -	$ 18,000,000	602%
June 30, 2011	$ 20,345,004	$ 88,514,298	$ 68,169,294	23%	$ 18,540,000	368%

SUPPLEMENTARY INFORMATION

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2011

The West Valley-Mission Community College District was established in January, 1963. The District encompasses areas primarily in Santa Clara County and also Santa Cruz County, California. The administrative offices of the District are located in Saratoga, California. There were no changes in the boundaries of the District during the current year. The District's colleges are each accredited by the Western Association of Schools and Junior Colleges.

BOARD OF TRUSTEES

ADMINISTRATION

John E. Hendrickson	Chancellor
Edralen Maduli	Vice Chancellor, Administrative Services

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Program Revenues Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION						
Student Financial Aid Cluster						
Supplemental Educational Opportunity Grant (SEOG)	84.007	$ 227,136	$ -	$ -	$ 227,136	$ 227,136
Pell Grant	84.063	14,951,320	1,612,455	-	16,563,775	16,563,775
Student Financial Aid Administration Allowance	84.063	90,895	942	38,463	17,802	17,802
Federal Work Study Program	84.033	114,440	152,251	-	266,691	266,691
Federal Direct Student Loans	84.032	1,531,930	116,520	-	1,648,450	1,648,450
Academic Competitiveness (ACG)	84.375	158,447	-	-	158,447	158,447
Higher Education Institutional Aid	84.031L	187,088	31,003	-	218,091	218,091
Training Real Time Writers Initiative	84.116K	36,520	12,976	-	49,496	49,496
Trio Project - Access	84.042	261,442	96,024	-	357,466	357,466
Vocational and Applied Technology Education Act						
Technical Prep	84.048	91,240	118,225	-	209,465	209,465
Title I-C	84.048	328,486	101,796	-	430,282	430,282
Fund for the Improvement of Postsecondary Education (FIPSE)	84.116	19,899	-	-	19,899	19,899
Trade Promotion & Education Project (TPEP)	84.153	44,957	28,693	-	73,650	73,650
ARRA - State Fiscal Stablization Fund	84.394	56,429	-	-	56,429	56,429
						20,297,079
US. DEPARTMENT OF LABOR						
Job Training Partnership Act - GAIN	17.250	101,219	9,266	-	110,485	110,485
ARRA - WIA Adult Program	17.258	87,996	-	16,524	71,472	71,472
						181,957
U.S. DEPARTMENT OF AGRICULTURE						
Passed through California Department of Education						
Child and Adult Care Food Program	10.558	32,299	137	-	32,436	27,497
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Personal Home Care Aide State Training Program (PHCASTP)	93.512	-	23,171	-	23,171	23,171
Pass-Through California State Chancellor's Office						
CalWorks	93.558	41,250	3,750	-	45,000	45,000
Temporary Assistance to Needy Families (TANF)	93.558	74,746	-	-	74,746	74,746
Pass-Through Santa Clara County						
Foster Care - Title IV-E	93.658	861,339	50,741	-	912,080	792,128
ARRA - Emergency Contingency Fund for Temporary Assistance to Needy Families (ARRA - TANF)	93.714	18,479	-	-	18,479	18,479
Medical Assistance Program	93.778	33,430	-	-	33,430	4,708
Pass-Through Los Rios Community College District						
RHORC - Health Information Technology	93.721	65,727	144,766	-	210,493	210,493
						1,168,725
U.S. DEPARTMENT OF STATE BUREAU OF EDUCATIONAL AND CULTURAL AFFAIRS						
Pass-Through Foundation for California Community Colleges						
Initiative for Egypt Program	19.009	159,988	8,925	-	168,913	168,913
INSTITUTE OF MUSEUM AND LIBRARY AFFAIRS						
Pass-Through California State Library LSTA						
Local History Digital Resources Project	45.310	5,000	-	-	5,000	5,000
Total		$ 19,581,702	$ 2,511,641	$ 54,987	$ 22,002,784	$ 21,849,171

See accompanying note to supplementary information.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

	Program Revenues				Total
Program	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	Program Expenditures
BFAP	$ 697,352	$ -	$ 140,504	$ 556,848	$ 556,848
EOPS	1,056,330	209	4,680	844,470	844,470
CARE	89,681	-	3	89,678	89,678
DSPS	1,115,444	54,205	78,726	779,617	779,617
Emergency Preparedness CCCCO	95,593	113,708	-	209,301	209,301
State Instructional Equipment	80,163	-	51,876	28,287	32,152
Advanced Transportation Technology	145,175	53,686	-	198,861	198,861
Articulation	765	-	367	398	398
Matriculation - Credit	861,081	44,793	-	645,170	645,170
Matriculation - Non Credit	70,770	-	39,989	30,781	30,781
TTIP Tech for Access - TCO	8,820	-	8,820	-	3,543
TTIP Tech Training (Datatel)	43,604	-	40,621	2,983	2,983
TTIP - Ownership	30,843	-	2,376	28,467	28,467
CITD	2,285	-	-	2,285	-
CITD/IDRC	64,881	-	-	64,881	64,881
Coast CCD Social Media Networking	8,136	-	-	8,136	8,136
CalWorks	337,135	11,912	13,161	335,886	335,886
MESA FSS Grant	52,540	12,693	-	65,233	65,233
Regional Health Occupational Resource Center	123,000	-	44,198	78,802	78,802
Remote Sensing	49,415		-	49,415	49,415
Career Technical Education Allied Health	3,240	-	-	3,240	3,240
Career Tech	91,714	72,905	61,649	102,970	102,970
IDRC	107,998	18,250	-	126,248	126,248
JDIF	59,258	-	-	59,258	59,258
Human Resources Staff Diversity	74,327	-	74,327	-	38,764
Staff Development	51,124	-	16,302	34,822	34,822
Basic Skills	668,241	31,061	305,957	393,345	393,345
Center for Excellence	19,045	-	-	19,045	-
CTE - Silicon Valley (Career Tech)	849,498	-	474,144	375,354	375,354
CTE - YEP/CITD	34,684	-	-	34,684	34,684
CTE -Economic Workforce Development BAETC	90,000	-	29,320	60,680	60,680
IELM - One Time	7,723	-	-	7,723	7,723
State Block Grant	34,623	-	27,073	7,550	7,550
Statewide Hospital	8,400	-	-	8,400	8,400
HUB - Bay Area Environmental Training Center	193,931	20,000	155,000	58,931	58,931
Bay Area Environmental Training Center	123,000	82,000	-	205,000	205,000
HUB -ATTE	60,000	40,000	-	100,000	100,000
Solar Grant	200,451	17,278	-	217,729	217,729
Lottery - Restricted	118,688	259,249	233,638	144,299	144,299
Subtotal	$ 7,728,958	$ 831,949	$ 1,802,731	$ 5,978,777	$ 6,003,619

See accompanying note to supplementary information.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL (ACTUAL) ATTENDANCE AS OF JUNE 30, 2011

CATEGORIES	Annual Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2010)			
1. Noncredit	94.71	-	94.71
2. Credit	424.52	-	424.52
B. Summer Intersession (Summer 2011-Prior to July 1, 2011)			
1. Noncredit	77.49	-	77.49
2. Credit	1,507.23	-	1,507.23
C. Primary Terms			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	12,451.08	-	12,451.08
(b) Daily Census Contact Hours	350.91	-	350.91
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	562.46	-	562.46
(b) Credit	326.47	-	326.47
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,157.49	-	1,157.49
(b) Daily Census Contact Hours	583.73	-	583.73
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	17,536.09	-	17,536.09
H. Basic Skills courses and Immigrant Education (FTES)			
1. Noncredit	51.13	-	51.13
2. Credit	1,444.13	-	1,444.13
	1,495.26	-	1,495.26

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

None noted.

See accompanying note to supplementary information.

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2011

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

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

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

Description	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance:		$ 23,318,154
Build america bonds	N/A	(1,315,370)
Child & adult food program carryover	10.558	(4,939)
Foster care program carryover	93.658	(119,952)
Medical assistance program carryover	93.778	(28,722)
Total Schedule of Expenditures of Federal Awards		$ 21,849,171

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

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

NOTE TO SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2011

Reconciliation of Annual Financial and Budget Report (CCSF-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

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

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 Valley-Mission Community College District
Saratoga, California

We have audited the basic financial statements of West Valley-Mission Community College District (the District) and its discretely presented component unit for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 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

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

In planning and performing our audits, we considered West Valley-Mission 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 Valley-Mission Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Valley-Mission 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Valley-Mission 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 Valley-Mission Community College District a separate letter dated December 21, 2011.

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

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 21, 2011

VAVRINEK, TRINE, DAY
& COMPANY, LLP
Certified Public Accountants

VALUE THE DIFFERENCE

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 Valley-Mission Community College District
Saratoga, California

Compliance

We have audited West Valley-Mission Community College District's (the District's) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of West Valley-Mission Community College District's major Federal programs for the year ended June 30, 2011. West Valley-Mission 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 Valley-Mission Community College District's management. Our responsibility is to express an opinion on West Valley-Mission 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 Valley-Mission 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 Valley-Mission Community College District's compliance with those requirements.

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

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Internal Control Over Compliance

The management of West Valley-Mission 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 Valley-Mission 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 Valley-Mission Community College District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention of those charged with governance.

West Valley-Mission Community College District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit West Valley-Mission Community College District's response and, accordingly, we express no opinion on the response.

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

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 21, 2011

VAVRINEK, TRINE, DAY
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Certified Public Accountants

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REPORT ON STATE COMPLIANCE

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

We have audited the basic financial statements of West Valley-Mission Community College District (the District), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 21, 2011.

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

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

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

Section 478	Preference for Veterans and Qualified Spouses for Federally Funded Qualified Training Programs
Section 479	to Be Arranged Hours (TBA)

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

West Valley-Mission Community College District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit West Valley-Mission Community College District's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information of the Board of Trustees, Audit Committee, 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.

Vavrinek, Trine, Day & Co LLP

Pleasanton, California
December 21, 2011

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No
Identification of major programs:	

CFDA Numbers	Name of Federal Program or Cluster
84.063, 84.007, 84.033, 84.032, 84.268, 84.375	Student Financial Aid Cluster
93.658	Foster Care
84.042A	TRIO
84.048	Career Techical Education Act (CTEA)

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Signficant deficiencies identified not considered to be material weaknesses?	Yes
Type of auditors' report issued on compliance for State programs:	Unqualified

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

None noted.

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

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2011-1 Finding – Student Financial Aid Cluster, Pell Grants - CFDA #84.063

Significant Deficiency, Internal Control Over Compliance

Criteria or Specific Requirement

OMB A133 compliance supplement guidelines in Part 5, Cluster Programs for Student Financial Aid includes requirements that a District calculate funds not earned by students receiving financial aid and submit a report to a centralized reporting system within prescribed timelines. One of the critical timelines for this process is to determine the student's withdrawal date within 30 days after the earliest of 1) the enrollment period, 2) the academic year, or 3) the program.

Condition

We noted that the identification of financial aid funds to be returned for students who had originally received financial aid was not consistently completed within 30 days of the students' withdrawal.

Questioned Costs

None, as the actions were completed accurately, but were not timely.

Context

We reviewed the reporting of 40 of 390 Return to Title IV students and noted thirteen were not identified within the required 30 day timeframe.

Effect

The District did not comply with the required timelines for identification of students receiving financial aid that are subject to Return to Title IV provision, and therefore, the next step in the process of notifying the students and returning funds to the system may be delayed.

Cause

The District did not have an effective process to identify student withdrawals within the time frames.

Recommendation

The Financial Aid Departments should review the methodology of determining student withdrawals and assess methods to be able to identify the withdrawn students within the above timelines.

District Response

The colleges have changed their methodology to ensure timely response by performing the Return of Title IV calculations on a monthly basis.

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

The following findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance including questioned costs that are required to be reported by OMB Circular A-133.

2011-2 Finding – To Be Arranged Hours (TBA)
Significant Deficiency – Compliance

Criteria or Specific Requirement

Title 5, Section 55002(a)(3), 55002(b)(2), 58050(5), and 58051(a)(1) require that specific instructional activities, including those conducted during TBA hours, expected of all students enrolled in the course be included in the official course outline. In addition, Title 5 Section 58102 and 58108 require that a clear description of the course, including the number of TBA hours required be published in the official general catalog or addendum thereto and in the official schedule of classes or addendum thereto.

Condition

We noted two courses where the official outline did not include a description of the TBA activities.

Questioned Costs

None, as condition is that a documentation consistency improvement is needed.

Context

We reviewed 40 courses from the two College sites and noted two ESL courses where the TBA activity description was not in the official outline and TBA hours were claimed for apportionment.

Effect

Course materials do not concisely and consistently describe the TBA expectations, activities and hours.

Cause

Course materials were not consistent with operation of the course.

Recommendation

We recommend the District review TBA course outlines, catalogs and course schedule materials to verify that TBA is appropriately noticed and described in the course materials.

District Response

For the past 5 years the District has addressed TBA courses either to eliminate the TBA portion and/or to ensure that TBA activities, evaluation process, and other required information to be on the course outlines and syllabus. This process has been strengthened with a systemic process starting in February 2012, so that the District continues to ensure that TBA courses are appropriately noticed and described in the course materials.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

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

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