



Financial Statements
June 30, 2021

William S. Hart
Union High School District



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Independent Auditor's Reports

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Independent Auditor's Report

To the Governing Board
William S. Hart Union High School District
Santa Clarita, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of William S. Hart Union High School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 19 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, budgetary comparison information on pages 78 and 79, schedule of changes in the District's total OPEB liability and related ratios on page 80, schedule of the District's proportionate share of the net OPEB liability – MPP program on page 81, schedule of the District's proportionate share of the net pension liability on pages 82 and 83, and schedule of District contributions on pages 84 and 85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 14, 2022



William S. Hart Union High School District

This section of William S. Hart Union High School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No 34.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, proprietary, and fiduciary.

- The *Governmental Funds* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.
- The *Proprietary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.
- The *Fiduciary Funds* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the William S. Hart Union High School District.

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we separate the District activities as follows:

Governmental Activities - The District's services are reported in this category. This includes the education of grade seven through grade twelve students, adult education students, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State and local grants, as well as certificates of participation, finance these activities.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

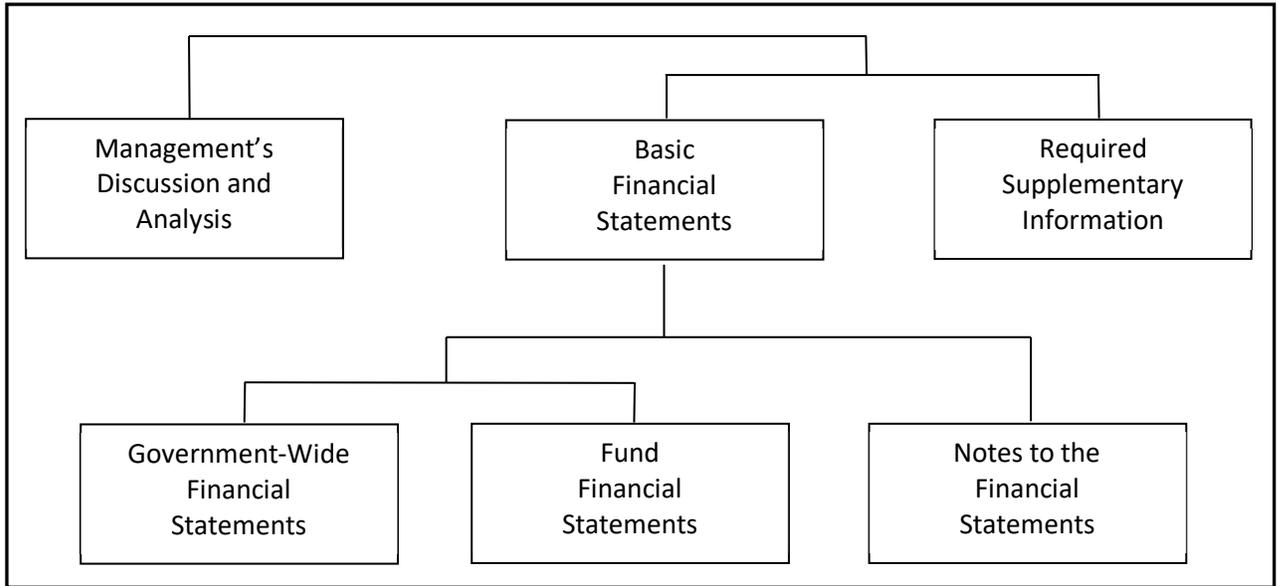
THE DISTRICT AS A TRUSTEE

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for debt service fund for special tax bonds and funds held on behalf of other agencies. The District's fiduciary activities are reported in the Statements of Net Position and Statement of Changes in Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Figure 1

Organization of William S. Hart Union High School District's Annual Financial Report



FINANCIAL HIGHLIGHTS OF THE PAST YEAR

- Total net position increased by \$72,786,282 compared to the prior year for a new net position of \$208,658,270.
- Revenues, transfers in, and other financing sources for all funds totaled \$429,097,275. Expenses, transfers out, and other uses totaled \$356,310,993.
- The General Fund audited ending balance, which includes \$19,075,512 in Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, totaled \$86,208,125. This represents an increase of \$26,793,711 from the prior year.
- Fiscal year 2020-2021 was the eighth year of the Local Control Funding Formula (LCFF). Total LCFF increased from \$206,263,257 in 2019-2020 to 208,527,483 in 2020-2021.
- Total General Fund expenditures and transfers out totaled \$257,662,783 and included actions to support the goals outlined in the District's Local Control Accountability Plan.
- The District's 2020-2021 P-2 Average Daily Attendance (ADA), excluding charter schools and students in County programs, was reported at 21,224.
- The District filed a positive status for both the First and Second Interim reports in 2020-2021.

DISTRICT AS A WHOLE

Net Position

The District's net position was \$208,658,270 for the fiscal year ended June 30, 2021. Restricted net position is reported separately to show legal constraints from debt covenants, grantors, constitutional provisions, and enabling legislation that limit the governing board's ability to use net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2021	2020 (as restated)
Assets		
Current and other assets	\$ 287,889,927	\$ 174,901,220
Non-current assets	2,149,685	2,084,366
Capital assets	786,135,110	791,619,133
Total assets	<u>1,076,174,722</u>	<u>968,604,719</u>
Deferred outflows of resources	<u>67,527,132</u>	<u>69,942,086</u>
Liabilities		
Current liabilities	60,174,537	41,265,899
Long-term liabilities	848,195,888	833,083,745
Total liabilities	<u>908,370,425</u>	<u>874,349,644</u>
Deferred inflows of resources	<u>26,673,159</u>	<u>28,325,173</u>
Net Position		
Net investment in capital assets	173,325,804	381,116,168
Restricted	71,910,708	63,540,772
Unrestricted	<u>(36,578,242)</u>	<u>(308,784,952)</u>
Total net position	<u><u>\$ 208,658,270</u></u>	<u><u>\$ 135,871,988</u></u>

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 15. Table 2 takes the information from the statement for the year.

Table 2

	Governmental Activities	
	2021	2020*
Revenues		
Program revenues		
Charges for services	\$ 2,443,330	\$ 857,659
Operating grants and contributions	93,681,933	42,767,283
Capital grants and contributions	77,545,543	2,948,951
General revenues		
Federal and State aid not restricted	157,018,697	153,881,033
Property taxes	90,675,245	84,920,473
Other general revenues	7,732,527	17,923,674
Total revenues	429,097,275	303,299,073
Expenses		
Instruction-related	200,704,688	197,113,216
Pupil services	39,508,216	39,297,426
Administration	22,596,730	24,134,130
Plant services	29,930,270	29,745,409
All other services	63,571,089	28,827,217
Total expenses	356,310,993	319,117,398
Change in net position	\$ 72,786,282	\$ (15,818,325)

* The revenues and expenses for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

Governmental Activities

As reported in the *Statement of Activities* on page 15, the cost of all governmental activities this year was \$356,310,993. The amount that our taxpayers ultimately financed for these activities through local taxes was \$90,675,245. The remaining cost was paid by those who benefited from the programs (\$2,443,330), or by other governments and organizations who subsidized certain programs with (\$171,227,476) in grants and contributions. The remaining "public benefit" portion of our governmental activities were paid with \$157,018,697 in Federal and State aid, and with \$7,732,527 other revenue sources such as interest and general entitlements.

In Table 3, we have presented the cost and net cost of each of the District's largest functions: instruction including, special instruction programs and other instructional programs, pupil services, administration, plant services, and all other services. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits provided by that function.

Table 3

	Total Cost of Services		Net Cost of Services	
	2021	2020*	2021	2020*
Instruction-related	\$ 200,704,688	\$ 197,113,216	\$ (73,425,919)	\$ (161,750,286)
Pupil services	39,508,216	39,297,426	(22,763,519)	(29,810,366)
Administration	22,596,730	24,134,130	(21,584,309)	(23,495,836)
Plant services	29,930,270	29,745,409	(24,595,169)	(29,470,371)
All other services	63,571,089	28,827,217	(40,271,271)	(28,016,646)
Total	\$ 356,310,993	\$ 319,117,398	\$ (182,640,187)	\$ (272,543,505)

* The total and net cost of services for fiscal year 2020 were not restated to show the effects of GASB 84 for comparative purposes.

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$232,044,749, which is an increase of \$94,742,339 from last year (Table 4).

Table 4

Governmental Funds	Balances and Activity			
	June 30, 2020 (as restated)	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	\$ 59,414,414	\$ 284,456,494	\$ 257,662,783	\$ 86,208,125
Special Education Pass-Through	-	32,348,727	32,360,696	(11,969)
County School Facilities	-	77,709,052	77,586,588	122,464
Special Reserve Fund for Capital Outlay Projects	19,011,920	77,406,419	11,034,080	85,384,259
Non-Major Governmental	58,876,076	176,294,498	174,828,704	60,341,870
Total	\$ 137,302,410	\$ 648,215,190	\$ 553,472,851	\$ 232,044,749

General Fund 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 final amendment to the budget was adopted on June 17, 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in this annual financial report on page 78.)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$786,135,110 in a broad range of capital assets (net of depreciation), including land, construction, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of \$5,484,023, or 0.69%, over the prior year (Table 5).

Table 5

	Governmental Activities	
	2021	2020
Land and construction in progress	\$ 390,441,491	\$ 381,086,167
Buildings and improvements	389,522,626	405,263,105
Equipment	6,170,993	5,269,861
Total	\$ 786,135,110	\$ 791,619,133

Long-Term Liabilities

At the end of this year, the District had \$848,195,888 in long-term liabilities outstanding versus \$833,083,745 last year, an increase of 1.81%. Those long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	\$ 436,189,902	\$ 434,514,084
Direct placement debt issuance	40,272,583	41,713,313
Unamortized debt premiums	15,162,915	16,787,607
Unamortized debt discounts	(266,876)	(279,635)
Capital leases	2,453,345	2,938,154
Compensated absences	920,217	984,977
Lease revenue bonds	21,595,000	21,670,000
Net OPEB liability	70,788,716	66,955,304
Aggregate net pension liability	261,080,086	247,799,941
Total	\$ 848,195,888	\$ 833,083,745

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, 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 information contact the Chief Business Officer, at William S. Hart Union High School District, 21380 Centre Pointe Parkway, Santa Clarita, California, 91350, or e-mail at: rpeschek@hartdistrict.org.

William S. Hart Union High School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Deposits and investments	\$ 249,765,608
Receivables	36,155,167
Prepaid expense	848,882
Stores inventories	536,629
Other current assets	583,641
Non-current assets	2,149,685
Capital assets not depreciated	390,441,491
Capital assets, net of accumulated depreciation	395,693,619
Total assets	1,076,174,722
Deferred Outflows of Resources	
Deferred charge on refunding	4,920,353
Deferred outflows of resources related to OPEB	5,563,469
Deferred outflows of resources related to pensions	57,043,310
Total deferred outflows of resources	67,527,132
Liabilities	
Accounts payable	44,853,992
Interest payable	5,366,480
Unearned revenue	5,951,192
Long-term liabilities	
Long-term liabilities other than OPEB and pensions due within one year	9,200,590
Long-term liabilities other than OPEB and pensions due in more than one year	507,126,496
Net other postemployment benefits liability (OPEB)	70,788,716
Aggregate net pension liability	261,080,086
Total liabilities	908,370,425
Deferred Inflows of Resources	
Deferred charge on refunding	618,627
Deferred inflows of resources related to OPEB	9,471,113
Deferred inflows of resources related to pensions	16,583,419
Total deferred inflows of resources	26,673,159

William S. Hart Union High School District
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 173,325,804
Restricted for	
Debt service	22,537,755
Capital projects	26,059,021
Educational programs	18,525,528
Other restrictions	4,788,404
Unrestricted (deficit)	<u>(36,578,242)</u>
Total net position	<u><u>\$ 208,658,270</u></u>

William S. Hart Union High School District
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 167,035,075	\$ 195,642	\$ 44,179,361	\$ 77,545,543	\$ (45,114,529)
Instruction-related activities					
Supervision of instruction	7,326,888	80,547	2,468,407	-	(4,777,934)
Instructional library, media, and technology	3,260,628	17,528	157,225	-	(3,085,875)
School site administration	23,082,097	476,589	2,157,927	-	(20,447,581)
Pupil services					
Home-to-school transportation	6,043,701	10,505	2,771,866	-	(3,261,330)
Food services	3,776,492	751	3,529,077	-	(246,664)
All other pupil services	29,688,023	210,989	10,221,509	-	(19,255,525)
Administration					
Data processing	8,467,091	-	254	-	(8,466,837)
All other administration	14,129,639	54,723	957,444	-	(13,117,472)
Plant services	29,930,270	58,947	5,276,154	-	(24,595,169)
Ancillary services	2,555,415	663,074	609,093	-	(1,283,248)
Interest on long-term liabilities	17,694,703	-	-	-	(17,694,703)
Other outgo	43,320,971	674,035	21,353,616	-	(21,293,320)
Total governmental activities	<u>\$ 356,310,993</u>	<u>\$ 2,443,330</u>	<u>\$ 93,681,933</u>	<u>\$ 77,545,543</u>	<u>(182,640,187)</u>

William S. Hart Union High School District

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
General Revenues and Subventions					
Property taxes, levied for general purposes					\$ 57,693,984
Property taxes, levied for debt service					32,794,409
Taxes levied for other specific purposes					186,852
Federal and State aid not restricted to specific purposes					157,018,697
Interest and investment earnings					(357,296)
Interagency revenues					796,826
Miscellaneous					7,292,997
Total general revenues					255,426,469
Change in Net Position					72,786,282
Net Position - Beginning, as restated					135,871,988
Net Position - Ending					\$ 208,658,270

William S. Hart Union High School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Special Education Pass-Through Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 92,987,438	\$ 2,121,271	\$ -	\$ 89,967,413	\$ 63,654,574	\$ 248,730,696
Receivables	19,555,450	15,565,216	122,464	63,208	846,620	36,152,958
Prepaid expenditures	728,632	-	-	-	120,250	848,882
Stores inventories	118,628	-	-	-	418,001	536,629
Other current assets	583,641	-	-	-	-	583,641
Total assets	\$ 113,973,789	\$ 17,686,487	\$ 122,464	\$ 90,030,621	\$ 65,039,445	\$ 286,852,806
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 21,905,203	\$ 17,698,456	\$ -	\$ 4,646,362	\$ 603,971	\$ 44,853,992
Other current liabilities	-	-	-	-	4,002,873	4,002,873
Unearned revenue	5,860,461	-	-	-	90,731	5,951,192
Total liabilities	27,765,664	17,698,456	-	4,646,362	4,697,575	54,808,057
Fund Balances						
Nonspendable	873,872	-	-	-	538,251	1,412,123
Restricted	18,525,528	-	122,464	4,059,794	58,704,842	81,412,628
Committed	-	-	-	-	1,098,777	1,098,777
Assigned	6,666,779	-	-	81,324,465	-	87,991,244
Unassigned	60,141,946	(11,969)	-	-	-	60,129,977
Total fund balances	86,208,125	(11,969)	122,464	85,384,259	60,341,870	232,044,749
Total liabilities and fund balances	\$ 113,973,789	\$ 17,686,487	\$ 122,464	\$ 90,030,621	\$ 65,039,445	\$ 286,852,806

See Notes to Financial Statements

William S. Hart Union High School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Total Fund Balance - Governmental Funds \$ 232,044,749

Amounts Reported for Governmental Activities in the
 Statement of Net Position are Different Because

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported as assets in
 governmental funds.

The cost of capital assets is	\$1,020,068,041
Accumulated depreciation is	<u>(233,932,931)</u>

Net capital assets	786,135,110
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In governmental funds, unmatured interest on long-term
 liabilities is recognized in the period when it is due. On the
 government-wide financial statements, unmatured interest on
 long-term liabilities is recognized when it is incurred. (5,366,480)

An internal service fund is used by management to charge the costs
 of the workers' compensation insurance program to the individual
 funds. The assets and liabilities of the internal service fund are
 included with governmental activities. 1,037,121

Deferred outflows of resources represent a consumption of net
 position in a future period and is not reported in the governmental
 funds. Deferred outflows of resources amounted to and related to

Debt refundings (deferred charge on refunding)	4,920,353
Other postemployment benefits (OPEB)	5,563,469
Net pension liability	<u>57,043,310</u>

Total deferred outflows of resources	67,527,132
--------------------------------------	------------

Deferred inflows of resources represent an acquisition of net position
 that applies to a future period and is not reported in the governmental
 funds. Deferred inflows of resources amount to and related to

Debt refundings (deferred charge on refunding)	(618,627)
Other postemployment benefits (OPEB)	(9,471,113)
Net pension liability	<u>(16,583,419)</u>

Total deferred inflows of resources	(26,673,159)
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William S. Hart Union High School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2021

Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		\$(261,080,086)
The District's OPEB liability is not due and payable in the current period period, and is not reported as a liability in the funds.		(70,788,716)
Expenditures relating to contributions made to life insurance plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		2,149,685
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	\$ (330,350,299)	
Direct placement debt issuance	(40,272,583)	
Premium on issuance of general obligation bonds	(15,162,915)	
(Discount) on issuance of lease revenue bonds	266,876	
Lease revenue bonds	(21,595,000)	
Capital leases	(2,453,345)	
Compensated absences (vacations)	(920,217)	
In addition, capital appreciation general obligation bonds were issued. The accretion of interest to date on the general obligation bonds is	<u>(105,839,603)</u>	
Total long-term liabilities		<u>(516,327,086)</u>
Total net position - governmental activities		<u><u>\$ 208,658,270</u></u>

William S. Hart Union High School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2021

	General Fund	Special Education Pass-Through Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	\$ 208,527,483	\$ -	\$ -	\$ -	\$ -	\$ 208,527,483
Federal sources	19,128,666	4,386,622	-	-	3,657,915	27,173,203
Other State sources	31,782,858	27,974,074	77,545,543	-	1,418,055	138,720,530
Other local sources	18,258,828	(11,969)	163,509	(180,169)	33,894,639	52,124,838
Total revenues	277,697,835	32,348,727	77,709,052	(180,169)	38,970,609	426,546,054
Expenditures						
Current						
Instruction	145,006,921	-	-	-	387,861	145,394,782
Instruction-related activities						
Supervision of instruction	6,219,196	-	-	-	300,712	6,519,908
Instructional library, media, and technology	2,874,318	-	-	-	-	2,874,318
School site administration	19,369,583	-	-	-	396,438	19,766,021
Pupil services						
Home-to-school transportation	3,375,537	-	-	-	-	3,375,537
Food services	26,018	-	-	-	3,461,260	3,487,278
All other pupil services	28,162,452	-	-	-	21,555	28,184,007
Administration						
Data processing	7,890,739	-	-	-	-	7,890,739
All other administration	12,693,957	-	-	-	329,657	13,023,614
Plant services	25,857,374	-	-	80,782	338,217	26,276,373
Ancillary services	1,445,509	-	-	-	1,000,012	2,445,521
Other outgo	607,922	32,360,696	-	-	-	32,968,618
Facility acquisition and construction	118,882	-	-	10,953,298	507,408	11,579,588
Debt service						
Principal	1,925,539	-	-	-	21,875,000	23,800,539
Interest and other	1,794,947	-	-	-	3,264,572	5,059,519
Total expenditures	257,368,894	32,360,696	-	11,034,080	31,882,692	332,646,362
Excess (Deficiency) of Revenues Over Expenditures	20,328,941	(11,969)	77,709,052	(11,214,249)	7,087,917	93,899,692

William S. Hart Union High School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General Fund	Special Education Pass-Through Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)						
Transfers in	\$ 6,758,659	\$ -	\$ -	\$ 77,586,588	\$ 293,889	\$ 84,639,136
Other sources - proceeds from bond issuance	-	-	-	-	137,030,000	137,030,000
Transfers out	(293,889)	-	(77,586,588)	-	(6,758,659)	(84,639,136)
Other uses - payment to refunded bond escrow agent	-	-	-	-	(136,187,353)	(136,187,353)
Net Financing Sources (Uses)	<u>6,464,770</u>	<u>-</u>	<u>(77,586,588)</u>	<u>77,586,588</u>	<u>(5,622,123)</u>	<u>842,647</u>
Net Change in Fund Balances	26,793,711	(11,969)	122,464	66,372,339	1,465,794	94,742,339
Fund Balance - Beginning, as restated	59,414,414	-	-	19,011,920	58,876,076	137,302,410
Fund Balance - Ending	<u>\$ 86,208,125</u>	<u>\$ (11,969)</u>	<u>\$ 122,464</u>	<u>\$ 85,384,259</u>	<u>\$ 60,341,870</u>	<u>\$ 232,044,749</u>

William S. Hart Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds \$ 94,742,339

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which depreciation expense exceeds capital outlays in the period.

Capital outlays	\$ 11,840,902	
Depreciation expense	<u>(17,324,925)</u>	
Net expense adjustment		(5,484,023)

The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was (12,280,818)

In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used. 64,760

In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year. (13,442,113)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the net OPEB liability during the year. (3,135,994)

Proceeds received from the issuance of debt is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds (137,030,000)

See Notes to Financial Statements

William S. Hart Union High School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Deferred charge on refunding recognized	\$ (618,627)
Premium amortization	1,624,692
Discount amortization	(12,759)
Deferred charge on refunding amortization	(679,763)

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	147,635,000
Direct placement debt issuances	1,440,730
Capital leases	484,809
Lease revenue bonds	75,000

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

(667,909)

Proceeds received from life insurance is a revenue in the governmental funds, but it decreases the non-current assets in the Statement of Net Position.

65,319

An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.

5,639

Change in net position of governmental activities

\$ 72,786,282

William S. Hart Union High School District
Statement of Net Position – Proprietary Funds
June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Assets	
Current assets	
Deposits and investments	\$ 1,034,912
Receivables	<u>2,209</u>
Total assets	<u>1,037,121</u>
Net Position	
Unrestricted	<u><u>\$ 1,037,121</u></u>

William S. Hart Union High School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds
Year Ended June 30, 2021

	Governmental Activities - Internal Service Fund
Nonoperating Revenues	
Interest income	<u>\$ 5,639</u>
Change in Net Position	5,639
Total Net Position - Beginning	<u>1,031,482</u>
Total Net Position - Ending	<u><u>\$ 1,037,121</u></u>

William S. Hart Union High School District
Statement of Cash Flows – Proprietary Funds
Year Ended June 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
Investing Activities	
Interest on investments	<u>\$ 6,494</u>
Net Change in Cash and Cash Equivalents	6,494
Cash and Cash Equivalents, Beginning	<u>1,028,418</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,034,912</u></u>

William S. Hart Union High School District
Statement of Net Position – Fiduciary Funds
June 30, 2021

	Custodial Funds	Scholarship Trust	Total Fiduciary Funds
Assets			
Deposits and investments	\$ 12,793,866	\$ 418,511	\$ 13,212,377
Receivables	10,996	911	11,907
	<u>12,804,862</u>	<u>419,422</u>	<u>13,224,284</u>
Total assets	<u>\$ 12,804,862</u>	<u>\$ 419,422</u>	<u>\$ 13,224,284</u>
Liabilities			
Overdrafts	\$ 5,201	\$ -	\$ 5,201
	<u>5,201</u>	<u>-</u>	<u>5,201</u>
Net Position			
Held in trusts for scholarship purposes	-	419,422	419,422
Restricted for individuals, organizations, and other governments	12,799,661	-	12,799,661
	<u>12,799,661</u>	<u>-</u>	<u>12,799,661</u>
Total net position	<u>\$ 12,799,661</u>	<u>\$ 419,422</u>	<u>\$ 13,219,083</u>

William S. Hart Union High School District
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2021

	Custodial Funds	Scholarship Trust	Total Fiduciary Funds
Additions			
Private donations	\$ -	\$ 152,139	\$ 152,139
Special tax assessment	5,446,748	-	5,446,748
Interest	31,157	2,099	33,256
Total additions	5,477,905	154,238	5,632,143
Deductions			
Debt service payments	4,688,913	-	4,688,913
Administrative expense	85,362	-	85,362
Scholarships awarded	-	145,750	145,750
Total deductions	4,774,275	145,750	4,920,025
Net change in fiduciary net position	703,630	8,488	712,118
Net position - beginning, as restated	12,096,031	410,934	12,506,965
Net position - ending	<u>\$ 12,799,661</u>	<u>\$ 419,422</u>	<u>\$ 13,219,083</u>

Note 1 - Summary of Significant Accounting Policies**Financial Reporting Entity**

William S. Hart Union High School District (the District) was established in 1945 under the laws of the State of California. The District operates under a locally elected Board form of government and provides educational services to grades 7-12 as mandated by the State and/or Federal agencies. The District operates six junior high schools, seven comprehensive high schools, a continuation school, a middle college high school, an independent study school, and an adult school.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District. For William S. Hart Union High School District, this includes general operations, food service, and student related activities of the District.

Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. For financial reporting purposes, the component units have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and thus are included in the financial statements of the District. The component units, although legally separate entities, are reported in the financial statements using the blended presentation method as if they were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The William S. Hart Joint School Financing Authority (the JFA), the Saugus/Hart School Facilities Financing Authority (the Authority), and the William S. Hart Union High School Educational Facilities Corporation (the Corporation) financial activity are presented in the financial statements as the Capital Project Fund for Blended Component Units and the Debt Service Fund for Blended Component Units. Lease revenue bonds issued by the JFA, the Authority, and the Corporation are included as long-term liabilities in the government-wide financial statements. Individually prepared financial statements are not prepared for the JFA, the Authority, or the Corporation.

William S. Hart Union High School District Community Facilities Districts (CFDs) financial activity is presented in the Fiduciary Funds financial statements as Custodial Funds and in the Governmental Funds as the Capital Project Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFDs are not included in the long-term liabilities of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for each of the CFDs.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

One fund currently defined as a special revenue fund in the California State Accounting Manual (CSAM) does not meet the GASB Statement No. 54 special revenue fund definition. Specifically, Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$6,666,779.

Special Education Pass-Through Fund The Special Education Pass-Through Fund is used by the Administrative Unit of a multi-district Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member districts.

County School Facilities Fund The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition ks55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.
- **Adult Education Fund** The Adult Education Fund is used to account separately for Federal, State, and local revenues that are restricted or committed for adult education programs and is to be expended for adult education purposes only.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance (*Education Code* Section 17582).

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and Government Code Section 65995 et seq.). Expenditures are restricted to the purposes specified in Government Code Sections 65970-65981 or to the items specified in agreements with the developer (Government Code Section 66006).
- **Capital Project Fund for Blended Component Units** The Capital Project Fund for Blended Component Units is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).
- **Debt Service Fund for Blended Component Units** The Debt Service Fund for Blended Component Units is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the Local Education Agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The District has the following proprietary fund:

- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District in return for a fee to cover the cost of operations. The District operates a Self-Insurance program for health and welfare services that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the District and are not available to support the District's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics.

Trust funds are used to account for resources held by the District under a trust agreement for individuals, private organizations, or other governments. The District's trust funds are for funds held in trust for scholarship purposes. Custodial funds are used to account for resources, not in a trust, that are held by the District for other parties outside the District's reporting entity. The District's custodial funds are for the accumulation of resources for the payment of principal and interest on the Special Tax Bonds issued by the Community Facilities District and funds held on behalf of other agencies.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide financial *Statement of Activities* presents a comparison between direct expenses and program revenues for each segment of the District and for each governmental program, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the internal service fund, and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the statements for the governmental funds on a modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.
- **Proprietary Funds** Proprietary funds are accounted for using a flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the *Statement of Net Position*. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

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

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental-type funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide financial *Statement of Net Position*. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to yearend that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees with less than 10 years of employment do not gain a vested right to accumulated sick leave. Upon retirement, the earned but unused sick leave of any unit member maybe converted to retirement credit for employees with 10 years or more of employment with the District. The employee must notify the District of the retirement and request such conversion of sick leave to service credit, no later than six months after retirement. Upon retirement, any earned but unused sick leave of any unit that has not been converted to service credit will be awarded the equivalent of the number of hours or days of pay at the current rate of pay in their final accounting check not to exceed \$7,500. Due to the District not having the ability to substantiate amount of retirement credit that may be converted, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the funds.

However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases, and long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums, and Discounts

In the government-wide financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities *Statement of Net Position*. Debt premiums and discounts, as well as issuance costs, related to prepaid insurance costs are amortized over the life of the bonds using the straight line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, pension related items, and for OPEB related items. The deferred amounts related to pension and OPEB relate to differences between contributions and the District's proportionate share of contributions, differences between expected and actual experiences, and differences between expected and actual earnings on investments.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District's Plan and MPP's fiduciary net position have been determined on the same basis as they are reported by the District's Plan and MPP. For this purpose, the District's Plan and MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Current Loans

Current loans consist of amounts outstanding at year end for prepayment of developer fees. The current loans were set up as short-term liabilities to be paid back in one year or less. This liability is offset with cash deposits in the County Treasurer/Trustee, which have been set aside to repay the current loans.

Fund Balances - Governmental Funds

As of June 30, 2021 , fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted on-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position net of investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The District has related debt outstanding as of June 30, 2021. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$71,910,708 of net position restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges to other funds for self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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 Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Change in Accounting Principles

Implementation of GASB Statement No. 84

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position is disclosed in Note 19.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 248,730,696
Proprietary funds	1,034,912
Fiduciary funds	<u>13,212,377</u>
Total deposits and investments	<u><u>\$ 262,977,985</u></u>

Deposits and investments as of June 30, 2021, consisted of the following:

Cash on hand and in banks	\$ 4,175,257
Cash with fiscal agent	3,622,442
Cash in revolving	26,612
Investments	<u>255,153,674</u>
Total deposits and investments	<u><u>\$ 262,977,985</u></u>

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; the Los Angeles County Treasury Investment Pool.

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

General Authorizations

Governmental Funds

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

Fiduciary Funds

The investments related to the District's fiduciary funds are not subject to the general authorization limitations as they relate to interest rate risk, credit risk, and concentration of credit risk required by the California Government Code.

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government.

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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool and purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

The District monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. Information about the weighted average maturity of the District's portfolio is presented in the following schedule:

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Weighted Average Days To Maturity</u>
Governmental Funds		
Money Market Mutual Funds	\$ 10,799,271	50
Los Angeles County Investment Pool	<u>230,106,370</u>	1045
Subtotal	<u>240,905,641</u>	
Proprietary Funds		
Los Angeles County Investment Pool	<u>1,034,912</u>	1045
Fiduciary Funds		
U.S. Treasuries	796,401	62
Commercial Paper	1,671,517	48
Certificates of Deposit	3,467,000	29
Money Market Mutual Funds	2,734,846	50
Los Angeles County Investment Pool	<u>4,543,357</u>	1045
Subtotal	<u>13,213,121</u>	
Total	<u><u>\$ 255,153,674</u></u>	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County Pool are not required to be rated.

Investment Type	Reported Amount	Minimum Legal Rating	Rating as of Year End		
			Moody's Aaa-mf	Moody's Prime-1	Unrated
Governmental Funds					
Money Market Mutual Funds	\$ 10,799,271	Aaa-mf	\$ 10,799,271	\$ -	\$ -
Los Angeles County Investment Pool	<u>230,106,370</u>	N/A	<u>-</u>	<u>-</u>	<u>230,106,370</u>
Subtotal	<u>240,905,641</u>		<u>10,799,271</u>	<u>-</u>	<u>230,106,370</u>
Proprietary Funds					
Los Angeles County Investment Pool	<u>1,034,912</u>	N/A	<u>-</u>	<u>-</u>	<u>1,034,912</u>
Fiduciary Funds					
U.S. Treasuries	796,401	N/A	-	-	796,401
Commercial Paper	1,671,517	Prime-1	-	1,671,517	-
Certificates of Deposit	3,467,000	N/A	-	-	3,467,000
Money Market Mutual Funds	2,734,846	Aaa-mf	2,734,846	-	-
Los Angeles County Investment Pool	<u>4,543,357</u>	N/A	<u>-</u>	<u>-</u>	<u>4,543,357</u>
Subtotal	<u>13,213,121</u>		<u>2,734,846</u>	<u>1,671,517</u>	<u>8,806,758</u>
Total	<u>\$ 255,153,674</u>		<u>\$ 13,534,117</u>	<u>\$ 1,671,517</u>	<u>\$ 239,948,040</u>

N/A - Not applicable

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 for deposits. 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% 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% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2021, the District's bank balance of \$5,525,462 was exposed to custodial credit risk because it was insured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

The District's fair value measurements are as follows at June 30, 2021:

Investment Type	Reported Amount	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
U.S. Treasuries	\$ 796,401	\$ -	\$ 796,401
Commercial Paper	1,671,517	-	1,671,517
Certificates of Deposit	3,467,000	-	3,467,000
Money Market Mutual Funds	13,534,117	13,534,117	-
Total	<u>\$ 19,469,035</u>	<u>\$ 13,534,117</u>	<u>\$ 5,934,918</u>

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

Note 4 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	General Fund	Special Education Pass-Through Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Internal Service Fund	Total	Fiduciary Funds
Federal Government								
Categorical aid	\$ 6,355,565	\$ 8,769,270	\$ -	\$ -	\$ 702,786	\$ -	\$ 15,827,621	\$ -
State Government								
LCFF apportionment	4,794,742	-	-	-	-	-	4,794,742	-
Categorical aid	4,843,228	6,795,946	-	-	72,801	-	11,711,975	-
Lottery	2,579,341	-	-	-	-	-	2,579,341	-
Local Government								
Interest	39,897	-	122,464	63,208	71,033	2,209	298,811	-
Other local sources	942,677	-	-	-	-	-	942,677	11,907
Total	\$19,555,450	\$ 15,565,216	\$ 122,464	\$ 63,208	\$ 846,620	\$ 2,209	\$ 36,155,167	\$11,907

Note 5 - Non-Current Assets

Cash Surrender Value of Insurance

During 2004-2005, the District entered into a Supplemental Employee Retirement Plan (SERP) for eligible employees. The plan required employees to apply for and receive life insurance through Lincoln National Life. The employees assigned the cash surrender value and proceeds from the death benefit of the policy to the District. The agreement required the District to pay the premium necessary to fund the annuity benefits payable to the participants as well as the life insurance component of approximately \$2.1 million. The benefit payments received from the life insurance policies will ultimately defray the cost of the program. The cash surrender value of the plan participants is the quoted market price of the underlying securities, further supported by a stable value wrap, which mitigates, but does not fully protect the investment against changes in the fair market value depending on the severity and duration of market price disruption. The fair value of the general account life insurance policy is based on the insurance contract cash surrender value. At June 30, 2021, the cash surrender balance outstanding was \$2,149,685.

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 123,839,428	\$ -	\$ -	\$ 123,839,428
Construction in progress	257,246,739	10,565,368	(1,210,044)	266,602,063
Total capital assets not being depreciated	381,086,167	10,565,368	(1,210,044)	390,441,491
Capital assets being depreciated				
Land improvements	58,364,424	-	-	58,364,424
Buildings and improvements	537,765,081	-	-	537,765,081
Furniture and equipment	31,019,007	2,485,578	(7,540)	33,497,045
Total capital assets being depreciated	627,148,512	2,485,578	(7,540)	629,626,550
Total capital assets	1,008,234,679	13,050,946	(1,217,584)	1,020,068,041
Accumulated depreciation				
Land improvements	(38,509,465)	(3,017,635)	-	(41,527,100)
Buildings and improvements	(152,356,935)	(12,722,844)	-	(165,079,779)
Furniture and equipment	(25,749,146)	(1,584,446)	7,540	(27,326,052)
Total accumulated depreciation	(216,615,546)	(17,324,925)	7,540	(233,932,931)
Governmental activities capital assets, net	\$ 791,619,133	\$ (4,273,979)	\$ (1,210,044)	\$ 786,135,110

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 9,327,740
Supervision of instruction	317,195
Instructional library, media, and technology	169,686
School site administration	1,228,924
Home-to-school transportation	352,274
Food services	286,036
All other pupil services	1,464,409
Data processing	264,335
All other administration	959,969
Plant services	<u>2,954,357</u>
Total depreciation expenses governmental activities	<u><u>\$ 17,324,925</u></u>

Note 7 - Interfund Transactions

Operating Transfers

Interfund transfers for the year ended June 30, 2021, consisted of the following:

The General Fund transferred to the Deferred Maintenance Non-Major Governmental Fund to cover costs.	\$ 293,889
The County School Facilities Fund transferred to the Special Reserve Fund for Capital Outlay Projects for proposition 51 funding release.	77,586,588
The Deferred Maintenance Non-Major Governmental Fund transferred to the General Fund for reimbursement of costs.	<u>6,758,659</u>
Total	<u><u>\$ 84,639,136</u></u>

Note 8 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total	Fiduciary Funds
Vendor payables	\$ 9,553,402	\$ -	\$ -	\$ 572,445	\$ 10,125,847	\$ -
LCFF apportionment	6,227,430	-	-	-	6,227,430	-
Salaries and benefits	6,124,371	-	-	31,526	6,155,897	-
Due to other governments	-	17,698,456	-	-	17,698,456	-
Capital outlay projects	-	-	4,646,362	-	4,646,362	-
Overdrafts	-	-	-	-	-	5,201
Total	\$ 21,905,203	\$ 17,698,456	\$ 4,646,362	\$ 603,971	\$ 44,853,992	\$ 5,201

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	\$ 471,722	\$ -	\$ 471,722
State categorical aid	5,388,739	-	5,388,739
Other local	-	90,731	90,731
Total	\$ 5,860,461	\$ 90,731	\$ 5,951,192

Note 10 - Conduit Debt

In a prior year, the District entered a special limited-obligation CFD funding commitment with Newhall Land and Farming Company to pay for the purchase funding shortfall of the construction for school facilities projects. This special commitment of the District is payable only from proceeds of bonds issued by CFD 2015-1 and not from any general or other funds of the District. The commitment is a special, not a general obligation of the District and, accordingly, the debt is not reported in the accompanying financial statements. The special commitment shall be to pay the developer a cumulative total amount equal to, but not in excess of, the funding shortfall, only after bond proceeds have been deposited into the District's CFD 2015-1 account. At June 30, 2021, the outstanding special commitment aggregated \$4,002,873.

Note 11 - Long-Term Liabilities Other than OPEB and Pensions

Summary

A schedule of changes in long-term liabilities other than OPEB and pensions for the year ended June 30, 2021, is shown below:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	\$ 434,514,084	\$ 149,310,818	\$ (147,635,000)	\$ 436,189,902	\$ 7,065,000
Direct placement debt issuance	41,713,313	-	(1,440,730)	40,272,583	1,592,945
Unamortized debt premiums	16,787,607	-	(1,624,692)	15,162,915	-
Unamortized debt discounts	(279,635)	-	12,759	(266,876)	-
Capital leases	2,938,154	-	(484,809)	2,453,345	477,645
Compensated absences	984,977	667,280	(732,040)	920,217	-
Lease revenue bonds	21,670,000	-	(75,000)	21,595,000	65,000
	<u>\$ 518,328,500</u>	<u>\$ 149,978,098</u>	<u>\$ (151,979,512)</u>	<u>\$ 516,327,086</u>	<u>\$ 9,200,590</u>
Total	<u>\$ 518,328,500</u>	<u>\$ 149,978,098</u>	<u>\$ (151,979,512)</u>	<u>\$ 516,327,086</u>	<u>\$ 9,200,590</u>

The payments for general obligation bonds are made by the Bond Interest and Redemption Fund with local revenues. The payments for direct placement debt issuance and capital lease obligations are made by the General Fund. The payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds. The payments for lease revenue bonds are made by the Debt Service Fund for Blended Component Units with local revenues.

On October 23, 2020, the District issued \$137,030,000 of 2020 General Obligation Refunding Bonds. A portion of the bonds were issued to refund certain maturities of the 2008 Election, Series B and Series C General Obligation Bonds of the District on August 1, 2038. As a result, the outstanding liability of the general obligation bonds are defeased and the liability has been removed from the government-wide statement of net position. The refunding resulted in a cumulative cash flow cost of \$15,387,217 over the life of the new debt and an economic gain of \$12,562,333 based on the difference between the present value of the existing debt service requirements and the new debt service requirements discounted at 1.8%.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds		Interest		Bonds Outstanding June 30, 2021
				Outstanding July 1, 2020	Issued	Accreted	Redeemed	
06/23/05	09/01/29	3.86% - 4.86%	\$25,999,501	\$ 71,025,438	\$ -	\$ 3,163,999	\$ (6,865,000)	\$ 67,324,437
06/10/09	08/01/33	4.00% - 6.47%	11,499,326	84,181,740	-	5,329,490	-	89,511,230
11/30/11	08/01/36	2.75% - 6.50%	11,884,284	54,294,715	-	3,048,347	(6,145,000)	51,198,062
03/01/12	09/01/27	1.25% - 5.00%	24,996,844	38,650,000	-	-	(3,605,000)	35,045,000
02/21/13	08/01/38	2.00% - 5.03%	11,425,000	137,145,000	-	-	(128,245,000)	8,900,000
06/30/16	08/01/25	2.00% - 5.00%	15,640,000	25,600,000	-	-	(2,775,000)	22,825,000
12/19/20	08/01/32	3.13%	23,223,580	23,617,191	-	738,982	-	24,356,173
12/23/20	08/01/37	0.20% - 2.36%	137,030,000	-	137,030,000	-	-	137,030,000
				<u>\$434,514,084</u>	<u>\$137,030,000</u>	<u>\$ 12,280,818</u>	<u>\$(147,635,000)</u>	<u>\$436,189,902</u>

Debt Service Requirements to Maturity

The capital appreciation bonds mature as follows:

Bonds Maturing Fiscal Year	Initial Bond Value	Accreted Interest	Total Accreted Obligation	Unaccreted Interest	Maturity Value
2022	\$ 3,351,424	\$ 3,600,564	\$ 6,951,988	\$ 113,012	\$ 7,065,000
2023	3,264,934	3,570,114	6,835,048	444,952	7,280,000
2024	3,938,344	4,285,017	8,223,361	1,066,639	9,290,000
2025	4,684,973	5,110,970	9,795,943	2,044,057	11,840,000
2026	4,811,189	5,136,915	9,948,104	2,751,896	12,700,000
2027-2031	29,724,151	22,423,184	52,147,335	22,042,665	74,190,000
2032-2036	73,338,550	60,459,005	133,797,555	132,572,445	266,370,000
2037-2039	1,511,734	1,253,834	2,765,568	4,559,432	7,325,000
Total	<u>\$ 124,625,299</u>	<u>\$ 105,839,603</u>	<u>\$ 230,464,902</u>	<u>\$ 165,595,098</u>	<u>\$ 396,060,000</u>

William S. Hart Union High School District

Notes to Financial Statements

June 30, 2021

The current interest bonds mature as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2022	\$ 15,855,000	\$ 13,327,673	\$ 29,182,673
2023	15,925,000	13,467,447	29,392,447
2024	20,625,000	13,591,415	34,216,415
2025	21,160,000	8,777,778	29,937,778
2026	23,235,000	5,628,164	28,863,164
2027-2031	53,790,000	8,110,688	61,900,688
2032-2036	3,370,000	6,406,211	9,776,211
2037-2039	51,765,000	1,104,171	52,869,171
 Total	 <u>\$ 205,725,000</u>	 <u>\$ 70,413,547</u>	 <u>\$ 276,138,547</u>

Lease Revenue Bonds

Bonded Debt

The outstanding lease revenue bonded debt is as follows:

<u>Issuance Date</u>	<u>Final Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Lease Revenue Bonds Outstanding July 1, 2020</u>	<u>Redeemed</u>	<u>Lease Revenue Bonds Outstanding June 30, 2021</u>
10/18/18	05/01/42	3.38% - 5.00%	\$ 21,795,000	<u>\$ 21,670,000</u>	<u>\$ (75,000)</u>	<u>\$ 21,595,000</u>

Debt Service Requirements to Maturity

The current interest lease revenue bonds mature as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	\$ 65,000	\$ 808,763	\$ 873,763
2023	75,000	806,163	881,163
2024	95,000	803,163	898,163
2025	105,000	799,363	904,363
2026	130,000	795,163	925,163
2027-2031	995,000	3,878,213	4,873,213
2032-2036	1,615,000	3,592,375	5,207,375
2037-2041	16,245,000	2,184,169	18,429,169
2042	2,270,000	85,125	2,355,125
Total	\$ 21,595,000	\$ 13,752,497	\$ 35,347,497

Lease Revenue Bonds on behalf of the William S. Hart Joint Schools Financing Authority

The Authority is a joint powers authority between the District and Community Facilities District No. 88-4 of the District pursuant to a Joint Exercise of Powers Agreement creating the William S. Hart Joint School Financing Authority. The Authority is a legally separate organization. The District is financially accountable for the Authority since it appoints the board of directors, and the Authority provides a financial benefit to the District by providing financing services. The Authority was incorporated to finance certain construction projects, all financed by the issuance of lease revenue bonds. Upon completion of construction, the Authority leases the facilities to the District. Since the Authority provides financing services solely to the District, these financial transactions are reported as part of the primary government using the blended method.

Under the trust agreement, the bonds are payable from and secured by a first pledge of and lien on "revenues" (as defined by the trust agreement) received by the Authority under the lease agreement dated as of October 1, 2018, between the Authority, as lessor, and the District, as lessee, consisting primarily of lease payments made by the District under the lease agreement for the use and occupancy of the site. Under the site lease, the District will lease certain real property to the Authority, consisting of the District's West Ranch High School. The West Ranch High School includes an administration and library building, classrooms, a multi-purpose theater and gymnasium, sports facilities, and related infrastructure, together totaling 256,044 square feet and having a total property replacement cost of \$66,922,142. Concurrently, the District and the Authority will enter into the lease agreement, under which the Authority will lease the site back to the District for the purpose of financing the project. The bonds are also secured by certain funds on deposit under the trust agreement, including the reserve fund.

Financing Authority Activity

Description	Issue Date	Maturity Date	Interest Rate	Outstanding July 1, 2020	Issued	Redeemed	Outstanding June 30, 2021
Financing Authority							
Lease Revenue Bond	10/18/18	05/01/42	3.38% - 5.00%	\$ 21,670,000	\$ -	\$ (75,000)	\$ 21,745,000
Local Obligation							
Revenues Receivable	10/18/18	05/01/42	3.38% - 5.00%	(21,670,000)	-	75,000	(21,745,000)
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Leases - Governmental Activities

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

	Energy Management Equipment Lease	Direct Placement Debt Issuance Energy Management Equipment Lease	Total
Balance, July 1, 2020	\$ 3,227,527	\$ 58,900,729	\$ 62,128,256
Additions	-	-	-
Payments	(569,344)	(2,851,142)	(3,420,486)
Balance, June 30, 2021	<u>\$ 2,658,183</u>	<u>\$ 56,049,587</u>	<u>\$ 58,707,770</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment	Direct Placement Debt Issuance Lease Payment
2022	\$ 547,690	\$ 3,243,942
2023	535,056	3,339,692
2024	529,824	3,350,368
2025	530,710	3,380,047
2026	514,903	3,425,622
Thereafter	-	39,009,917
	2,658,183	55,749,588
	Less amount representing interest	(15,477,005)
	(204,838)	(15,477,005)
	\$ 2,453,345	\$ 40,272,583

Leased equipment under capital leases in capital assets at June 30, 2021, includes the following:

Construction in progress	\$ 15,520,852
Buildings	9,882,524
Equipment	1,053,472
Less accumulated depreciation	(1,778,235)
Total	\$ 24,678,613

Amortization of leased buildings and equipment under capital assets is included with depreciation expense.

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to \$920,217.

Note 12 - Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	\$ 69,390,968	\$ 5,563,469	\$ 9,471,113	\$ 3,694,508
Medicare Premium Payment (MPP) Program	1,397,748	-	-	138,904
Total	\$ 70,788,716	\$ 5,563,469	\$ 9,471,113	\$ 3,833,412

The details of each plan are as follows:

District Plan**Plan Administration**

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	139
Active employees	1,909
Total	2,048

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, the Hart District Teachers' Association (HDTA), the local California Service Employees Association (CSEA), and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, HDTA, CSEA, and the unrepresented groups. For the measurement date of June 30, 2021, the District paid \$2,504,636 in benefits.

Actuarial Assumptions

The total OPEB liability as of June 30, 2021 was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.00 percent, average, including inflation
Discount rate	2.66 percent
Healthcare cost trend rates	6.25 percent for 2021

The discount rate is the average, rounded to 5 basis points, of the range of 3-20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer 20-Bond GO index, Fidelity GO AA 20 Year Bond Index.

Mortality rates were based on the rates used by the 2015 California State Teachers Retirement System (STRS) and the 2017 CalPERS pension valuation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance, June 30, 2020	\$ 65,696,460
Service cost	4,791,386
Interest	2,181,225
Differences between expected and actual experience	(3,159,945)
Changes of assumptions	2,386,478
Benefit payments	<u>(2,504,636)</u>
Net change in total OPEB liability	<u>3,694,508</u>
Balance, June 30, 2021	<u><u>\$ 69,390,968</u></u>

No changes to benefits from the prior evaluation.

Changes of assumptions reflect a change in the discount rate from 3.15% in 2020 to 2.66% in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

<u>Discount Rate</u>	<u>Total OPEB Liability</u>
1% decrease (1.66%)	\$ 74,421,909
Current discount rate (2.66%)	69,390,968
1% increase (3.66%)	64,582,255

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Total OPEB Liability</u>
1% decrease (5.25%)	\$ 61,766,872
Current healthcare cost trend rate (6.25%)	69,390,968
1% increase (7.25%)	78,356,715

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$3,694,508. At June 30, 2021, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 2,814,592	\$ -
Differences between expected and actual experience	-	7,695,443
Changes of assumptions	<u>2,748,877</u>	<u>1,775,670</u>
Total	<u>\$ 5,563,469</u>	<u>\$ 9,471,113</u>

Amounts reported as deferred outflows of resources related to OPEB for amounts paid by the District for OPEB as benefits become due subsequent to the measurement date will be recognized as a reduction to the OPEB liability in the subsequent fiscal year. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (952,872)
2023	(952,872)
2024	(952,872)
2025	(952,872)
2026	(952,870)
Thereafter	(1,957,878)
Total	\$ (6,722,236)

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2021, the District reported a liability of \$1,397,748 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.3298% and 0.3380%, respectively, resulting in a net decrease in the proportionate share of 0.0082 %.

For the year ended June 30, 2021, the District recognized OPEB expense of \$138,904.

Actuarial Methods and Assumptions

The June 30, 2020 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total OPEB liability to June 30, 2020, using the assumptions listed in the following table:

Measurement Date	June 30, 2020	June 30, 2019
Valuation Date	June 30, 2019	June 30, 2018
Experience Study	June 30, 2014 through June 30, 2018	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	2.21%	3.50%
Medicare Part A Premium Cost Trend Rate	4.50%	3.70%
Medicare Part B Premium Cost Trend Rate	5.40%	4.10%

For the valuation as of June 30, 2019, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 294 or an average of 0.18% of the potentially eligible population (159,339).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2020, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020, is 2.21%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.21%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2020, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 1.29% from 3.50% as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

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

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (1.21%)	\$ 1,545,599
Current discount rate (2.21%)	1,397,748
1% increase (3.21%)	1,271,937

Sensitivity of the District’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Cost Trend Rates

The following presents the District’s proportionate share of the net OPEB liability calculated using the Medicare cost trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare cost trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease 3.50% Part A and 4.40% Part B)	\$ 1,267,385
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	1,397,748
1% increase (5.50% Part A and 6.40% Part B)	1,547,819

Note 13 - Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. Special assessment debt of \$65,405,000 as of June 30, 2021, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

Note 14 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Special Education Pass-Through Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 26,612	\$ -	\$ -	\$ -	\$ -	\$ 26,612
Stores inventories	118,628	-	-	-	418,001	536,629
Prepaid expenditures	728,632	-	-	-	120,250	848,882
Total nonspendable	<u>873,872</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,251</u>	<u>1,412,123</u>
Restricted						
Legally restricted programs	18,525,528	-	-	-	4,788,404	23,313,932
Capital projects	-	-	122,464	4,059,794	26,012,203	30,194,461
Debt services	-	-	-	-	27,904,235	27,904,235
Total restricted	<u>18,525,528</u>	<u>-</u>	<u>122,464</u>	<u>4,059,794</u>	<u>58,704,842</u>	<u>81,412,628</u>
Committed						
Deferred maintenance program	-	-	-	-	1,098,777	1,098,777
Assigned						
Instructional materials	4,796,923	-	-	-	-	4,796,923
Hart high school update	1,450,144	-	-	-	-	1,450,144
Legal expenses	419,712	-	-	-	-	419,712
Capital projects	-	-	-	81,324,465	-	81,324,465
Total assigned	<u>6,666,779</u>	<u>-</u>	<u>-</u>	<u>81,324,465</u>	<u>-</u>	<u>87,991,244</u>
Unassigned						
Reserve for economic uncertainties	7,729,884	-	-	-	-	7,729,884
Remaining unassigned	52,412,062	(11,969)	-	-	-	52,400,093
Total unassigned	<u>60,141,946</u>	<u>(11,969)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,129,977</u>
Total	<u>\$ 86,208,125</u>	<u>\$ (11,969)</u>	<u>\$ 122,464</u>	<u>\$ 85,384,259</u>	<u>\$ 60,341,870</u>	<u>\$ 232,044,749</u>

Note 15 - Risk Management**Description**

The District's risk management activities are recorded in the General and Self-Insurance Funds. Employee life, health, vision, dental, disability, and workers' compensation programs are administered by the District. The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance through Southern California Regional Liability Excess Fund Joint Powers Authority for first party damage with coverage up to a maximum of \$250 million, subject to Member Retained Limits ranging from \$1,000 to \$10,000 per occurrence. The District also purchases commercial insurance for general liability claims with coverage up to \$1 million per occurrence with excess liability coverage up to \$25 million per occurrence and \$25 million aggregate, all subject to a \$10,000 Member Retained Limit per occurrence. The District self-insures workers' compensation coverage up to \$1 million per occurrence with excess coverage up to \$10 million.

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, 2021, the District contracted with Southern California Regional Liability Excess Fund (SoCal ReLiEF) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2021, the District participated in the Self Insurance Risk Management Authority (SIRMA), a workers' compensation coverage purchasing pool. The intent of RSRMA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants. SIRMA, in turn, pools for workers' compensation coverage through their membership Self-Insured Schools of California (SISC), a finite risk sharing pool. Pooling in this manner allows the member districts and joint powers authorities to take advantage of increased purchasing power and greater spread of risk. As a member of SISC, SIRMA is assigned a rate based on the JPA's overall payroll and loss experience compared to the other members within SISC. Each participant in SIRMA pays its workers' compensation premium based on its individual rate which is weighted based on their payroll and loss experience within SIRMA. This arrangement insures that each participant shares equally in the overall performance of SIRMA. Participation in SIRMA is limited to districts that can meet the selection criteria.

Employee Medical Benefits

The District has contracted with the Self Insured Schools of California (SISC) to provide employee health benefits. SISC is a shared risk pool comprised of districts throughout California. Rates are set through an annual calculation process. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

Note 16 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2021, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 183,436,387	\$ 43,942,794	\$ 13,541,878	\$ 23,303,915
CalPERS	77,643,699	13,100,516	3,041,541	14,101,797
Total	<u>\$ 261,080,086</u>	<u>\$ 57,043,310</u>	<u>\$ 16,583,419</u>	<u>\$ 37,405,712</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)**Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2021, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District, and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$16,614,989.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (2,658,854)
2023	1,484,644
2024	2,962,030
2025	2,569,573
Total	<u>\$ 4,357,393</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 3,360,016
2023	2,915,684
2024	5,000,722
2025	(1,151,276)
2026	(393,884)
Thereafter	(302,728)
Total	<u>\$ 9,428,534</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Fixed income	15%	1.3%
Real estate	13%	3.6%
Private equity	12%	6.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 277,146,829
Current discount rate (7.10%)	183,436,387
1% increase (8.10%)	106,065,221

California Public Employees Retirement System (CalPERS)**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2019 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above, and the total District contributions were \$7,348,610.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$77,643,699. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, was 0.2531% and 0.2581%, respectively, resulting in a net decrease in the proportionate share of 0.0050%.

For the year ended June 30, 2021, the District recognized pension expense of \$14,101,797. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 7,348,610	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	3,041,541
Differences between projected and actual earnings on pension plan investments	1,616,294	-
Differences between expected and actual experience in the measurement of the total pension liability	3,850,890	-
Changes of assumptions	284,722	-
	<u> </u>	<u> </u>
Total	<u>\$ 13,100,516</u>	<u>\$ 3,041,541</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2022	\$ (604,851)
2023	539,506
2024	937,750
2025	743,889
Total	<u>\$ 1,616,294</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	\$ 1,433,817
2023	232,559
2024	(512,749)
2025	(59,556)
Total	<u>\$ 1,094,071</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

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

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.15%)	\$ 111,626,976
Current discount rate (7.15%)	77,643,699
1% increase (8.15%)	49,439,285

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 the Social Security as its alternative 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 in the amount of \$10,701,553 (10.328% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 17 - Commitments and Contingencies**Grants**

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

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, 2021.

Construction Commitments

As of June 30, 2021, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Modernization at various sites		
Castaic High School Project	\$ 2,643,556	2021-2022
Castaic South Access Road	549,619	2022-2023
Proposition 39 Project, Phase 2	652,405	2021-2022
SVJHS Multi-Purpose Room and Kitchen Modernization Project	777,094	2021-2022
Canyon & Valencia Lighting Project	16,985	2022-2023
District Wide Security Film Project	155,343	2021-2022
La Mesa JHS Infrastructure Modernization Project	120,878	2022-2023
Placerita Modular Planting Project	114,197	2021-2022
	<u>114,197</u>	
Total	<u>\$ 5,030,077</u>	

Note 18 - Participation in Joint Powers Authorities

The District is a member of the Self Insurance Risk Management Authority (SIRMA), Self Insured Schools of California (SISC), and the Southern California Regional Liability Excess Fund (SoCal ReLiEF) joint powers authorities (JPAs). The District pays an annual premium to each entity for its workers' compensation (SIRMA I), employee benefits coverage (SISC III), and property liability (SoCal ReLiEF). The relationships between the District and the JPAs is such that they are not component units of the District for financial reporting purposes.

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

During the year ended June 30, 2021, the District made payments of \$4,108,604, \$27,299,315, and \$2,228,291 to SIRMA I, SISC III, and SoCal ReLiEF, respectively, for services received.

Note 19 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a governmental fund – Student Activity Fund. Additionally, the District restated its custodial funds beginning net position that were previously reported as liabilities. The following table describes the effects of the implementation on beginning fund balance/net position.

	Non-Major Governmental Funds	Total Governmental Funds
Beginning fund balance previously reported at June 30, 2020	\$ 55,365,677	\$ 133,792,011
Prior period adjustment - Implementation of GASB 84		
Reclassification of student activity funds from agency funds to a special revenue fund	3,510,399	3,510,399
Fund balance restated at July 1, 2020	\$ 58,876,076	\$ 137,302,410
The restatement of net position is identified as follows:		
Custodial Funds		
Beginning net position fiduciary funds reported on June 30, 2020		\$ -
Reclassification of agency funds to custodial funds		12,096,031
Net position restated at July 1, 2020		\$ 12,096,031
Governmental Activities		
Beginning net position governmental activities as previously reported at June 30, 2020		\$ 132,361,589
Reclassification of student activity funds from agency funds to a special revenue fund		3,510,399
Net position restated at July 1, 2020		\$ 135,871,988



Required Supplementary Information
June 30, 2021

William S. Hart

Union High School District

William S. Hart Union High School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	\$ 191,151,428	\$ 211,060,223	\$ 208,527,483	\$ (2,532,740)
Federal sources	8,949,509	20,326,302	19,128,666	(1,197,636)
Other State sources	12,289,952	13,754,675	31,782,858	18,028,183
Other local sources	17,100,471	19,879,612	18,258,828	(1,620,784)
Total revenues ¹	<u>229,491,360</u>	<u>265,020,812</u>	<u>277,697,835</u>	<u>12,677,023</u>
Expenditures				
Current				
Certificated salaries	106,813,124	103,164,544	103,746,692	(582,148)
Classified salaries	39,884,015	37,943,593	37,798,487	145,106
Employee benefits	63,529,726	62,109,264	69,067,543	(6,958,279)
Books and supplies	16,858,396	18,847,786	16,100,020	2,747,766
Services and operating expenditures	27,639,891	25,979,707	25,416,455	563,252
Other outgo	417,973	309,607	386,323	(76,716)
Capital outlay	400,000	1,247,294	1,132,888	114,406
Debt service				
Debt service - principal	1,955,539	1,925,539	1,925,539	-
Debt service - interest and other	1,794,949	1,794,949	1,794,947	2
Total expenditures ¹	<u>259,293,613</u>	<u>253,322,283</u>	<u>257,368,894</u>	<u>(4,046,611)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(29,802,253)</u>	<u>11,698,529</u>	<u>20,328,941</u>	<u>8,630,412</u>
Other Financing Uses				
Transfers in	19,107,304	20,175,752	6,758,659	(13,417,093)
Transfers out	-	(1,685,045)	(293,889)	1,391,156
Net financing uses	<u>19,107,304</u>	<u>18,490,707</u>	<u>6,464,770</u>	<u>(12,025,937)</u>
Net Change in Fund Balances	(10,694,949)	30,189,236	26,793,711	(3,395,525)
Fund Balance - Beginning	59,414,414	59,414,414	59,414,414	-
Fund Balance - Ending	<u>\$ 48,719,465</u>	<u>\$ 89,603,650</u>	<u>\$ 86,208,125</u>	<u>\$ (3,395,525)</u>

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

William S. Hart Union High School District
 Budgetary Comparison Schedule – Special Education Pass-Through Fund
 Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Federal sources	\$ -	\$ -	\$ 4,386,622	\$ (4,386,622)
Other State sources	-	32,319,698	27,974,074	4,345,624
Other local sources	-	2,411	(11,969)	14,380
Total revenues	-	32,322,109	32,348,727	(26,618)
Expenditures				
Current				
Other outgo	-	32,319,698	32,360,696	(40,998)
Net Change in Fund Balances	-	2,411	(11,969)	14,380
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	\$ -	\$ 2,411	\$ (11,969)	\$ (14,380)

William S. Hart Union High School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service cost	\$ 4,791,386	\$ 4,843,439	\$ 4,775,541	\$ 5,052,821
Interest	2,181,225	2,448,851	2,240,153	1,825,059
Difference between expected and actual experience	(3,159,945)	(6,064,366)	-	-
Changes of assumptions	2,386,478	751,309	(491,132)	(2,606,848)
Benefit payments	(2,504,636)	(2,813,004)	(2,211,260)	(2,076,882)
Net change in total OPEB liability	3,694,508	(833,771)	4,313,302	2,194,150
Total OPEB Liability - Beginning	<u>65,696,460</u>	<u>66,530,231</u>	<u>62,216,929</u>	<u>60,022,779</u>
Total OPEB Liability - Ending	<u>\$ 69,390,968</u>	<u>\$ 65,696,460</u>	<u>\$ 66,530,231</u>	<u>\$ 62,216,929</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2021	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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

William S. Hart Union High School District
Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2021

Year ended June 30,	2021	2020	2019	2018
Proportion of the net OPEB liability	0.3298%	0.3380%	0.3334%	0.3480%
Proportionate share of the net OPEB liability	\$ 1,397,748	\$ 1,258,844	\$ 1,276,239	\$ 1,464,182
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

William S. Hart Union High School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CalSTRS					
Proportion of the net pension liability	0.1893%	0.1911%	0.1858%	0.1922%	0.1864%
Proportionate share of the net pension liability	\$ 183,436,387	\$ 172,583,635	\$ 170,727,971	\$ 177,779,375	\$ 150,755,276
State's proportionate share of the net pension liability	94,561,479	94,155,894	97,749,748	105,172,777	85,822,289
Total	<u>\$ 277,997,866</u>	<u>\$ 266,739,529</u>	<u>\$ 268,477,719</u>	<u>\$ 282,952,152</u>	<u>\$ 236,577,565</u>
Covered payroll	<u>\$ 104,154,684</u>	<u>\$ 93,359,674</u>	<u>\$ 108,324,740</u>	<u>\$ 98,798,227</u>	<u>\$ 93,049,767</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>176.12%</u>	<u>184.86%</u>	<u>157.61%</u>	<u>179.94%</u>	<u>162.02%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
CalPERS					
Proportion of the net pension liability	0.2531%	0.2581%	0.2566%	0.2620%	0.2751%
Proportionate share of the net pension liability	\$ 77,643,699	\$ 75,216,306	\$ 68,424,208	\$ 62,548,944	\$ 54,339,744
Covered payroll	\$ 36,474,626	\$ 33,168,924	\$ 35,487,168	\$ 33,759,699	\$ 32,643,167
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>212.87%</u>	<u>226.77%</u>	<u>192.81%</u>	<u>185.28%</u>	<u>166.47%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016

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

William S. Hart Union High School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2016	2015
CaSTRS		
Proportion of the net pension liability	0.2030%	0.1962%
Proportionate share of the net pension liability	\$ 136,700,881	\$ 114,641,815
State's proportionate share of the net pension liability	72,299,697	69,225,678
Total	\$ 209,000,578	\$ 183,867,493
Covered payroll	\$ 93,894,189	\$ 101,068,337
Proportionate share of the net pension liability as a percentage of its covered payroll	145.59%	113.43%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
Measurement Date	June 30, 2015	June 30, 2014
CaLPERS		
Proportion of the net pension liability	0.2941%	0.2818%
Proportionate share of the net pension liability	\$ 43,349,761	\$ 31,993,077
Covered payroll	\$ 32,646,589	\$ 33,637,974
Proportionate share of the net pension liability as a percentage of its covered payroll	132.78%	95.11%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%
Measurement Date	June 30, 2015	June 30, 2014

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

William S. Hart Union High School District
 Schedule of the District Contributions
 Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
CalSTRS					
Contractually required contribution	\$ 16,614,989	\$ 17,810,451	\$ 15,198,955	\$ 15,631,260	\$ 12,428,817
Less contributions in relation to the contractually required contribution	<u>16,614,989</u>	<u>17,810,451</u>	<u>15,198,955</u>	<u>15,631,260</u>	<u>12,428,817</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 102,879,189</u>	<u>\$ 104,154,684</u>	<u>\$ 93,359,674</u>	<u>\$ 108,324,740</u>	<u>\$ 98,798,227</u>
Contributions as a percentage of covered payroll	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>
CalPERS					
Contractually required contribution	\$ 7,348,610	\$ 7,193,161	\$ 5,990,971	\$ 5,511,512	\$ 4,688,547
Less contributions in relation to the contractually required contribution	<u>7,348,610</u>	<u>7,193,161</u>	<u>5,990,971</u>	<u>5,511,512</u>	<u>4,688,547</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 35,500,531</u>	<u>\$ 36,474,626</u>	<u>\$ 33,168,924</u>	<u>\$ 35,487,168</u>	<u>\$ 33,759,699</u>
Contributions as a percentage of covered payroll	<u>20.700%</u>	<u>19.721%</u>	<u>18.062%</u>	<u>15.531%</u>	<u>13.888%</u>

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

William S. Hart Union High School District
Schedule of the District Contributions
Year Ended June 30, 2021

	2016	2015
CaSTRS		
Contractually required contribution	\$ 9,984,240	\$ 8,337,804
Less contributions in relation to the contractually required contribution	9,984,240	8,337,804
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 93,049,767	\$ 93,894,189
Contributions as a percentage of covered payroll	10.73%	8.88%
CaIPERS		
Contractually required contribution	\$ 3,867,236	\$ 3,842,830
Less contributions in relation to the contractually required contribution	3,867,236	3,842,830
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 32,643,167	\$ 32,646,589
Contributions as a percentage of covered payroll	11.847%	11.771%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

At June 30, 2021, the District major funds exceeded the budgeted amount in total as follows:

Fund	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund	\$ 255,007,328	\$ 257,662,783	\$ 2,655,455
Special Education Pass-Through Fund	\$ 32,319,698	\$ 32,360,696	\$ 40,998

Schedule of Changes in the District’s Total OPEB Liability and Related Ratios

This schedule presents information on the District’s changes in the total OPEB liability, including beginning and ending balances, the plan’s fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuation for other postemployment benefits.
- *Changes of Assumptions* – the discount rate was changed from 3.15% to 2.66% since the previous valuation.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.50% to 2.21% since the previous valuation.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.



Supplementary Information
June 30, 2021

William S. Hart
Union High School District

William S. Hart Union High School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Agriculture				
Passed Through California Department of Education (CDE)				
Child Nutrition Cluster				
National School Breakfast	10.553	13525	\$ 524	\$ -
Especially Needy Breakfast	10.553	13526	2,489	-
National School Lunch Program	10.555	13391	5,156	-
Summer Food Program	10.555	13396	3,531,863	-
			<u>3,540,032</u>	<u>-</u>
Total Child Nutrition Cluster				
Forest Service Schools and Roads Cluster				
Forest Reserve Funds	10.665	10044	123,701	-
			<u>123,701</u>	<u>-</u>
Total U.S. Department of Agriculture				
			<u>3,663,733</u>	<u>-</u>
U.S. Department of Defense				
Junior Reserve Officer Training Corps - Air Force	12.000	[1]	168,194	-
			<u>168,194</u>	<u>-</u>
U.S. Department of Treasury				
Passed Through CDE				
COVID-19 Coronavirus Relief Fund (CRF)	21.019	25516	9,531,852	-
			<u>9,531,852</u>	<u>-</u>
U.S. Department of Education				
Passed Through CDE				
Special Education Cluster				
Basic Local Assistance	84.027	13379	7,983,319	4,141,642
Private Schools ISPs	84.027	10115	21,384	-
Mental Health	84.027A	15197	512,087	-
Alternate Dispute Resolution	84.027A	13007	14,601	14,601
Preschool Grants	84.173	13430	227,796	227,796
Preschool Staff Development	84.173	13431	2,583	2,583
			<u>8,761,770</u>	<u>4,386,622</u>
Total Special Education Cluster				

William S. Hart Union High School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Title I, Part A, Basic Grants Low-Income and Neglected School Improvement Funding for LEAs	84.010 84.010	14329 15438	\$ 1,526,143 7,213	\$ - -
Subtotal			<u>1,533,356</u>	<u>-</u>
Title III, Immigrant Student Program Title III, English Learner Student Program	84.365 84.365	15146 14346	8,130 319,244	- -
Subtotal			<u>327,374</u>	<u>-</u>
Supporting Effective Instruction State Grants Student Support and Academic Enrichment Program Career and Technical Education - Basic Grants to States Rehabilitation Services Vocational Rehabilitation Grants to States - Workability II	84.367 84.424 84.048 84.126	14341 15396 14894 10006	203,491 59,167 241,876 331,132	- - - -
COVID-19 Elementary and Secondary School Emergency Relief (ESSER I) Fund COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund COVID-19 CARES Act Supplemental Meal Reimbursement	84.425D 84.425D 84.425D	15536 15547 15535	1,586,381 646,994 117,883	- - -
Subtotal			<u>2,351,258</u>	<u>-</u>
Total U.S. Department of Education			<u>13,809,424</u>	<u>4,386,622</u>
Total Federal Financial Assistance			<u>\$ 27,173,203</u>	<u>\$ 4,386,622</u>

Organization

William S. Hart Union High School District was established on July 1, 1945, and consists of an area comprising approximately 370 square miles. The District operates six junior high schools, seven comprehensive high schools, a continuation school, a middle college high school, an independent study school, and an adult school. There were no boundary changes during the year.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Dr. Cherise Moore	President	2022
Joseph V. Messina	Clerk	2022
Robert Jenson	Assistant Clerk	2022
Linda Storli	Member	2024
James Webb	Member	2024

ADMINISTRATION

NAME	TITLE
Mike Kuhlman	Superintendent
Kathy Hunter	Assistant Superintendent, Educational Services
Michael Vierra	Assistant Superintendent, Human Resources
Ralph Peschek	Chief Business Officer
Collyn Nielsen	Chief Administrative Officer

William S. Hart Union High School District
 Schedule of Instructional Time
 Year Ended June 30, 2021

Grade Level	Number of Actual Days		Number of Days Credited Form J-13A	Total Days Offered	Status
	Traditional Calendar	Multitrack Calendar			
Grades 7 - 8					
Grade 7	180	N/A	-	180	Complied
Grade 8	180	N/A	-	180	Complied
Grades 9 - 12					
Grade 9	180	N/A	-	180	Complied
Grade 10	180	N/A	-	180	Complied
Grade 11	180	N/A	-	180	Complied
Grade 12	180	N/A	-	180	Complied

William S. Hart Union High School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2021

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2021.

William S. Hart Union High School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021

	(Budget) 2022 ¹	2021	2020	2019
General Fund				
Revenues	\$ 278,404,981	\$ 277,697,835	\$ 260,168,609	\$ 269,571,752
Other sources	-	6,758,659	17,360	-
Total revenues and other sources	<u>278,404,981</u>	<u>284,456,494</u>	<u>260,185,969</u>	<u>269,571,752</u>
Expenditures	287,367,809	257,368,894	258,293,690	260,722,764
Other uses and transfers out	-	293,889	785,000	785,000
Total expenditures and other uses	<u>287,367,809</u>	<u>257,662,783</u>	<u>259,078,690</u>	<u>261,507,764</u>
Increase/(Decrease) in Fund Balance	<u>(8,962,828)</u>	<u>26,793,711</u>	<u>1,107,279</u>	<u>8,063,988</u>
Ending Fund Balance	<u>\$ 77,245,297</u>	<u>\$ 86,208,125</u>	<u>\$ 59,414,414</u>	<u>\$ 58,307,135</u>
Available Reserves ²	<u>\$ 55,580,929</u>	<u>\$ 60,141,946</u>	<u>\$ 30,984,752</u>	<u>\$ 31,741,756</u>
Available Reserves as a Percentage of Total Outgo	<u>19.34%</u>	<u>23.34%</u>	<u>11.96%</u>	<u>12.14%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 848,195,888</u>	<u>\$ 833,083,745</u>	<u>\$ 810,122,503</u>
K-12 Average Daily Attendance at P-2	<u>20,536</u>	<u>21,224</u>	<u>21,224</u>	<u>21,476</u>

The General Fund balance has increased by \$27,900,990 over the past two years. The fiscal year 2021-2022 budget projects a decrease of \$8,962,828 (10.40%). For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in all the past three years, but anticipates incurring an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by \$38,073,385 over the past two years.

Average daily attendance has decreased by 252 over the past two years. Additional decline of 688 ADA is anticipated during fiscal year 2021-2022.

¹ Budget 2022 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances contained within the General Fund and Special Reserve Fund for Other Than Capital Outlay Projects.

William S. Hart Union High School District
Schedule of Charter Schools
Year Ended June 30, 2021

<u>Name of Charter School</u>	<u>Charter Number</u>	<u>Included in Audit Report</u>
Opportunities for Learning - Santa Clarita	0214	No
Mission View Public	0888	No
Santa Clarita Valley International	0981	No

William S. Hart Union High School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Assets					
Deposits and investments	\$ 2,946,086	\$ 638,252	\$ 1,102,611	\$ 1,082,837	\$ 25,840,913
Receivables	1,343	15,029	762,767	15,940	50,417
Prepaid expenditures	120,250	-	-	-	-
Stores inventories	418,001	-	-	-	-
Total assets	\$ 3,485,680	\$ 653,281	\$ 1,865,378	\$ 1,098,777	\$ 25,891,330
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 68,120	\$ 79,678	\$ 447,016	\$ -	\$ 3,833
Other current liabilities	-	-	-	-	4,002,873
Unearned revenue	-	-	82,870	-	7,861
Total liabilities	68,120	79,678	529,886	-	4,014,567
Fund Balances					
Nonspendable	538,251	-	-	-	-
Restricted	2,879,309	573,603	1,335,492	-	21,876,763
Committed	-	-	-	1,098,777	-
Total fund balances	3,417,560	573,603	1,335,492	1,098,777	21,876,763
Total liabilities and fund balances	\$ 3,485,680	\$ 653,281	\$ 1,865,378	\$ 1,098,777	\$ 25,891,330

William S. Hart Union High School District
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2021

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Assets				
Deposits and investments	\$ 4,139,640	\$ 26,253,147	\$ 1,651,088	\$ 63,654,574
Receivables	1,124	-	-	846,620
Prepaid expenditures	-	-	-	120,250
Stores inventories	-	-	-	418,001
Total assets	\$ 4,140,764	\$ 26,253,147	\$ 1,651,088	\$ 65,039,445
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,324	\$ -	\$ -	\$ 603,971
Other current liabilities	-	-	-	4,002,873
Unearned revenue	-	-	-	90,731
Total liabilities	5,324	-	-	4,697,575
Fund Balances				
Nonspendable	-	-	-	538,251
Restricted	4,135,440	26,253,147	1,651,088	58,704,842
Committed	-	-	-	1,098,777
Total fund balances	4,135,440	26,253,147	1,651,088	60,341,870
Total liabilities and fund balances	\$ 4,140,764	\$ 26,253,147	\$ 1,651,088	\$ 65,039,445

William S. Hart Union High School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund
Revenues					
Federal sources	\$ -	\$ -	\$ 3,657,915	\$ -	\$ -
Other State sources	-	957,407	309,734	-	-
Other local sources	907,173	65,465	-	136,361	5,410,994
Total revenues	<u>907,173</u>	<u>1,022,872</u>	<u>3,967,649</u>	<u>136,361</u>	<u>5,410,994</u>
Expenditures					
Current					
Instruction	-	387,861	-	-	-
Instruction-related activities					
Supervision of instruction	-	300,712	-	-	-
School site administration	-	396,438	-	-	-
Pupil services					
Food services	-	-	3,461,260	-	-
All other pupil services	-	21,555	-	-	-
Administration					
All other administration	-	45,150	176,445	-	108,062
Plant services	-	-	280,660	29,697	27,860
Ancillary services	1,000,012	-	-	-	-
Facility acquisition and construction	-	-	-	-	385,152
Debt service					
Principal	-	-	-	-	-
Interest and other	-	-	-	-	-
Total expenditures	<u>1,000,012</u>	<u>1,151,716</u>	<u>3,918,365</u>	<u>29,697</u>	<u>521,074</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(92,839)</u>	<u>\$ (128,844)</u>	<u>\$ 49,284</u>	<u>\$ 106,664</u>	<u>\$ 4,889,920</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	293,889	-
Other sources - proceeds from Bond Issuance	-	-	-	-	-
Transfers out	-	-	-	(6,758,659)	-
Other uses - payment to refunded bond escrow agent	-	-	-	-	-
Net Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,464,770)</u>	<u>-</u>
Net Change in Fund Balances	(92,839)	(128,844)	49,284	(6,358,106)	4,889,920
Fund Balance - Beginning	<u>3,510,399</u>	<u>702,447</u>	<u>1,286,208</u>	<u>7,456,883</u>	<u>16,986,843</u>
Fund Balance - Ending	<u>\$ 3,417,560</u>	<u>\$ 573,603</u>	<u>\$ 1,335,492</u>	<u>\$ 1,098,777</u>	<u>\$ 21,876,763</u>

See Notes to Supplementary Information

William S. Hart Union High School District
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Non-Major Governmental
Funds
Year Ended June 30, 2021

	Capital Project Fund for Blended Component Units	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Total Non-Major Governmental Funds
Revenues				
Federal sources	\$ -	\$ -	\$ -	\$ 3,657,915
Other State sources	-	150,914	-	1,418,055
Other local sources	1,567	26,811,125	561,954	33,894,639
Total revenues	<u>1,567</u>	<u>26,962,039</u>	<u>561,954</u>	<u>38,970,609</u>
Expenditures				
Current				
Instruction	-	-	-	387,861
Instruction-related activities				
Supervision of instruction	-	-	-	300,712
School site administration	-	-	-	396,438
Pupil services				
Food services	-	-	-	3,461,260
All other pupil services	-	-	-	21,555
Administration				
All other administration	-	-	-	329,657
Plant services	-	-	-	338,217
Ancillary services	-	-	-	1,000,012
Facility acquisition and construction	122,256	-	-	507,408
Debt service				
Principal	-	21,800,000	75,000	21,875,000
Interest and other	1,129	2,449,180	814,263	3,264,572
Total expenditures	<u>123,385</u>	<u>24,249,180</u>	<u>889,263</u>	<u>31,882,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (121,818)</u>	<u>\$ 2,712,859</u>	<u>\$ (327,309)</u>	<u>\$ 7,087,917</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	293,889
Other sources - proceeds from Bond Issuance	-	137,030,000	-	137,030,000
Transfers out	-	-	-	(6,758,659)
Other uses - payment to refunded bond escrow agent	-	(136,187,353)	-	(136,187,353)
Net Financing Sources (Uses)	<u>-</u>	<u>842,647</u>	<u>-</u>	<u>(5,622,123)</u>
Net Change in Fund Balances	(121,818)	3,555,506	(327,309)	1,465,794
Fund Balance - Beginning	4,257,258	22,697,641	1,978,397	58,876,076
Fund Balance - Ending	<u>\$ 4,135,440</u>	<u>\$ 26,253,147</u>	<u>\$ 1,651,088</u>	<u>\$ 60,341,870</u>

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in fund balance of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the ten percent de minimis cost rate.

Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had no food commodities in inventory.

Local Education Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated members of the governing board, and members of the administration.

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the District audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

The Non-Major Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balances Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Independent Auditor's Reports
June 30, 2021

William S. Hart
Union High School District



Independent Auditor’s 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*

To the Governing Board
William S. Hart Union High School District
Santa Clarita, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of William S. Hart Union High School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated January 14, 2022.

Emphasis of Matter – Change in Accounting Principle

As discussed in Notes 1 and 19 to the financial statements, the District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance as of July 1, 2020. Our opinions are not modified with respect to this matter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Rancho Cucamonga, California
January 14, 2022



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
William S. Hart Union High School District
Santa Clarita, California

Report on Compliance for Each Major Federal Program

We have audited William S. Hart Union High School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 14, 2022



Independent Auditor's Report on State Compliance

To the Governing Board
William S. Hart Union High School District
Santa Clarita, California

Report on State Compliance

We have audited William S. Hart Union High School District's (the District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with laws and regulations applicable to the following items:

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	No, see below
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Charter School Facility Grant Program	No, see below

The District does not offer kindergarten instruction; therefore, we did not perform procedures related to Kindergarten Continuance.

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

The District has only grades 7 - 12; therefore, we did not perform procedures related to K-3 Grade Span Adjustment.

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

We did not perform District of Choice procedures because the program is not offered by the District.

We did not perform California Clean Energy Jobs Act procedures because the related procedures were performed in a previous year.

The District does not offer an Independent Study - Course Based program; therefore, we did not perform any procedures related to the Independent Study - Course Based Program.

The Charter Schools are independent of the District; therefore, we did not perform any procedures related to charter schools.

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
January 14, 2022



Schedule of Findings and Questioned Costs
June 30, 2021

William S. Hart

Union High School District

Financial Statements

Type of auditor's report issued	Unmodified
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 program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19 Coronavirus Relief Fund (CRF)	21.019
COVID-19 Educational Stabilization Funds (ESF)	84.425D
Dollar threshold used to distinguish between type A and type B programs	\$815,196
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for programs	Unmodified
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None reported.

None reported.

None reported.

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's schedule of financial statement findings.

Financial Statement Finding

2020-001 30000 – Financial Statement Preparation and Audit Adjustments

Criteria or Specific Requirements

Management is responsible for the design, implementation, and maintenance of internal controls to ensure that the financial statements are free from material misstatements, whether due to error or fraud. This includes the posting of all material adjustments necessary to close the year and accurately reflect the activity of the District.

Condition

Communicating Internal Control Related Matters Identified in an Audit defines a material weakness and significant deficiency. According to these definitions, an internal control system design must include elements to accurately prepare financial statements without adjustments by the auditor.

Questioned Costs

There is not questioned costs identified with the condition note.

Context

Accruals related to accounts receivable and a cash balance were not recorded.

Effect

During the course of our engagement, management identified material audit adjustments to the recorded account balances in the financial statements which, if not recorded, would have resulted in a material misstatement of the financial statements.

Cause

The timing of the accruals were during a transition period for new personnel making it difficult to implement this level of internal control to monitor year end accruals.

Repeat Finding

Yes, as item 2019-001 in the summary of prior audit findings.

Recommendation

We recommend management and those charged with governance evaluate the internal control structure and consider changes as necessary that will ensure that the financial statements are free from potential material misstatements and allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

Current Status

Implemented.

Federal Awards Findings

None reported.

State Compliance Findings

None reported.