

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT

LOS ANGELES COUNTY  
SANTA CLARITA, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2010

**JLG**  
Jeanette L. Garcia & Associates  
CERTIFIED PUBLIC ACCOUNTANT

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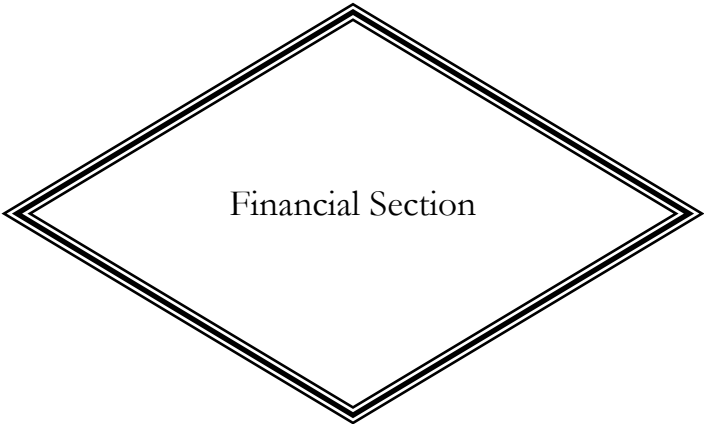
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Financial Section



Jeanette L. Garcia & Associates

225 W. Hospitality Lane, Suite 317

San Bernardino, CA 92408

Phone: (909) 890-0353

Fax: (909) 890-0278

www.jlgcpa.net

Jeanette L. Garcia,  
CPA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the William S. Hart Union High School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We did not audit the financial statements of the Santa Clarita Valley Facilities Foundation, a discretely presented component unit, which statements reflect total assets of \$23,830,035 as of June 30, 2010 and total revenues of \$20,723 for the year then ended.

In our opinion, except for the effects of such adjustments, if any, on the financial statements that might have been determined to be necessary had we audited the financial statements of the Santa Clarita Valley Facilities Foundation, 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 William S. Hart Union High School District as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2010, on our consideration of William S. Hart Union High School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9, General Fund budgetary comparison information on page 54, and Other Postemployment Benefits Schedule of Funding Progress on page 55 are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise William S. Hart Union High School District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the William S. Hart Union High School District. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the basic financial statements of William S. Hart Union High School District. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, the Schedule of Average Daily Attendance, and the Schedule of Instructional Time have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The remaining schedules listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



December 6, 2010

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

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**INTRODUCTION**

The discussion and analysis of William S. Hart Union High School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

William S. Hart Union High School District serves 23,220 students in grades 7-12. There are six Grade 7-8 junior high schools, six comprehensive Grade 9-12 senior high schools, one continuation high school, an independent study center, a college high school, an adult education program, two district-operated charter schools, and a Regional Occupational Program. Over 1,700 certificated and classified employees provide for the needs of the District's students. William S. Hart Union High School District is located in Santa Clarita, California.

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**USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT**

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the William S. Hart Union High School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Assets" and "Statement of Activities" provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all special revenue funds and other non-major funds presented in total in two columns.
- The major funds of the William S. Hart Union High School District are the General Fund, the Building Fund, and the County School Facilities Fund.
- The Management Discussion and Analysis Statement is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

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**FINANCIAL HIGHLIGHTS**

- The William S. Hart Union High School District's Government-wide Statement of Net Assets shows Net Assets of \$298,788,037, the result of assets of \$692,713,816 less liabilities of \$393,925,779.
- General Revenues (primarily state and federal sources and property taxes) accounted for \$170,583,155 in revenue or 83% of all revenues. Program revenues (restricted programs) accounted for \$34,655,535 or 17% of total revenues of \$205,238,690.
- Expenses in the governmental funds were \$206,695,657; \$34,655,535 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$170,583,155 did not provide the remaining \$172,040,122 required for these programs. This resulted in a negative change in Total Net Assets of \$1,456,967.
- The General Fund reported a positive fund balance of \$30,374,827.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

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<b>REPORTING THE DISTRICT AS A WHOLE</b>
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▪ THE STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" "The Statement of Net Assets" and "The Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the William S. Hart Union High School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well as factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

▪ 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 statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

▪ GOVERNMENTAL FUNDS

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. 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 you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

▪ FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses an agency fund to account for resources held for student activities and groups. These funds include Associated Student Body funds.

The William S. Hart Union High School District is the trustee, or fiduciary, for its student activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The William S. Hart Union High School District is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

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▪ THE DISTRICT AS A WHOLE

The "Statement of Net Assets" provides the perspective of the District as a whole.

Table I provides a summary of the District's net assets for fiscal years 2010 and 2009.

Table 1 – Net Assets (in thousands)	Governmental Activities		% Change
	2010	2009*	
Current and other assets	\$190,222	\$160,122	18.8
Capital assets	<u>502,492</u>	<u>488,518</u>	<u>2.9</u>
Total assets	<u>\$692,714</u>	<u>\$648,640</u>	<u>6.8</u>
Current liabilities	\$27,376	\$21,332	28.3
Long-term debt	<u>366,550</u>	<u>327,063</u>	<u>12.1</u>
Total liabilities	<u>\$393,926</u>	<u>\$348,395</u>	<u>13.1</u>
<u>Net Assets</u>			
Invested in capital assets, net of related debt	\$186,653	\$207,302	-10.0
Restricted	137,780	116,102	18.7
Unrestricted	<u>(25,645)</u>	<u>(23,159)</u>	<u>-10.7</u>
Total Net Assets	<u>\$298,788</u>	<u>\$300,245</u>	<u>-0.5</u>

\* Restated

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

Table 2 shows the changes in net assets for fiscal years 2010 and 2009

Table 2 – Changes in Net Assets (in thousands)	Governmental Activities		% Change
	2010	2009	
<u>Revenues</u>			
<i>Program revenues:</i>			
Charges for services	\$131	\$151	-13.3
Operating grants and contributions	30,880	35,204	-12.3
Capital grants and contributions	3,645	1,175	210.2
<i>General revenues:</i>			
State and Federal Sources	111,841	117,136	-4.5
Property taxes	46,272	44,829	3.2
Other general revenue	<u>12,470</u>	<u>8,319</u>	<u>49.9</u>
Total Revenues	<u>\$205,239</u>	<u>\$206,814</u>	<u>-0.8</u>
<u>Expenses</u>			
Instruction related	\$121,797	\$129,959	-6.3
Pupil services	22,438	22,348	0.4
Administration	12,953	16,570	-21.8
Maintenance and operations	23,950	22,835	4.9
Ancillary Services	1,089	1,059	2.8
Community Services	119	101	17.8
Other	<u>24,350</u>	<u>20,887</u>	<u>16.6</u>
Total Expenses	<u>\$206,696</u>	<u>\$213,759</u>	<u>-3.3</u>
Change in Net Assets	<u>(\$1,457)</u>	<u>(\$6,945)</u>	<u>79.0</u>

▪ GENERAL FUND REVENUES AND EXPENDITURES

General Fund Revenues not restricted to specific programs made up 83% of the total revenues available.

Instruction-related activities made up 59% of expenses. Pupil Services including home-to-school transportation and food services made up 11% of expenses. Administration including data processing made up 6% of expenses. Maintenance and operations including facilities acquisition and construction made up 12% of expenses.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3 (in thousands)**

	Total Cost			
	2010	%	2009	%
Instruction	\$ 121,797	59%	\$ 129,959	61%
Pupil Services	22,438	11%	22,348	10%
Administration	12,953	6%	16,570	8%
Maintenance and Operations	23,950	12%	22,835	11%
Ancillary Services	1,089	0%	1,059	0%
Community Services	119	0%	101	0%
Other	24,350	12%	20,887	10%
<b>Totals</b>	<b>\$ 206,696</b>	<b>100%</b>	<b>\$ 213,759</b>	<b>100%</b>

	Net Cost			
	2010	%	2009	%
Instruction	\$ 95,411	55%	\$ 99,934	56%
Pupil Services	14,993	9%	17,403	10%
Administration	12,787	7%	16,409	9%
Maintenance and Operations	23,802	14%	22,196	13%
Ancillary Services	1,084	1%	1,058	1%
Community Services	119	0%	56	0%
Other	23,844	14%	20,172	11%
<b>Totals</b>	<b>\$ 172,040</b>	<b>100%</b>	<b>\$ 177,228</b>	<b>100%</b>

<b>GENERAL FUND BUDGET INFORMATION</b>
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The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District begins the budget process in January of each year. By law, the Governing Board must adopt a Final Budget by June 30. In May of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A proposed Final Budget is presented in early June, which reflects the latest known financial information, including the Governor's May Revise of the state budget. The Final Budget is presented for adoption in late June. During the course of the fiscal year, the School District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption that are normally presented in August, adjustments to Actuals in September, First Interim which is normally presented in December, and Second Interim which is normally presented in March.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

▪ CAPITAL ASSETS AND DEBT ADMINISTRATION

• CAPITAL ASSETS

At the end of the fiscal year 2010, the District had \$502,492,252 invested in land, buildings, equipment, and construction in progress. Table 4 shows fiscal years 2009 and 2010 balances.

Table 4 - Capital Assets at Year-end (in thousands) (net of depreciation)		
	Governmental Activities	
	2010	2009
Land	\$104,914	\$104,914
Land Improvements	31,312	33,474
Buildings	327,672	317,155
Furniture and Equipment	9,528	10,097
Work in Progress	29,066	22,878
Totals	<u>\$502,492</u>	<u>\$488,518</u>

• DEBT

At June 30, 2010, the William S. Hart Union High School District had \$366,549,568 in debt outstanding. Table 5 summarized these debts.

Table 5 - Outstanding Debt at Year-end (in thousands)		
	Governmental Activities	
	2010	2009*
General Obligation Bonds	\$209,426	\$214,726
Compensated Absences	1,155	1,113
Capitalized Lease Agreements	177	348
Certificates of Participation	6,000	6,000
Community Facilities Districts	58,710	60,490
Other Postemployment Benefits	46,047	40,676
Bond Anticipation Notes	41,525	-
Other General Long-Term Debt	3,509	3,710
Totals	<u>\$366,549</u>	<u>\$327,063</u>

\* Restated

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS  
For the Fiscal Year Ended  
June 30, 2010

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FOR THE FUTURE

As the District prepares for 2010-2011 and beyond, the fiscal status of the State of California will continue to be in the forefront. William S. Hart Union High School District received 90% of its General Fund revenue from the State of California in 2009-2010. The District is therefore, highly dependent on state revenue. Enrollment is expected to decline by 50 students over the next two years. With careful planning and monitoring of our finances, the William S. Hart Union High School District will endeavor to continue to provide a quality education for our students and meet the challenges of the future.

▪ CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, 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 additional financial information, contact Sue Hoerber, Chief Financial Officer, William S. Hart Union High School District, 21515 Centre Point Parkway, Santa Clarita, CA 91350.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
 JUNE 30, 2010

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNIT</u>
<b>ASSETS</b>		
Cash (Note 2)	\$ 151,035,868	\$ 1,869,721
Accounts Receivable (Note 3)	32,301,860	43,623
Inventories	156,105	-
Prepaid Expenses	6,207,550	-
Other Current Assets	520,181	-
Total Current Assets	<u>190,221,564</u>	<u>1,913,344</u>
Capital Assets: (Note 6)		
Land	104,913,793	21,915,896
Land Improvements	44,725,323	-
Buildings	387,396,338	-
Furniture and Equipment	20,364,674	7,959
Work in Progress	29,066,101	-
Less Accumulated Depreciation	(83,973,977)	(7,164)
Total Capital Assets	<u>502,492,252</u>	<u>21,916,691</u>
<b>TOTAL ASSETS</b>	<u>692,713,816</u>	<u>23,830,035</u>
<b>LIABILITIES</b>		
Accounts Payable and Other Current Liabilities	12,274,118	575,908
Current Loans	9,289,532	-
Deferred Revenues	5,812,561	-
Total Current Liabilities	<u>27,376,211</u>	<u>575,908</u>
Long-Term Liabilities (Note 7)		
Portion due or payable within one year	15,512,312	-
Portion due or payable after one year	351,037,256	-
Total Long-Term Liabilities	<u>366,549,568</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>393,925,779</u>	<u>575,908</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	186,653,487	21,916,691
Restricted for:		
Capital Projects	114,034,658	1,337,436
Debt Service	21,627,203	-
Other Purposes (Nonexpendable)	2,117,585	-
Unrestricted	<u>(25,644,896)</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 298,788,037</u>	<u>\$ 23,254,127</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
**STATEMENT OF ACTIVITIES**  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Component Unit
Governmental:						
Instruction	\$ 99,462,289	\$ 78,607	\$ 18,606,548	\$ 3,644,919	\$ (77,132,215)	\$ -
Instruction-related Services:						
Supervision of Instruction	6,557,732	4,499	4,022,604	-	(2,530,629)	-
Instructional Library, Media, and Technology	2,545,128	-	793	-	(2,544,335)	-
School Site Administration	13,231,336	41	27,723	-	(13,203,572)	-
Pupil Services:						
Home-to-School Transportation	2,776,495	28,506	2,140,341	-	(607,648)	-
Food Services	3,506,241	-	1,129,787	-	(2,376,454)	-
All Other Pupil Services	16,155,251	17,117	4,129,529	-	(12,008,605)	-
General Administration:						
Data Processing	2,144,864	-	27,454	-	(2,117,410)	-
All Other General Administration	10,808,154	-	137,948	-	(10,670,206)	-
Plant Services	23,950,318	355	147,963	-	(23,802,000)	-
Ancillary Services	1,089,222	25	5,174	-	(1,084,023)	-
Community Services	119,150	-	-	-	(119,150)	-
Interest on Long-Term Debt	9,038,918	-	-	-	(9,038,918)	-
Other Outgo	3,446,468	1,574	504,028	-	(2,940,866)	-
Depreciation (unallocated)	11,864,091	-	-	-	(11,864,091)	-
<b>Total Governmental Activities</b>	<b>\$ 206,695,657</b>	<b>\$ 130,724</b>	<b>\$ 30,879,892</b>	<b>\$ 3,644,919</b>	<b>(172,040,122)</b>	<b>-</b>
Component Units						
Educational Foundation						174,623
General Revenues:						
Taxes:						
Property Taxes, levied for general purposes					30,309,990	-
Property Taxes, levied for debt service					15,301,405	-
Property Taxes, levied for other specific purposes					660,904	-
Federal and State Aid not restricted to specific purposes					111,840,636	-
Interest and Investment Earnings					1,959,575	20,723
Interagency Revenues					133,356	-
Miscellaneous					7,574,901	-
Special and Extraordinary Items					2,802,388	-
<b>Total General Revenues</b>					<b>170,583,155</b>	<b>20,723</b>
Change in Net Assets					(1456,967)	(153,900)
Net Assets - July 1, 2009, as Previously Reported					305,360,844	23,408,027
Adjustment for Restatement (Note 7)					(5,115,840)	-
Net Assets - July 1, 2009, as Restated					300,245,004	23,408,027
Net Assets - June 30, 2010					\$ 298,788,037	\$ 23,254,127

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
 JUNE 30, 2010

	<u>GENERAL FUND</u>	<u>BUILDING FUND</u>	<u>COUNTY SCHOOL FACILITIES FUND</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>					
Cash (Note 2)					
Cash in County Treasury	\$ 14,169,150	\$ 93,107,836	\$ 3,798,361	\$ 22,895,150	\$ 133,970,497
Cash on Hand and in Banks	81,643	-	-	760,944	842,587
Cash in Revolving Fund	22,000	-	-	6,600	28,600
Cash with Fiscal Agent	80,000	-	-	16,114,184	16,194,184
Accounts Receivable (Note 3)	1,366,985	306,391	15,783	243,279	1,932,438
Due from Grantor Governments (Note 3)	30,138,221	-	-	231,201	30,369,422
Due from Other Funds (Note 4A)	120,000	-	4,820,292	5,088,880	10,029,172
Inventory (Note 1)	94,775	-	-	61,330	156,105
Prepaid Expenditures	87,130	1,845,750	-	-	1,932,880
Other Current Assets	520,181	-	-	-	520,181
<b>TOTAL ASSETS</b>	<b>\$ 46,680,085</b>	<b>\$ 95,259,977</b>	<b>\$ 8,634,436</b>	<b>\$ 45,401,568</b>	<b>\$ 195,976,066</b>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 6,568,467	\$ 1,173,663	\$ 742,844	\$ 873,497	\$ 9,358,471
Due to Other Funds (Note 4A)	268,588	4,820,292	4,820,292	120,000	10,029,172
Current Loans (Note 18)	9,289,532	-	-	-	9,289,532
Deferred Revenue	178,671	-	-	-	178,671
<b>Total Liabilities</b>	<b>16,305,258</b>	<b>5,993,955</b>	<b>5,563,136</b>	<b>993,497</b>	<b>28,855,846</b>
Fund Balances (Note 5)					
Reserved Fund Balances	203,905	1,845,750	-	67,930	2,117,585
Designated Fund Balances	5,148,751	-	-	-	5,148,751
Undesignated Fund Balances	25,022,171	87,420,272	3,071,300	44,340,141	159,853,884
<b>Total Fund Balances</b>	<b>30,374,827</b>	<b>89,266,022</b>	<b>3,071,300</b>	<b>44,408,071</b>	<b>167,120,220</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 46,680,085</b>	<b>\$ 95,259,977</b>	<b>\$ 8,634,436</b>	<b>\$ 45,401,568</b>	<b>\$ 195,976,066</b>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
 JUNE 30, 2010

Total Fund Balances - Governmental Funds \$ 167,120,220

Amounts reported for governmental activities in the statement of net assets are different because:

Amounts reported for capital assets for governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of the assets is \$586,466,229, and the accumulated depreciation is \$83,973,977. 502,492,252

Long-term liabilities, including bonds payable, 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	\$	209,425,872	
Compensated Absences		1,154,547	
Capital Leases		177,893	
Certificates of Participation		6,000,000	
Community Facilities Districts		58,710,000	
Other Postemployment Benefits		46,047,486	
Bond Anticipation Notes		41,525,000	
Other General Long-Term Debt		3,508,770	(366,549,568)

Interest expense is recorded when paid in the governmental funds, but is recorded when incurred in the government-wide financial statements. (2,915,651)

Premiums on bonded debt are recorded as revenues at the time of issuance, but are amortized over the life of the debt in the government-wide financial statements. (5,633,890)

In governmental funds, debt issue costs are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs are amortized over the life of the debt. 4,274,670

Adjustment for rounding 4

Total Net Assets - Governmental Activities \$ 298,788,037

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Revenue Limit Sources					
State Apportionments	\$ 100,669,041	\$ -	\$ -	\$ 567,000	\$ 101,236,041
Local Sources	30,309,992	-	-	-	30,309,992
Revenue Limit Transfers	(2,802,221)	-	-	-	(2,802,221)
Total Revenue Limit Sources	128,176,812	-	-	567,000	128,743,812
Federal Revenues	12,297,890	-	-	1,125,963	13,423,853
Other State Revenues	29,772,551	-	3,644,919	294,702	33,712,172
Other Local Revenues	4,165,669	1,174,254	120,798	20,775,597	26,236,318
Total Revenues	174,412,922	1,174,254	3,765,717	22,763,262	202,116,155
<b>EXPENDITURES</b>					
Instruction	94,429,142	-	-	1,941,463	96,370,605
Instruction-related Services					
Supervision of Instruction	6,180,009	-	-	203,668	6,383,677
Instructional Library, Media, and Technology	2,467,027	-	-	-	2,467,027
School Site Administration	12,540,275	-	-	264,514	12,804,789
Pupil Services					
Home-to-School Transportation	3,364,380	-	-	-	3,364,380
Food Services	-	-	-	3,506,241	3,506,241
All Other Pupil Services	15,524,671	-	-	83,387	15,608,058
General Administration					
Data Processing	2,489,345	-	-	-	2,489,345
All Other General Administration	9,203,934	-	-	1,387,785	10,591,719
Plant Services	20,309,852	150,074	30,242	639,148	21,129,316
Facilities Acquisition and Construction	41,983	18,231,000	8,182,027	636,124	27,091,134
Ancillary Services	1,042,032	-	-	5,477	1,047,509
Community Services	19,150	-	-	-	19,150
Other Outgo	552,885	1,083,557	-	48,231	1,684,673
Debt Service					
Principal	186,596	-	-	7,080,000	7,266,596
Interest	-	1,061,306	-	8,069,687	9,130,993
Total Expenditures	168,451,281	20,525,937	8,212,269	23,865,725	221,055,212
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,961,641	(19,351,683)	(4,446,552)	(1,102,463)	(18,939,057)

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In (Note 4B)	\$ 2,966,000	\$ -	\$ 100,000	\$ 6,390,843	\$ 9,456,843
Proceeds from Sale of Bonds	-	41,547,058	-	-	41,547,058
All Other Sources	10,333	1,623,416	-	1,146,582	2,780,331
Operating Transfers Out (Note 4B)	(1,522,080)	(100,000)	(4,868,763)	(2,966,000)	(9,456,843)
Other Uses	-	-	-	(1,540,837)	(1,540,837)
Total Other Financing Sources (Uses)	1,454,253	43,070,474	(4,768,763)	3,030,588	42,786,552
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	7,415,894	23,718,791	(9,215,315)	1,928,125	23,847,495
<u>FUND BALANCES - JULY 1, 2009</u>	22,958,933	65,547,231	12,286,615	42,479,946	143,272,725
<u>FUND BALANCES - JUNE 30, 2010</u>	\$ 30,374,827	\$ 89,266,022	\$ 3,071,300	\$ 44,408,071	\$ 167,120,220

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Total Net Change in Fund Balances - Governmental Funds	\$	23,847,495
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$25,837,987 exceed depreciation expense of \$11,864,091 in the period.		13,973,896
Repayment of the capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		169,597
Repayment of the Bond and Certificates of Participation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		7,080,000
In the statement of activities, compensated absences (vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for vacation items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(41,427)
Proceeds from long-term debt are recognized as Other Financing Sources in the governmental funds. In the government-wide statements, proceeds from debt are increases to liabilities.		(41,525,000)
In governmental funds, other postemployment benefit costs are recognized when employer contributions are made. In the statement of activities, other postemployment benefit costs are recognized on the accrual basis.		(5,371,236)
Interest expense is recorded when paid in the governmental funds, but is recorded when incurred in the government-wide financial statements.		109,075
Premiums and discounts on bonded debt are recorded as revenues and expenditures at the time of issuance but are amortized over the life of the debt in the government-wide statements.		99,183
In the government-wide statements, expenses must be accrued in connection with any liabilities not expected to be liquidated with current financial resources, such as a supplemental retirement incentive. This year, expenses incurred for such obligations were:		201,443
Adjustment for Rounding		<u>7</u>
Changes in Net Assets of Governmental Activities	\$	<u><u>(1,456,967)</u></u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
 JUNE 30, 2010

	Foundation Trust Fund	Agency Funds
	<u>          </u>	<u>          </u>
<u>ASSETS</u>		
Cash (Note 2)		
Cash in County Treasury	\$ 276,858	\$ -
Cash on Hand and in Banks	-	3,470,094
Accounts Receivable	949	-
Inventory	-	17,092
	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>277,807</u>	<u>\$ 3,487,186</u>
<u>LIABILITIES</u>		
Accounts Payable	-	\$ 135,038
Due to Student Groups	-	3,352,148
	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 3,487,186</u>
<u>NET ASSETS</u>		
Held in Trust	<u>277,807</u>	
TOTAL NET ASSETS	<u>\$ 277,807</u>	

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Foundation Trust Fund</u>
<u>ADDITIONS</u>	
Interest	\$ 3,361
Other Local Revenue	<u>120,000</u>
Total Additions	123,361
<u>DEDUCTIONS</u>	
Scholarship Awards	<u>69,500</u>
Changes in Net Assets	53,861
Net Assets - July 1, 2009	<u>223,946</u>
Net Assets - June 30, 2010	<u><u>\$ 277,807</u></u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the William S. Hart Union High School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major, nonmajor, and fiduciary funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Building Fund is used to account for the acquisition and renovation of school facilities and buildings from the sale of bond proceeds.

County School Facilities Fund is used to account for Proposition 1A funds received from the Office of Public School Construction. These funds will be used for school growth construction under the 50/50 match program and modernization under the 60/40 match program.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The District maintains four nonmajor special revenue funds.

- Adult Education Fund is used to account for resources committed to adult education programs maintained by the District.
- Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
- Charter Schools Fund is used to separately report the activities of the District's Transitional Learning Center Charter School and Sequoia Charter School.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains two nonmajor debt service funds.

- The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest and related costs.
- The Blended Component Unit - Debt Service Fund is used to account for the accumulation of resources for the payment of principal and interest on bonds and other debt issued by the District's Component Units (see Blended Component Unit - Capital Projects Fund).

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains three nonmajor capital projects funds.

- Capital Facilities Fund is used to account for resources received from developer fees.
- The Special Reserve Fund is used to account for revenues received and expenditures made in connection with redevelopment funds and other special funding for capital projects.
- Blended Component Unit - Capital Projects Fund is used to account for the various methods and activities utilized to acquire sites, construct new school sites and to modernize existing facilities. These activities include the collection of special tax District revenues, Mello-Roos assessments and school mitigation fees. In addition, the Component Unit is used for the repayment of Certificates of Participation obligations and for refunding bonds issued for the original purpose of school site construction. The major Blended Component Unit is comprised of the following District component units:

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

1. Community Facilities District #87-1
2. Community Facilities District #88-4
3. Community Facilities District #89-2
4. Community Facilities District #90-1
5. Community Facilities District #99-1
6. Community Facilities District #2002-1
7. Community Facilities District #2004-1
8. Community Facilities District #2005-1
9. Joint School Financing Authority - 2004
10. Joint School Financing Authority - 2005
11. William S. Hart Union High School District Financing Corporation (COP 2004)
12. Saugus/Hart Schools Facilities Financing Authority

Fiduciary Funds:

Private Purpose Trust Funds are used to account for assets held by the District as trustee. The District maintains one non-major trust fund. The Foundation Trust Fund is used to provide financial assistance to students of the District.

Agency Funds are used to account for assets of others for which the District acts as an agent. The District maintains an agency fund for each school that operates an associated student body.

Reporting Entities

The William S. Hart Union High School District (the District) and the 1) Community Facilities District No. 87-1; 2) Community Facilities District No. 88-4; 3) Community Facilities District No. 89-2; 4) Community Facilities District No. 90-1; 5) Community Facilities District No. 99-1; 6) Community Facilities District No. 2002-1; 7) Community Facilities District No. 2004-1; 8) Community Facilities District No. 2005-1; 9) Joint School Financing Authority 2004; 10) Joint School Financing Authority 2005; 11) William S. Hart Union High School District Financing Corporation (COP 2004); and 12) Saugus/Hart Schools Facilities Financing Authority (the "Units") have a financial and operational relationship which meets the reporting entity definition criteria of GASB Statement No. 14, The Financial Reporting Entity, for inclusion of the Units as a component unit of the District. Accordingly, the financial activities of the Units have been included in the financial statements of the District.

The following are those aspects of the relationship between the District and the CFDs which satisfy GASB Statement No. 14 criteria.

Manifestations of Oversight

The District's personnel and/or Governing Board, function as agents of the Units. Neither receives additional compensation for work performed in this capacity.

The District exercises significant influence over operations of the Units as it is anticipated that the District will be the major lessee/user of all facilities owned by the Units.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Accountability for Fiscal Matters

The subject financing arrangement of the Units must have the consent of the District.

Any deficits incurred by the Units for the subject transactions will be reflected in the lease payments or tax collections of the District. Any surpluses of the Units for the subject transactions revert to the District at the end of the lease period.

It is anticipated that the District's lease payments or the Unit's tax collection authorized by the District will be the major revenue source of the Units for the subject transactions, and will be used for reduction of debt and/or acquisition of assets for the benefit of the District.

Scope of Public Service

The Units were created for the sole purpose of financially assisting the District.

The Units are nonprofit, public benefit agencies and corporations, which are formed under the laws of the State of California. The Units were formed for the sole purpose of providing financing assistance to the District for the construction and acquisition of major capital facilities. Upon completion of the subject transactions the District intends to occupy the Units' facilities. At the end of a specified period, title of the Units' property will pass to the District for no additional consideration.

Financial Presentation

The subject transactions and the Units' financial activity are presented in the financial statements as the Blended Component Unit Capital Projects Fund and Debt Service Fund.

Discretely Presented Component Unit – Santa Clarita Valley Facilities Foundation

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America (GAAP) and GASB Statement No. 39. GASB Statement No. 39 contains three basic criteria for determining whether an organization falls under its guidance: 1) The fundraising organization must receive or hold funds almost entirely for the benefits of a specific government or its units; 2) The governmental entity must have access to a majority of funds or resources that are held by the fundraising organization; and 3) Funds received by the fundraising organization must be a significant resource for the government or its units.

Based upon the application of the criteria listed above, the potential component unit listed below has been included from the District's reporting entity as a discretely presented component unit:

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Santa Clarita Valley Facilities Foundation - The Foundation is a separate not-for-profit corporation. The Foundation Board of Directors is elected independent of any District Governing Board appointments. The Foundation Board is responsible for approving its own budget and accounting and finance related activities. For obtaining further information on the Santa Clarita Valley Facilities Foundation, please contact the Foundation.

Basis of Presentation

Government-wide Financial Statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District and its component units. Internal Service Fund activity is eliminated to avoid doubling revenues and expenditures.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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 goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

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 governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collectible within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue:

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as deferred revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

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

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By State law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Governing Board and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2010.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated at June 30.

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.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Inventories

Inventory in the General Fund and Cafeteria Account consists mainly of expendable supplies held for consumption. Inventories are recorded using the consumption method, in that inventory acquisitions are initially recorded in inventory (asset) accounts, and the cost is recorded as an expenditure at the time individual inventory items are requisitioned. Inventories are valued on the weighted average method. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

Prepaid Expenditures

The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when incurred. On the government-wide statements, the District reports unamortized debt issuance cost as prepaid expenses.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Life in Years</u>
Land	N/A
Furniture and Equipment	5 - 15
Licensed Vehicles	10
Land Improvements	20-30
School/Office Buildings and Improvements	25-50
Construction in Progress	0

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental activities columns of the statement of net assets.

Compensated Absences

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources.

The county is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

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The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment.

The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
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2. CASH AND DEPOSITS

Cash at June 30, 2010, consisted of the following:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Pooled Funds:			
Cash in County Treasury	\$ 133,970,497	\$ 276,858	\$ 134,247,355
Deposits:			
Cash on Hand and in Banks	842,587	3,470,094	4,312,681
Cash in Revolving Fund	28,600	-	28,600
Cash with Fiscal Agent	16,194,184	-	16,194,184
Total	<u>\$ 151,035,868</u>	<u>\$ 3,746,952</u>	<u>\$ 154,782,820</u>

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool (\$22,159,159,955 as of June 30, 2010). The County pools these funds with those of other districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2010, as provided by the pool sponsor, was \$22,288,030,646. The County is required by Government Code Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$135,028,096 and an amortized book value of \$134,247,355. The average weighted maturity for this pool is 536 days.

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Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not place limits on the amount it may invest in any one issuer. At June 30, 2010, the District had no concentration of credit risk.

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. 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.

Cash balances held in banks and in revolving funds are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2010 on the governmental funds statement consist of the following:

	GENERAL FUND	BUILDING FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Federal Sources					
Categorical Aid Programs	\$ 306,899	\$ -	\$ -	\$ -	\$ 306,899
Child Nutrition Program	-	-	-	10,585	10,585
Total Federal	<u>306,899</u>	<u>-</u>	<u>-</u>	<u>10,585</u>	<u>317,484</u>
State Sources					
Categorical Aid Programs	67,113	-	-	-	67,113
Child Nutrition Program	-	-	-	983	983
Total State	<u>67,113</u>	<u>-</u>	<u>-</u>	<u>983</u>	<u>68,096</u>
Local Sources					
Local Governments	13,352	-	-	19,981	33,333
Interest	146,193	306,391	15,783	45,070	513,437
Other	833,428	-	-	166,660	1,000,088
Total Local	<u>992,973</u>	<u>306,391</u>	<u>15,783</u>	<u>231,711</u>	<u>1,546,858</u>
Total Accounts Receivable	<u>1,366,985</u>	<u>306,391</u>	<u>15,783</u>	<u>243,279</u>	<u>1,932,438</u>
Due from Grantor Governments					
Federal Sources	2,758,976	-	-	70,687	2,829,663
State Sources	27,185,910	-	-	160,514	27,346,424
Other	193,335	-	-	-	193,335
Total Due from Grantor Governments	<u>30,138,221</u>	<u>-</u>	<u>-</u>	<u>231,201</u>	<u>30,369,422</u>
Total Receivables	<u>\$ 31,505,206</u>	<u>\$ 306,391</u>	<u>\$ 15,783</u>	<u>\$ 474,480</u>	<u>\$ 32,301,860</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
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4. INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due To/Due From)

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Individual fund interfund receivable and payable balances at June 30, 2010, are as follows:

DUE FROM	DUE TO			Total
	General Fund	County School Facilities Fund	All Other Governmental Funds	
General Fund	\$ -	\$ -	\$ 268,588	\$ 268,588
Building Fund	-	4,820,292	-	4,820,292
County School Facilities Fund	-	-	4,820,292	4,820,292
All Other Governmental Funds	120,000	-	-	120,000
Total	\$ 120,000	\$ 4,820,292	\$ 5,088,880	\$ 10,029,172

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NOTES TO FINANCIAL STATEMENTS  
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B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund transfers for the 2009-10 fiscal year were as follows:

	TRANSFERS TO			
TRANSFERS FROM	General Fund	County School Facilities Fund	All Other Governmental Funds	Totals
General Fund	\$ -	\$ -	\$ 1,522,080	\$ 1,522,080
Building Fund	-	100,000	-	100,000
County School Facilities Fund	-	-	4,868,763	4,868,763
All Other Governmental Funds	2,966,000	-	-	2,966,000
Totals	\$ 2,966,000	\$ 100,000	\$ 6,390,843	\$ 9,456,843

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

5. FUND BALANCE

Ending fund balance is composed of the following elements:

	<u>GENERAL FUND</u>	<u>BUILDING FUND</u>	<u>COUNTY SCHOOL FUND</u>	<u>ALL OTHER GOVERNMENTAL FUNDS</u>	<u>TOTALS</u>
Reserved Fund Balances					
Reserved for Revolving Fund	\$ 22,000	\$ -	\$ -	\$ 6,600	\$ 28,600
Reserved for Stores	94,775	-	-	61,330	156,105
Reserved for Prepaid Expenditures	<u>87,130</u>	<u>1,845,750</u>	<u>-</u>	<u>-</u>	<u>1,932,880</u>
Total Reserved Fund Balances	203,905	1,845,750	-	67,930	2,117,585
Designated for Economic Uncertainties	5,148,751	-	-	-	5,148,751
Undesignated Fund Balances	<u>25,022,171</u>	<u>87,420,272</u>	<u>3,071,300</u>	<u>44,340,141</u>	<u>159,853,884</u>
Total Fund Balances	<u>\$ 30,374,827</u>	<u>\$ 89,266,022</u>	<u>\$ 3,071,300</u>	<u>\$ 44,408,071</u>	<u>\$ 167,120,220</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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6. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2010 is shown below:

	PRIMARY GOVERNMENT			
	Balance, July 1, 2009	Additions	Retirements	Balance, June 30, 2010
Land	\$ 104,913,793	\$ -	\$ -	\$ 104,913,793
Land Improvements	44,669,171	56,152	-	44,725,323
Buildings	369,058,703	18,337,635	-	387,396,338
Furniture and Equipment	19,450,166	1,256,513	342,005	20,364,674
Work in Progress	22,878,414	20,429,433	14,241,746	29,066,101
Totals at Historical Cost	560,970,247	40,079,733	14,583,751	586,466,229
Less Accumulated Depreciation for:				
Land Improvements	11,194,844	2,218,647	-	13,413,491
Buildings	51,903,744	7,820,333	-	59,724,077
Furniture and Equipment	9,353,303	1,825,111	342,005	10,836,409
Total Accumulated Depreciation	72,451,891	11,864,091	342,005	83,973,977
Governmental Activities Capital Assets, Net	\$ 488,518,356	\$ 28,215,642	\$ 14,241,746	\$ 502,492,252

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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7. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2010 is shown below:

	Balance, July 1, 2009*	Additions	Deductions	Balance, June 30, 2010	Amounts Due Within One Year
General Obligation Bonds	\$ 214,725,872	\$ -	\$ 5,300,000	\$ 209,425,872	\$ 5,860,000
Compensated Absences	1,113,120	41,427	-	1,154,547	-
Capital Lease Agreements	347,490	-	169,597	177,893	177,893
Certificates of Participation	6,000,000	-	-	6,000,000	-
Community Facilities Districts	60,490,000	-	1,780,000	58,710,000	1,925,000
Other Postemployment Benefits	40,676,250	6,627,176	1,255,940	46,047,486	6,627,176
Bond Anticipation Note	-	41,525,000	-	41,525,000	-
Other Long-Term Debt	3,710,213	901,000	1,102,443	3,508,770	922,243
Totals	<u>\$ 327,062,945</u>	<u>\$ 49,094,603</u>	<u>\$ 9,607,980</u>	<u>\$ 366,549,568</u>	<u>\$ 15,512,312</u>

\* The annual required contribution for OPEN was inadvertently understated in 2008/09.  
 To correct this, the balance of OPEB at July 1, 2009 was increased by \$5,115,840.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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8. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2010 is the following:

Bond	Date of Bond	Years of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2009	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2010
2001 Series A	5/8/03	2004-2027	1.10-4.45%	\$ 70,000,000	\$ 58,890,000	\$ -	\$ 870,000	\$ 58,020,000
2001 Series B	6/10/05	2006-2030	3.00-4.86%	87,996,106	80,661,106	-	4,430,000	76,231,106
2008 Series A	5/29/09	2016-2034	4.00-6.47%	75,174,766	75,174,766	-	-	75,174,766
				<u>\$ 233,170,872</u>	<u>\$ 214,725,872</u>	<u>\$ -</u>	<u>\$ 5,300,000</u>	<u>\$ 209,425,872</u>

The annual requirement to amortize the 2001 Series A general obligation bonds payable, outstanding at June 30, 2010 is as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 1,020,000	\$ 2,789,150	\$ 3,809,150
2012	1,175,000	2,745,250	3,920,250
2013	1,335,000	2,695,050	4,030,050
2014	1,670,000	2,634,950	4,304,950
2015	1,870,000	2,564,150	4,434,150
2016-20	12,890,000	11,247,375	24,137,375
2021-25	20,715,000	7,107,875	27,822,875
2026-28	17,345,000	1,347,875	18,692,875
Totals	<u>\$ 58,020,000</u>	<u>\$ 33,131,675</u>	<u>\$ 91,151,675</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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The annual requirement to amortize the 2001 Series B general obligation bonds payable, outstanding at June 30, 2010 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 4,840,000	\$ 304,600	\$ 5,144,600
2012	5,195,000	772,590	5,967,590
2013	4,227,619	1,457,619	5,685,238
2014	4,002,143	1,683,109	5,685,252
2015	3,956,639	1,913,132	5,869,771
2016-20	18,609,884	13,508,364	32,118,248
2021-25	16,440,424	20,710,574	37,150,998
2026-30	18,959,397	33,937,406	52,896,803
Totals	<u>\$ 76,231,106</u>	<u>\$ 74,287,394</u>	<u>\$ 150,518,500</u>

The annual requirement to amortize the 2008 Series A general obligation bonds payable, outstanding at June 30, 2010 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 1,787,997	\$ 1,787,997
2012	-	1,669,725	1,669,725
2013	-	1,669,725	1,669,725
2014	-	1,669,725	1,669,725
2015	-	1,669,725	1,669,725
2016-20	4,875,000	8,078,725	12,953,725
2021-25	21,140,000	4,913,406	26,053,406
2026-30	20,090,545	29,865,853	49,956,398
2031-34	29,069,221	91,518,390	120,587,611
Totals	<u>\$ 75,174,766</u>	<u>\$ 142,843,271</u>	<u>\$ 218,018,037</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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The annual requirement to amortize general obligation bonds payable, outstanding at June 30, 2010, is summarized as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 5,860,000	\$ 4,881,747	\$ 10,741,747
2012	6,370,000	5,187,565	11,557,565
2013	5,562,619	5,822,394	11,385,013
2014	5,672,143	5,987,784	11,659,927
2015	5,826,639	6,147,007	11,973,646
2016-20	36,374,884	32,834,464	69,209,348
2021-25	58,295,424	32,731,855	91,027,279
2026-30	56,394,942	65,151,134	121,546,076
2031-34	29,069,221	91,518,390	120,587,611
Totals	<u>\$ 209,425,872</u>	<u>\$ 250,262,340</u>	<u>\$ 459,688,212</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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9. COMPENSATED ABSENCES

The total accumulated unpaid employee compensated absences as of June 30, 2010, amounted to \$1,154,547.

10. CAPITAL LEASE AGREEMENTS

The District has entered into long-term lease-purchases agreements for computers, with future minimum lease payments as follows:

<u>Year Ending June 30</u>		
2011	\$	186,596
Less: Amount Representing Interest		<u>(8,703)</u>
Present Value of Net Minimum Lease Payments	\$	<u>177,893</u>

The District will receive no sublease rental revenues nor pay any contingent rentals for the leased equipment.

11. CERTIFICATES OF PARTICIPATION

On January 1, 2004, the District issued Certificates of Participation, 2004 Qualified Zone Academy Bonds Project in the aggregate principal amount of \$6,000,000, 0% interest, due and payable in January 2019. The bonds were issued to assist in the financing of the District's Career Technical Education Plan.

The bonds will be repaid through fund accumulation. The District shall make thirteen annual payments to U.S. Bank, which should be sufficient to pay the principal represented by the Certificates when due and payable. Should the funds accumulated be insufficient to pay the principal at maturity, the District is responsible for contributing the additional amount necessary to repay the bonds. The interest rate for the repayment fund is currently 5.51% with a corresponding annual payment of \$376,905 which began on January 30, 2007. The balance remaining to be paid to U.S. Bank at June 30, 2010, amounts to \$3,392,148.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
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12. COMMUNITY FACILITIES DISTRICTS DEBT

The outstanding debt incurred through bonds issued in connection with the Community Facilities Districts at June 30, 2010 is:

<u>CFD Number</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 2009</u>	<u>Issued During the Year</u>	<u>Redeemed During the Year</u>	<u>Outstanding June 30, 2010</u>
CFD 2002-1	\$ 17,435,000	\$ 17,270,000	\$ -	\$ 100,000	\$ 17,170,000
CFD 2004-1	5,690,000	5,655,000	-	25,000	5,630,000
JFA 2004	8,735,000	8,030,000	-	195,000	7,835,000
JFA 2005	15,020,000	11,010,000	-	1,395,000	9,615,000
CFD 2005-1	18,605,000	18,525,000	-	65,000	18,460,000
Total	<u>\$ 65,485,000</u>	<u>\$ 60,490,000</u>	<u>\$ -</u>	<u>\$ 1,780,000</u>	<u>\$ 58,710,000</u>

In May 2003, Community Facilities District 2002-1 issued Series 2003 Special Tax Bonds in the aggregate amount of \$17,435,000. These bonds were issued to provide funds to finance the acquisition and construction of various facilities projects throughout the District.

In January 2005, Community Facilities District 2004-1 issued Special Tax Bonds in the aggregate amount of \$5,690,000. The bonds were issued to provide funds to finance the acquisition and construction of various facilities projects throughout the District.

In May 2004, the Joint School Financing Authority issued Series 2004 Revenue Bonds in the amount of \$8,735,000. The bonds were issued to refund the outstanding CFD Nos. 90-1 Installment Purchase Agreement, and 99-1 and 2000-1 Special Tax Bonds.

In March 2005, the Joint School Financing Authority issued Series 2005 Refunding Revenue Bonds in the amount of \$15,020,000. The bonds were issued to refund the outstanding Joint School Financing Authority Series 1995 Refunding Revenue Bonds.

In January 2006, Community Facilities District 2005-1 issued Special Tax Bonds in the aggregate amount of \$18,605,000. These bonds were issued to provide funds to finance the acquisition and construction of various facilities projects throughout the District.

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NOTES TO FINANCIAL STATEMENTS  
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The annual requirements to amortize the bonds issued in connection with the Community Facilities Districts, outstanding as of June 30, 2010, are as follows:

A. CFD 2002-1

Year Ending June 30	Principal	Interest	Totals
2011	\$ 125,000	\$ 1,001,723	\$ 1,126,723
2012	155,000	995,393	1,150,393
2013	185,000	987,218	1,172,218
2014	215,000	977,311	1,192,311
2015	250,000	965,560	1,215,560
2016-20	1,880,000	4,569,090	6,449,090
2021-25	3,220,000	3,855,713	7,075,713
2026-30	5,145,000	2,624,250	7,769,250
2031-34	5,995,000	198,300	6,193,300
Totals	17,170,000	16,174,558	33,344,558

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NOTES TO FINANCIAL STATEMENTS  
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B. CFD 2004-1

Year Ending June 30	Principal	Interest	Totals
2011	\$ 35,000	\$ 299,505	\$ 334,505
2012	40,000	298,068	338,068
2013	50,000	296,253	346,253
2014	60,000	293,938	353,938
2015	70,000	291,090	361,090
2016-20	515,000	1,392,965	1,907,965
2021-25	875,000	1,119,259	1,994,259
2026-30	1,380,000	919,182	2,299,182
2031-35	2,085,000	447,190	2,532,190
2036	520,000	14,300	534,300
Totals	5,630,000	5,371,750	11,001,750

C. Joint Financing Authority, Series 2004

Year Ending June 30	Principal	Interest	Totals
2011	\$ 200,000	\$ 421,525	\$ 621,525
2012	210,000	412,038	622,038
2013	220,000	401,825	621,825
2014	230,000	390,850	620,850
2015	245,000	378,975	623,975
2016-20	1,410,000	1,686,047	3,096,047
2021-25	1,710,000	1,257,814	2,967,814
2026-30	1,980,000	748,126	2,728,126
2031-35	1,630,000	181,125	1,811,125
Totals	7,835,000	5,878,325	13,713,325

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

D. Joint Financing Authority, Series 2005

Year Ending June 30	Principal	Interest	Totals
2011	\$ 1,475,000	\$ 422,500	\$ 1,897,500
2012	1,575,000	346,250	1,921,250
2013	1,665,000	265,250	1,930,250
2014	1,770,000	183,800	1,953,800
2015	1,880,000	101,675	1,981,675
2016-19	<u>1,250,000</u>	<u>122,313</u>	<u>1,372,313</u>
Totals	<u>9,615,000</u>	<u>1,441,788</u>	<u>11,056,788</u>

E. CFD 2005-1

Year Ending June 30	Principal	Interest	Totals
2011	\$ 90,000	\$ 960,914	\$ 1,050,914
2012	115,000	956,523	1,071,523
2013	140,000	950,871	1,090,871
2014	165,000	943,926	1,108,926
2015	195,000	935,549	1,130,549
2016-20	1,515,000	4,488,373	6,003,373
2021-25	2,620,000	3,973,537	6,593,537
2026-30	4,160,000	3,094,986	7,254,986
2031-35	6,235,000	1,731,642	7,966,642
2036-37	<u>3,225,000</u>	<u>173,973</u>	<u>3,398,973</u>
Totals	<u>18,460,000</u>	<u>18,210,294</u>	<u>36,670,294</u>
Grand Total	<u>\$ 58,710,000</u>	<u>\$ 47,076,715</u>	<u>\$ 105,786,715</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

13. OTHER POSTEMPLOYMENT BENEFITS

The District implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension for the fiscal year ended June 30, 2010. This implementation allows the District to report its liability for other postemployment benefits consistent with newly established generally accepted accounting principles and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

*Plan Description.* The District provides health benefits to approximately 1,500 eligible active employees and 250 retirees through CalPERS Health Program. In general, the District provides a contribution towards health benefits to eligible retirees and their eligible dependents to age 65 up to a monthly maximum. The District's maximum contribution varies by employee groups and upon the retiree's attainment of age 65 reduces to the CalPERS minimum required employer contribution. Eligibility for retiree health benefits requires an employee to retire from the District on or after age 55 with at least 10 years of service.

*Funding Policy.* The District has \$0 invested plan assets accumulated for payment of future benefits. The District is evaluating pre-funding through the California Employers' Retiree Benefit Trust (CERBT), a GASB eligible trust. The CERBT has an investment policy with an expected long-term rate of return equal to 7.75% for employers pre-funding the annual required contribution each year.

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the District's net OPEB obligation.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

	Government Activities
Annual required contribution (ARC)	\$ 6,627,176
Interest on net OPEB	-
Adjustment to ARC	-
	-
Annual OPEB cost (expense)	6,627,176
Contribution made	(1,255,940)
Increase in OPEB obligation	5,371,236
OPEB obligation at beginning of year	40,676,250
OPEB obligation at end of year	\$ 46,047,486

The District's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the OPEB obligation for 2010 was:

Year Ended	OPEB Cost	OPEB Cost Contributed	OPEB Obligation
6/30/2008	\$ 7,226,602	-	\$ 35,613,139
6/30/2009	6,279,840	19.38%	40,676,250
6/30/2010	6,627,176	18.95%	40,931,646

*Funded Status and Funding Progress.* As of July 1, 2010 the most recent actuarial valuation date, the District's unfunded actuarial accrued liability (UAAL) was \$63,081,295. The annual payroll for active employees covered by the plan in the actuarial valuation for the 2009-2010 fiscal year was \$104,030,517 for a ratio of the UAAL to covered payroll of 60.64%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

*Actuarial Methods and Assumptions.* The liabilities set forth in the actuarial study are based on the actuarial assumptions described below:

Fiscal Year:	July 1 <sup>st</sup> to June 30 <sup>th</sup>
Measurement Date:	July 1, 2010
Discount Rate:	Results using discount rates associated with alternative funding arrangements are presented in the valuation report as follows:  5.0% per annum. This discount rate assumes the District continues to pre-fund for its retiree health benefits outside of a GASB eligible trust under its current investment policy.  7.75% annum. This discount rate assumes the District pre-funds at least the annual required contribution within a GASB eligible trust with an investment policy which targets 7.75% as its long term rate of return.
Salary Increases:	3.25% per annum, in aggregate
Pre-retirement Turnover:	Termination rates for Classified, Management and other employees in PERS are based on the most recent rates used by CalPERS for the pension valuation.

14. BOND ANTICIPATION NOTE

In October, 2009 the District issued 2009 General Obligation Bond Anticipation Notes in the aggregate principal amount of \$41,525,000. The Notes were issued in anticipation of the sale of general obligation bonds of the District authorized under and pursuant to a bond authorization approved by the voters on November 4, 2008. The proceeds from the sale of the Notes will be used to finance specific construction, repair and improvement projects approved by the voters. The Notes are payable as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ -	\$ 1,845,750	\$ 1,845,750
2012	41,525,000	922,875	42,447,875
Totals	<u>\$ 41,525,000</u>	<u>\$ 2,768,625</u>	<u>\$ 44,293,625</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

15. OTHER LONG-TERM DEBT – RETIREMENT INCENTIVE

The District offered a supplementary retirement incentive during 2008-09. Public Agency Retirement Services (PARS) is providing the Supplementary Retirement Plan under Section 403(b) of the Internal Revenue Code. The benefits provided under the plan shall be funded as follows:

<u>Year Ending June 30</u>	<u>Payment</u>
2011	\$ 742,043
2012	742,043
2013	742,042
2014	<u>742,042</u>
Total	<u>\$ 2,968,170</u>

16. OTHER LONG-TERM DEBT – OPSC PORTABLE PURCHASE

In June 2008, the District approved the purchase of 133 Third Cycle Relocatable Classrooms from the Office of Public School Construction. The total purchase price was \$901,000. The first two installments are recorded as current liabilities and the remaining balance is payable as follows:

<u>Year Ending June 30</u>	<u>Payment</u>
2011	\$ 180,200
2012	180,200
2013	<u>180,200</u>
Total	<u>\$ 540,600</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

17. JOINT POWERS AGREEMENTS

The District has entered into joint powers agreements (JPAs) with other governmental units, as allowed by the California Government Code. These JPAs have budgeting and financial reporting requirements independent of member units, whose financial statements are not presented in these financial statements; however, fund transactions between the entities and William S. Hart Union High School District are included in these statements. Summarized below is certain information on these entities:

Self Insurance Risk Management Authority (SIRMA) Employee Benefits/Workers' Compensation

Purpose: To provide services for the operations and maintenance of a self insured system.

Participants: Other school districts in California.

Governing Board: Representatives from the member districts.

Southern California Regional Liability Excess Fund (ReLiEF)

Purpose: To provide a program of property and liability coverage for its public educational agencies.

Participants: Other LEAs in Southern California.

Governing Board: Representatives from the member districts.

Condensed audited financial information is as follows:

	Audited June 30, 2009 <u>SIRMA - Ben</u>	Audited June 30, 2009 <u>ReLiEF</u>	Audited June 30, 2009 <u>SIRMA - W/C</u>
Total Assets	\$ 2,396,231	\$ 45,587,451	\$ 1,357,031
Total Liabilities	(1,411,166)	(30,244,234)	(1,226,219)
Fund Balance	<u>\$ 985,065</u>	<u>\$ 15,343,217</u>	<u>\$ 130,812</u>
Total Revenues and Other Sources	\$ 7,131,723	\$ 14,980,584	\$ 10,554,688
Total Expenditures	<u>(6,679,695)</u>	<u>(13,194,459)</u>	<u>(10,468,011)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 452,028</u>	<u>\$ 1,786,125</u>	<u>\$ 86,677</u>

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

18. TAX AND REVENUE ANTICIPATION NOTES (TRAN)

On April 13, 2010, the District issued Tax and Revenue Anticipation Notes (TRANs) in the amount of \$9,230,000 with an interest rate of 2.50%, maturing on December 31, 2010. The TRANs are a general obligation of the District, and are payable from revenues and cash receipts to be generated by the District. There are no contractual obligations related to the issuance other than the TRANs agreement. The funds were used to supplement cash flow.

<u>TRANS</u>	<u>Outstanding June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2010</u>
2010 2.00%	\$ -	\$ 9,230,000	\$ -	\$ 9,230,000

19. CHARTER SCHOOLS

The District has granted and approved five charter schools pursuant to Education Code Section 47605. The Opportunities for Learning Charter School was granted and approved on January 4, 1999, for a term of three years commencing in the fall of 1999. It was renewed in 2002 for a five year term and again in August 2007 for another five year term ending on August 2012. The Transitional Learning Center Charter School was granted and approved in May 23, 2001 for a five year term commencing July 1, 2001. It renewed for another five year term from July 2006 - June 2011. The Sequoia Charter School was granted and approved on April 19, 2006 for a five year term beginning with the 2006-07 school year. The Mission View Charter was approved on March 7, 2007 for a five year term commencing July 1, 2007. The Santa Clarita Valley International School was granted and approved on February 23, 2008, for a term of three years commencing in the fall of 2008.

The charter schools are required in their individual charter agreements to have an annual financial audit performed. As of December 2, 2010, the District has not received a copy of the audit report for the Opportunities for Learning Charter School or Mission View Charter School. Additionally, the charter schools are to provide the District with an annual performance report. However, the District has not received a copy of this required report.

20. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received Federal and State funds for specific purposes that are subject to review and audit by the grantor agencies. If the review or audit discloses exceptions, the District may incur a liability to grantor agencies.

B. Litigation

Various claims and litigation involving the District are currently outstanding. However, management of the District believes, based on consultation with legal counsel, that the ultimate resolution of these matters will not have a material adverse effect on the District's financial position or results of operations.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2010

C. Construction Commitments

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

<u>Capital Projects</u>	<u>Remaining Construction Commitments</u>	<u>Expected Date of Completion</u>
Hart HS	\$ 635,577	12/31/10
Hart HS Sewer	58,612	11/30/10
Hart HS Roofing	22,150	9/30/10
Hart HS General	2,221,877	3/31/11
Sierra Vista JHS General	2,101,530	3/31/11
AOC- University Center	246,419	12/31/10
Modular Classroom	<u>516,345</u>	12/31/10
 Total	 <u>\$ 5,802,510</u>	

21. EMPLOYEE RETIREMENT SYSTEMS

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

PERS

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California, 95814.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

Funding Policy

Active plan members are required to contribute to CalPERS 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2009-10 was 9.709%. The contribution requirements of the plan members are established by the state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2010, 2009, and 2008 were \$2,577,236, \$2,661,333, and \$2,543,754, respectively, and equal 100% of the required contributions for each year.

STRS

Plan Description

The District contributes to the State Teachers' Retirement Systems (STRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by STRS. The plan provides retirement, disability, and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. STRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from the STRS, 7667 Folsom Boulevard, Sacramento, California 95826.


Funding Policy

Active plan members are required to contribute 8.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2009-10 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2010, 2009 and 2008 were \$6,691,816, \$7,286,109, and \$7,178,044, respectively, and equal 100% of the required contributions for each year.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2010

22. SUBSEQUENT EVENT

The District issued \$14,910,000 of Tax and Revenue Anticipation Notes dated July 1, 2010. The notes mature on March 1, 2011 and bear an interest rate of 2.0%. The notes were sold to supplement cash flow.



Required Supplementary  
Information

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

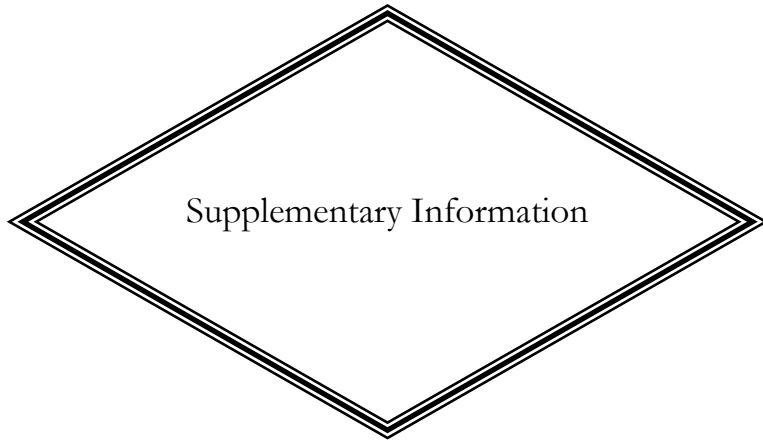
	<u>Budgeted Amounts</u>		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Revenue Limit Sources				
State Apportionments	\$ 98,040,183	\$ 98,040,183	\$ 100,669,041	\$ 2,628,858
Local Sources	30,138,285	30,138,285	30,309,992	171,707
Revenue Limit Transfers	<u>(1,692,280)</u>	<u>(1,692,280)</u>	<u>(2,802,221)</u>	<u>(1,109,941)</u>
Total Revenue Limit Sources	126,486,188	126,486,188	128,176,812	1,690,624
Federal Revenues	6,912,617	9,611,448	12,297,890	2,686,442
Other State Revenues	23,830,490	26,084,398	29,772,551	3,688,153
Other Local Revenues	<u>2,061,213</u>	<u>2,061,213</u>	<u>4,165,669</u>	<u>2,104,456</u>
Total Revenues	<u>159,290,508</u>	<u>164,243,247</u>	<u>174,412,922</u>	<u>10,169,675</u>
<u>EXPENDITURES</u>				
Certificated Salaries	83,934,911	83,958,796	82,324,380	1,634,416
Classified Salaries	29,044,871	29,029,871	28,358,267	671,604
Employee Benefits	38,291,045	37,530,001	35,670,798	1,859,203
Books and Supplies	5,697,995	6,384,261	4,152,264	2,231,997
Services and Other Operating Expenditures	18,212,298	17,068,433	16,335,403	733,030
Other Outgo	279,974	279,974	265,306	14,668
Capital Outlay	34,000	1,158,268	1,158,267	1
Debt Service:				
Principal	<u>186,598</u>	<u>186,598</u>	<u>186,596</u>	<u>2</u>
Total Expenditures	<u>175,681,692</u>	<u>175,596,202</u>	<u>168,451,281</u>	<u>7,144,921</u>
<u>EXCESS (DEFICIENCY) OF</u>				
REVENUES OVER EXPENDITURES	<u>(16,391,184)</u>	<u>(11,352,955)</u>	<u>5,961,641</u>	<u>17,314,596</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	2,966,000	2,966,000	2,966,000	-
Other Sources	-	-	10,333	10,333
Operating Transfers Out	<u>(1,426,472)</u>	<u>(1,426,472)</u>	<u>(1,522,080)</u>	<u>(95,608)</u>
Total Other Financing Sources (Uses)	<u>1,539,528</u>	<u>1,539,528</u>	<u>1,454,253</u>	<u>(85,275)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES</u>				
<u>OVER EXPENDITURES AND OTHER</u>				
<u>FINANCING SOURCES (USES)</u>	<u>\$ (14,851,656)</u>	<u>\$ (9,813,427)</u>	7,415,894	<u>\$ 17,229,321</u>
<u>FUND BALANCE - JULY 1, 2009</u>			<u>22,958,933</u>	
<u>FUND BALANCE - JUNE 30, 2010</u>			<u>\$ 30,374,827</u>	

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	\$ -	\$ 53,902,909	\$ 53,902,909	0%	\$ 104,966,000	51.35%
July 1, 2010	-	63,081,295	63,081,295	0%	104,030,517	60.64%

The Notes to Financial Statements are an integral part of this statement.



Supplementary Information

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2010

	<u>ADULT FUND</u>	<u>CAFETERIA ACCOUNT</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>CHARTER SCHOOL FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>					
Cash					
Cash in County Treasury	\$ 203,989	\$ -	\$ 89,480	\$ 2,828	\$ 296,297
Cash on Hand and in Banks	-	632,418	-	-	632,418
Cash in Revolving Fund	-	6,600	-	-	6,600
Cash with Fiscal Agent	-	23,851	-	-	23,851
Accounts Receivable	909	33,751	278	138	35,076
Due from Grantor Governments	70,687	-	-	160,514	231,201
Due from Other Funds	-	268,588	-	-	268,588
Inventory	-	61,330	-	-	61,330
TOTAL ASSETS	<u>\$ 275,585</u>	<u>\$ 1,026,538</u>	<u>\$ 89,758</u>	<u>\$ 163,480</u>	<u>\$ 1,555,361</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 35,374	\$ 280,556	\$ 1,370	\$ 34,529	\$ 351,829
Due to Other Funds	-	-	-	120,000	120,000
Total Liabilities	<u>35,374</u>	<u>280,556</u>	<u>1,370</u>	<u>154,529</u>	<u>471,829</u>
Fund Balances					
Reserved Fund Balances	-	67,930	-	-	67,930
Designated Fund Balances	240,211	678,052	88,388	8,951	1,015,602
Total Fund Balances	<u>240,211</u>	<u>745,982</u>	<u>88,388</u>	<u>8,951</u>	<u>1,083,532</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 275,585</u>	<u>\$ 1,026,538</u>	<u>\$ 89,758</u>	<u>\$ 163,480</u>	<u>\$ 1,555,361</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ADULT FUND	CAFETERIA ACCOUNT	DEFERRED MAINTENANCE FUND	CHARTER SCHOOL FUND	TOTALS
<u>REVENUES</u>					
Revenue Limit Sources					
State Apportionments	\$ -	\$ -	\$ -	\$ 567,000	\$ 567,000
Federal Revenues	88,505	1,037,458	-	-	1,125,963
Other State Revenues	27,783	92,329	-	76,896	197,008
Other Local Revenues	70,647	2,690,914	28,190	140,962	2,930,713
	<u>186,935</u>	<u>3,820,701</u>	<u>28,190</u>	<u>784,858</u>	<u>4,820,684</u>
<u>EXPENDITURES</u>					
Instruction	330,048	-	-	1,611,415	1,941,463
Instruction-related Services					
Supervision of Instruction	-	-	-	203,668	203,668
School Site Administration	255,507	-	-	9,007	264,514
Pupil Services					
Food Services	-	3,506,241	-	-	3,506,241
All Other Pupil Services	62,639	-	-	20,748	83,387
General Administration					
All Other General Administration	-	165,000	-	-	165,000
Plant Services	396	158,577	293,819	33,419	486,211
Facilities Acquisition and Construction	-	-	6,290	-	6,290
Ancillary Services	-	-	-	5,477	5,477
	<u>648,590</u>	<u>3,829,818</u>	<u>300,109</u>	<u>1,883,734</u>	<u>6,662,251</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(461,655)</u>	<u>(9,117)</u>	<u>(271,919)</u>	<u>(1,098,876)</u>	<u>(1,841,567)</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>ADULT FUND</u>	<u>CAFETERIA ACCOUNT</u>	<u>DEFERRED MAINTENANCE FUND</u>	<u>CHARTER SCHOOL FUND</u>	<u>TOTALS</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	\$ -	\$ 433,588	\$ -	\$ 1,088,492	\$ 1,522,080
Other Sources	-	-	-	(10,333)	(10,333)
Operating Transfers Out	-	-	(2,966,000)	-	(2,966,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>433,588</u>	<u>(2,966,000)</u>	<u>1,078,159</u>	<u>(1,454,253)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)					
	(461,655)	424,471	(3,237,919)	(20,717)	(3,295,820)
<u>FUND BALANCES - JULY 1, 2009</u>	<u>701,866</u>	<u>321,511</u>	<u>3,326,307</u>	<u>29,668</u>	<u>4,379,352</u>
<u>FUND BALANCES - JUNE 30, 2010</u>	<u>\$ 240,211</u>	<u>\$ 745,982</u>	<u>\$ 88,388</u>	<u>\$ 8,951</u>	<u>\$ 1,083,532</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2010

	BOND INTEREST AND REDEMPTION FUND	BLENDED COMPONENT UNIT	TOTALS
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>			
Cash			
Cash in County Treasury	\$ 8,919,849	\$ 4,778,137	\$ 13,697,986
Cash with Fiscal Agent	-	7,914,912	7,914,912
Accounts Receivable	-	14,305	14,305
	<u>                    </u>	<u>                    </u>	<u>                    </u>
TOTAL ASSETS	<u>\$ 8,919,849</u>	<u>\$ 12,707,354</u>	<u>\$ 21,627,203</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Fund Balances			
Undesignated	<u>8,919,849</u>	<u>12,707,354</u>	<u>21,627,203</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 8,919,849</u>	<u>\$ 12,707,354</u>	<u>\$ 21,627,203</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	BOND INTEREST AND REDEMPTION FUND	BLENDED COMPONENT UNIT	TOTAL
<u>REVENUES</u>			
Other State Revenues	\$ 97,694	\$ -	\$ 97,694
Other Local Revenues	10,215,485	5,858,878	16,074,363
Total Revenues	<u>10,313,179</u>	<u>5,858,878</u>	<u>16,172,057</u>
<u>EXPENDITURES</u>			
Debt Service			
Principal	5,300,000	1,780,000	7,080,000
Interest	4,410,507	3,282,275	7,692,782
Total Expenditures	<u>9,710,507</u>	<u>5,062,275</u>	<u>14,772,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	602,672	796,603	1,399,275
<u>FUND BALANCES - JULY 1, 2009</u>	<u>8,317,177</u>	<u>11,910,751</u>	<u>20,227,928</u>
<u>FUND BALANCES - JUNE 30, 2010</u>	<u>\$ 8,919,849</u>	<u>\$ 12,707,354</u>	<u>\$ 21,627,203</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2010

	<u>CAPITAL FACILITIES FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>BLENDED COMPONENT UNIT</u>	<u>TOTALS</u>
<u>ASSETS</u>				
Cash				
Cash in County Treasury	\$ 7,773,520	\$ 755,648	\$ 371,699	\$ 8,900,867
Cash on Hand and in Banks	128,526	-	-	128,526
Cash with Fiscal Agent	220,000	-	7,955,421	8,175,421
Accounts Receivable	190,103	2,551	1,244	193,898
Due from Other Funds	-	4,820,292	-	4,820,292
TOTAL ASSETS	<u>\$ 8,312,149</u>	<u>\$ 5,578,491</u>	<u>\$ 8,328,364</u>	<u>\$ 22,219,004</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities				
Accounts Payable	\$ 471,760	\$ -	\$ 49,908	\$ 521,668
Fund Balances				
Undesignated	<u>7,840,389</u>	<u>5,578,491</u>	<u>8,278,456</u>	<u>21,697,336</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,312,149</u>	<u>\$ 5,578,491</u>	<u>\$ 8,328,364</u>	<u>\$ 22,219,004</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	BLENDED COMPONENT UNIT	TOTALS
<u>REVENUES</u>				
Other Local Revenues	\$ 1,692,356	\$ 10,667	\$ 67,498	\$ 1,770,521
<u>EXPENDITURES</u>				
General Administration				
All Other General Administration	1,222,785	-	-	1,222,785
Plant Services	152,937	-	-	152,937
Facilities Acquisition and Construction	579,926	-	49,908	629,834
Other Outgo	-	-	48,231	48,231
Debt Service				
Interest	376,905	-	-	376,905
Total Expenditures	2,332,553	-	98,139	2,430,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(640,197)	10,667	(30,641)	(660,171)

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	BLENDED COMPONENT UNIT	TOTALS
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	\$ 48,471	\$ 4,820,292	\$ -	\$ 4,868,763
Other Sources	1,156,915	-	-	1,156,915
Other Uses	-	-	(1,540,837)	(1,540,837)
Total Other Financing Sources (Uses)	<u>1,205,386</u>	<u>4,820,292</u>	<u>(1,540,837)</u>	<u>4,484,841</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>565,189</u>	<u>4,830,959</u>	<u>(1,571,478)</u>	<u>3,824,670</u>
<u>FUND BALANCES - JULY 1, 2009</u>	<u>7,275,200</u>	<u>747,532</u>	<u>9,849,934</u>	<u>17,872,666</u>
<u>FUND BALANCES - JUNE 30, 2010</u>	<u>\$ 7,840,389</u>	<u>\$ 5,578,491</u>	<u>\$ 8,278,456</u>	<u>\$ 21,697,336</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
STUDENT BODY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>HIGH SCHOOLS</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 2,683,307	\$ 8,395,888	\$ 8,358,386	\$ 2,720,809
Accounts Receivable	13,572	-	13,572	-
Inventory	-	17,092	-	17,092
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 2,696,879</u>	<u>\$ 8,412,980</u>	<u>\$ 8,371,958</u>	<u>\$ 2,737,901</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 34,525	\$ 89,461	\$ 34,525	\$ 89,461
Due to Student Groups				
Club Accounts	1,703,526	5,799,747	5,676,012	1,827,261
General ASB Accounts	958,828	2,523,772	2,661,421	821,179
Total Due to Student Groups	<hr/>	<hr/>	<hr/>	<hr/>
	2,662,354	8,323,519	8,337,433	2,648,440
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 2,696,879</u>	<u>\$ 8,412,980</u>	<u>\$ 8,371,958</u>	<u>\$ 2,737,901</u>
<u>JUNIOR HIGH SCHOOLS</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 887,783	\$ 2,378,305	\$ 2,516,803	\$ 749,285
Accounts Receivable	4,386	-	4,386	-
Inventory	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 892,169</u>	<u>\$ 2,378,305</u>	<u>\$ 2,521,189</u>	<u>\$ 749,285</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 86,530	\$ 45,577	\$ 86,530	\$ 45,577
Due to Student Groups				
Club Accounts	419,461	821,011	867,181	373,291
General ASB Accounts	386,178	1,511,717	1,567,478	330,417
Total Due to Student Groups	<hr/>	<hr/>	<hr/>	<hr/>
	805,639	2,332,728	2,434,659	703,708
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 892,169</u>	<u>\$ 2,378,305</u>	<u>\$ 2,521,189</u>	<u>\$ 749,285</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
STUDENT BODY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>TOTALS</u>				
<u>ASSETS</u>				
Cash on Hand and in Banks	\$ 3,571,090	\$ 10,774,193	\$ 10,875,189	\$ 3,470,094
Accounts Receivable	17,958	-	17,958	-
Inventory	-	17,092	-	17,092
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
TOTAL ASSETS	<u>\$ 3,589,048</u>	<u>\$ 10,791,285</u>	<u>\$ 10,893,147</u>	<u>\$ 3,487,186</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 121,055	\$ 135,038	\$ 121,055	\$ 135,038
Due to Student Groups				
Club Accounts	2,122,987	6,620,758	6,543,193	2,200,552
General ASB Accounts	1,345,006	4,035,489	4,228,899	1,151,596
Total Due to Student Groups	<u>3,467,993</u>	<u>10,656,247</u>	<u>10,772,092</u>	<u>3,352,148</u>
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
TOTAL LIABILITIES	<u>\$ 3,589,048</u>	<u>\$ 10,791,285</u>	<u>\$ 10,893,147</u>	<u>\$ 3,487,186</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
HIGH SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Canyon High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 567,981	\$ 1,416,362	\$ 1,449,624	\$ 534,719
Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 567,981</u>	<u>\$ 1,416,362</u>	<u>\$ 1,449,624</u>	<u>\$ 534,719</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
Club Accounts	327,247	1,066,768	1,079,561	314,454
General ASB Accounts	240,734	349,594	370,063	220,265
Total Due to Student Groups	<u>567,981</u>	<u>1,416,362</u>	<u>1,449,624</u>	<u>534,719</u>
Total Liabilities	<u>\$ 567,981</u>	<u>\$ 1,416,362</u>	<u>\$ 1,449,624</u>	<u>\$ 534,719</u>
<u>Hart High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 394,236	\$ 772,420	\$ 847,528	\$ 319,128
Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 394,236</u>	<u>\$ 772,420</u>	<u>\$ 847,528</u>	<u>\$ 319,128</u>
<u>Liabilities</u>				
Accounts Payable	\$ 14,855	\$ 7,826	\$ 14,855	\$ 7,826
Due to Student Groups				
Club Accounts	229,045	508,240	560,436	176,849
General ASB Accounts	150,336	256,354	272,237	134,453
Total Due to Student Groups	<u>379,381</u>	<u>764,594</u>	<u>832,673</u>	<u>311,302</u>
Total Liabilities	<u>\$ 394,236</u>	<u>\$ 772,420</u>	<u>\$ 847,528</u>	<u>\$ 319,128</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
HIGH SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Golden Valley High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 159,242	\$ 942,738	\$ 875,134	\$ 226,846
Accounts Receivable	7,807	-	7,807	-
Inventory	-	-	-	-
Total Assets	<u>\$ 167,049</u>	<u>\$ 942,738</u>	<u>\$ 882,941</u>	<u>\$ 226,846</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
Club Accounts	159,934	641,158	624,520	176,572
General ASB Accounts	7,115	301,580	258,421	50,274
Total Due to Student Groups	<u>167,049</u>	<u>942,738</u>	<u>882,941</u>	<u>226,846</u>
Total Liabilities	<u>\$ 167,049</u>	<u>\$ 942,738</u>	<u>\$ 882,941</u>	<u>\$ 226,846</u>
<u>Saugus High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 739,636	\$ 1,172,633	\$ 1,262,082	\$ 650,187
Accounts Receivable	5,765	-	5,765	-
Inventory	-	13,380	-	13,380
Total Assets	<u>\$ 745,401</u>	<u>\$ 1,186,013</u>	<u>\$ 1,267,847</u>	<u>\$ 663,567</u>
<u>Liabilities</u>				
Accounts Payable	\$ 19,670	\$ -	\$ 19,670	\$ -
Due to Student Groups				
Club Accounts	376,139	708,839	667,067	417,911
General ASB Accounts	349,592	477,174	581,110	245,656
Total Due to Student Groups	<u>725,731</u>	<u>1,186,013</u>	<u>1,248,177</u>	<u>663,567</u>
Total Liabilities	<u>\$ 745,401</u>	<u>\$ 1,186,013</u>	<u>\$ 1,267,847</u>	<u>\$ 663,567</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
HIGH SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Valencia High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 334,502	\$ 1,984,734	\$ 1,933,128	\$ 386,108
Accounts Receivable	-	-	-	-
Inventory	-	3,712	-	3,712
Total Assets	<u>\$ 334,502</u>	<u>\$ 1,988,446</u>	<u>\$ 1,933,128</u>	<u>\$ 389,820</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
Club Accounts	304,640	1,265,730	1,242,973	327,397
General ASB Accounts	29,862	722,716	690,155	62,423
Total Due to Student Groups	<u>334,502</u>	<u>1,988,446</u>	<u>1,933,128</u>	<u>389,820</u>
Total Liabilities	<u>\$ 334,502</u>	<u>\$ 1,988,446</u>	<u>\$ 1,933,128</u>	<u>\$ 389,820</u>
<u>West Ranch High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 443,424	\$ 2,044,829	\$ 1,922,710	\$ 565,543
Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 443,424</u>	<u>\$ 2,044,829</u>	<u>\$ 1,922,710</u>	<u>\$ 565,543</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ 81,635	\$ -	\$ 81,635
Due to Student Groups				
Club Accounts	297,697	1,586,682	1,479,030	405,349
General ASB Accounts	145,727	376,512	443,680	78,559
Total Due to Student Groups	<u>443,424</u>	<u>1,963,194</u>	<u>1,922,710</u>	<u>483,908</u>
Total Liabilities	<u>\$ 443,424</u>	<u>\$ 2,044,829</u>	<u>\$ 1,922,710</u>	<u>\$ 565,543</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
HIGH SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Academy of the Canyons</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 24,823	\$ 47,418	\$ 47,053	\$ 25,188
Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 24,823</u>	<u>\$ 47,418</u>	<u>\$ 47,053</u>	<u>\$ 25,188</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
Club Accounts	8,824	22,330	22,425	8,729
General ASB Accounts	15,999	25,088	24,628	16,459
Total Due to Student Groups	<u>24,823</u>	<u>47,418</u>	<u>47,053</u>	<u>25,188</u>
Total Liabilities	<u>\$ 24,823</u>	<u>\$ 47,418</u>	<u>\$ 47,053</u>	<u>\$ 25,188</u>
<u>Bowman High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 13,314	\$ 13,542	\$ 19,500	\$ 7,356
Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 13,314</u>	<u>\$ 13,542</u>	<u>\$ 19,500</u>	<u>\$ 7,356</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
Club Accounts		-	-	-
General ASB Accounts	13,314	13,542	19,500	7,356
Total Due to Student Groups	<u>13,314</u>	<u>13,542</u>	<u>19,500</u>	<u>7,356</u>
Total Liabilities	<u>\$ 13,314</u>	<u>\$ 13,542</u>	<u>\$ 19,500</u>	<u>\$ 7,356</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
HIGH SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	BALANCE, JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE, JUNE 30, 2010
<u>The Learning Post</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 6,149	\$ 1,212	\$ 1,627	\$ 5,734
Accounts Receivable	-	-	-	-
Inventory	-	-	-	-
Total Assets	<u>\$ 6,149</u>	<u>\$ 1,212</u>	<u>\$ 1,627</u>	<u>\$ 5,734</u>
<u>Liabilities</u>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to Student Groups				
Club Accounts	-	-	-	-
General ASB Accounts	6,149	1,212	1,627	5,734
Total Due to Student Groups	6,149	1,212	1,627	5,734
Total Liabilities	<u>\$ 6,149</u>	<u>\$ 1,212</u>	<u>\$ 1,627</u>	<u>\$ 5,734</u>
<u>Totals</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 2,683,307	\$ 8,395,888	\$ 8,358,386	\$ 2,720,809
Accounts Receivable	13,572	-	13,572	-
Inventory	-	17,092	-	17,092
Total Assets	<u>\$ 2,696,879</u>	<u>\$ 8,412,980</u>	<u>\$ 8,371,958</u>	<u>\$ 2,737,901</u>
<u>Liabilities</u>				
Accounts Payable	\$ 34,525	\$ 89,461	\$ 34,525	\$ 89,461
Due to Student Groups				
Club Accounts	1,703,526	5,799,747	5,676,012	1,827,261
General ASB Accounts	958,828	2,523,772	2,661,421	821,179
Total Due to Student Groups	2,662,354	8,323,519	8,337,433	2,648,440
Total Liabilities	<u>\$ 2,696,879</u>	<u>\$ 8,412,980</u>	<u>\$ 8,371,958</u>	<u>\$ 2,737,901</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
JUNIOR HIGH SCHOOLS  
 JUNE 30, 2010

	BALANCE, JULY 1, 2009	ADDITIONS	DEDUCTIONS	BALANCE, JUNE 30, 2010
<u>Arroyo Seco Junior High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 131,779	\$ 449,400	\$ 468,052	\$ 113,127
Accounts Receivable	-	-	-	-
Total Assets	\$ 131,779	\$ 449,400	\$ 468,052	\$ 113,127
 <u>Liabilities</u>				
Accounts Payable	\$ 557	\$ 9,424	\$ 557	\$ 9,424
Due to Student Groups				
Club Accounts	34,919	84,991	80,327	39,583
General ASB Accounts	96,303	354,985	387,168	64,120
Total Due to Student Groups	131,222	439,976	467,495	103,703
Total Liabilities	\$ 131,779	\$ 449,400	\$ 468,052	\$ 113,127
 <u>La Mesa Junior High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 156,837	\$ 293,545	\$ 312,278	\$ 138,104
Accounts Receivable	-	-	-	-
Total Assets	\$ 156,837	\$ 293,545	\$ 312,278	\$ 138,104
 <u>Liabilities</u>				
Accounts Payable	\$ 11,903	\$ 7,305	\$ 11,903	\$ 7,305
Due to Student Groups				
Club Accounts	80,597	92,733	102,381	70,949
General ASB Accounts	64,337	193,507	197,994	59,850
Total Due to Student Groups	144,934	286,240	300,375	130,799
Total Liabilities	\$ 156,837	\$ 293,545	\$ 312,278	\$ 138,104

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
JUNIOR HIGH SCHOOLS  
 JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Placerita Junior High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 222,396	\$ 433,439	\$ 436,297	\$ 219,538
Accounts Receivable	2,397	-	2,397	-
Total Assets	<u>\$ 224,793</u>	<u>\$ 433,439</u>	<u>\$ 438,694</u>	<u>\$ 219,538</u>
<u>Liabilities</u>				
Accounts Payable	\$ 9,725	\$ 460	\$ 9,725	\$ 460
Due to Student Groups				
Club Accounts	92,416	156,076	169,385	79,107
General ASB Accounts	122,652	276,903	259,584	139,971
Total Due to Student Groups	<u>215,068</u>	<u>432,979</u>	<u>428,969</u>	<u>219,078</u>
Total Liabilities	<u>\$ 224,793</u>	<u>\$ 433,439</u>	<u>\$ 438,694</u>	<u>\$ 219,538</u>
<u>Sierra Vista Junior High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 179,966	\$ 352,637	\$ 370,532	\$ 162,071
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 179,966</u>	<u>\$ 352,637</u>	<u>\$ 370,532</u>	<u>\$ 162,071</u>
<u>Liabilities</u>				
Accounts Payable	\$ 22,542	\$ 13,025	\$ 22,542	\$ 13,025
Due to Student Groups				
Club Accounts	71,672	105,039	109,005	67,706
General ASB Accounts	85,752	234,573	238,985	81,340
Total Due to Student Groups	<u>157,424</u>	<u>339,612</u>	<u>347,990</u>	<u>149,046</u>
Total Liabilities	<u>\$ 179,966</u>	<u>\$ 352,637</u>	<u>\$ 370,532</u>	<u>\$ 162,071</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
JUNIOR HIGH SCHOOLS  
 JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Rio Norte Junior High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 89,019	\$ 519,764	\$ 558,515	\$ 50,268
Accounts Receivable	-	-	-	-
Total Assets	<u>\$ 89,019</u>	<u>\$ 519,764</u>	<u>\$ 558,515</u>	<u>\$ 50,268</u>
<u>Liabilities</u>				
Accounts Payable	<u>\$ 38,665</u>	<u>\$ 15,363</u>	<u>\$ 38,665</u>	<u>\$ 15,363</u>
Due to Student Groups				
Club Accounts	84,161	242,466	254,595	72,032
General ASB Accounts	(33,807)	261,935	265,255	(37,127)
Total Due to Student Groups	<u>50,354</u>	<u>504,401</u>	<u>519,850</u>	<u>34,905</u>
Total Liabilities	<u>\$ 89,019</u>	<u>\$ 519,764</u>	<u>\$ 558,515</u>	<u>\$ 50,268</u>
<u>Rancho Pico Junior High School</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 107,786	\$ 329,520	\$ 371,129	\$ 66,177
Accounts Receivable	1,989	-	1,989	-
Total Assets	<u>\$ 109,775</u>	<u>\$ 329,520</u>	<u>\$ 373,118</u>	<u>\$ 66,177</u>
<u>Liabilities</u>				
Accounts Payable	<u>\$ 3,138</u>	<u>\$ -</u>	<u>\$ 3,138</u>	<u>\$ -</u>
Due to Student Groups				
Club Accounts	55,696	139,706	151,488	43,914
General ASB Accounts	50,941	189,814	218,492	22,263
Total Due to Student Groups	<u>106,637</u>	<u>329,520</u>	<u>369,980</u>	<u>66,177</u>
Total Liabilities	<u>\$ 109,775</u>	<u>\$ 329,520</u>	<u>\$ 373,118</u>	<u>\$ 66,177</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES  
JUNIOR HIGH SCHOOLS  
 JUNE 30, 2010

	<u>BALANCE,</u> <u>JULY 1, 2009</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE,</u> <u>JUNE 30, 2010</u>
<u>Totals</u>				
<u>Assets</u>				
Cash on Hand and in Banks	\$ 887,783	\$ 2,378,305	\$ 2,516,803	\$ 749,285
Accounts Receivable	4,386	-	4,386	-
Total Assets	<u>\$ 892,169</u>	<u>\$ 2,378,305</u>	<u>\$ 2,521,189</u>	<u>\$ 749,285</u>
<u>Liabilities</u>				
Accounts Payable	\$ 86,530	\$ 45,577	\$ 86,530	\$ 45,577
Due to Student Groups				
Club Accounts	419,461	821,011	867,181	373,291
General ASB Accounts	386,178	1,511,717	1,567,478	330,417
Total Due to Student Groups	<u>805,639</u>	<u>2,332,728</u>	<u>2,434,659</u>	<u>703,708</u>
Total Liabilities	<u>\$ 892,169</u>	<u>\$ 2,378,305</u>	<u>\$ 2,521,189</u>	<u>\$ 749,285</u>

The Notes to Financial Statements are an integral part of this statement.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
GOVERNING BOARD AND ORGANIZATION

JUNE 30, 2010

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Paul B. Strickland	President	November 2013
Gloria E. Mercado-Fortine	Clerk	November 2011
Robert N. Jensen, Jr.	Assistant Clerk	November 2013
Joseph V. Messina	Member	November 2013
Steven M. Sturgeon	Member	November 2011

DISTRICT ADMINISTRATORS

Jaime L. Castellanos	Superintendent
Vicki Engbrecht	Assistant Superintendent Educational Services
Robert Gapper	Assistant Superintendent Human Resources/Student Personnel
Sue Hoerber	Chief Financial Officer

ORGANIZATION

The William S. Hart Union High School District is located in the Santa Clarita Valley in the northeastern part of Los Angeles County. Formed in 1945, the District provides public education within an approximately 370 square mile area, serving the City of Santa Clarita and neighboring communities.

For the fiscal year ended June 30, 2010 the District maintained six junior high schools, six high schools and five alternative schools. In addition, the District operates one continuation high school, two charter schools and one adult school. Also, there were no changes to the District's boundaries during 2009-10.

## SCHEDULE 2

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary		
Seventh through Eighth	6,342	6,331
Special Education	455	455
Home and Hospital	8	10
Extended Year	24	25
Total	<u>6,829</u>	<u>6,821</u>
Secondary		
Regular Classes	13,977	13,881
Special Education	747	743
NPS	53	53
Continuation Education	397	387
Home and Hospital	42	42
Extended Year	35	35
Extended NPS	10	11
Opportunity Schools	7	7
Total	<u>15,268</u>	<u>15,159</u>
Charter Schools		
Classroom Based		
Transitional Learning Center	73	71
Sequoia Charter	43	44
Santa Clarita Valley International School	342	345
Total Classroom Based	<u>458</u>	<u>460</u>
Nonclassroom-based		
Mission View Charter	305	314
Opportunities for Learning Charter	2,368	2,120
Santa Clarita Valley International School	59	60
Total Nonclassroom-based	<u>2,732</u>	<u>2,494</u>
Total Charter Schools	<u>3,190</u>	<u>2,954</u>
Grand Total	<u>25,287</u>	<u>24,934</u>

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>GRADE LEVEL</u>	<u>1982-83 ACTUAL MINUTES</u>	<u>RECALCULATED 1982-83 MINUTES REQUIREMENT*</u>	<u>1986-87 MINUTES REQUIREMENT</u>	<u>RECALCULATED MINUTES REQUIREMENT*</u>	<u>2009-10 ACTUAL MINUTES</u>	<u>NUMBER OF DAYS TRADITIONAL CALENDAR</u>	<u>NUMBER OF DAYS MULTITRACK CALENDAR</u>	<u>STATUS</u>
Grade 7	50,750	49,340	54,000	52,500	56,025	180	N/A	In Compliance
Grade 8	50,750	49,340	54,000	52,500	56,025	180	N/A	In Compliance
Grade 9	49,875	48,490	64,800	63,000	69,119	180	N/A	In Compliance
Grade 10	49,875	48,490	64,800	63,000	69,119	180	N/A	In Compliance
Grade 11	49,875	48,490	64,800	63,000	69,119	180	N/A	In Compliance
Grade 12	49,875	48,490	64,800	63,000	69,119	180	N/A	In Compliance

\* Amounts reduced as permitted by Education Code Section 46201.2(a).

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>General Fund</u>	(ORIGINAL BUDGET)			
	2011	2010	2009	2008
Revenues and Other Financial Sources	\$ 159,669,403	\$ 176,779,311	\$ 183,746,544	\$ 186,522,651
Expenditures	169,715,303	168,451,281	180,079,815	180,393,860
Other Uses and Transfers Out	2,104,945	1,522,080	1,243,845	2,820,447
Total Outgo	171,820,248	169,973,361	181,323,660	183,214,307
Change in Fund Balance	\$ (12,150,845)	\$ 6,805,950	\$ 2,422,884	\$ 3,308,344
Ending Fund Balance	\$ 18,223,984	\$ 30,374,827	\$ 22,958,933	\$ 20,536,049
Available Reserves	\$ 18,223,984	\$ 30,170,922	\$ 22,848,201	\$ 13,499,159
Designated for Economic Uncertainties	\$ 5,154,607	\$ 5,148,751	\$ 5,439,710	\$ 5,480,446
Undesignated Fund Balance	\$ 13,069,377	\$ 25,022,171	\$ 17,408,491	\$ 8,018,713
Available Reserves as a Percentage of Total Outgo	10.61 %	17.75%	12.66%	7.37%
Total Long-Term Debt	\$ **	\$ 366,549,568	\$ 321,947,105	\$ 292,004,243
Average Daily Attendance at P-2	22,098	22,097	22,081	22,063

The General Fund balance has increased by \$9,838,778 over the past two years. The fiscal year 2010-11 budget projects a decrease of \$12,150,843. For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. William S. Hart Union High School District has met the State's minimum requirements.

Average daily attendance has increased by 36 ADA over the past two years. An increase of 1 ADA is anticipated during fiscal year 2010-11.

\* Based on July 1 budget, included for analytical purposes only and has not been subjected to audit.

\*\* Not determined.

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>GENERAL FUND</u>			
Passed through CDE:			
Advanced Placement	N/A	23900	\$ 1,889
* IDEA Special Education			
Local Assistance	84.027A	13379	4,090,134
ARRA Local Assistance	84.391	15003	4,024,637
Local Assistance, Private	84.027	10115	1,304
ARRA Local Assistance, Private	84.391	10123	1,478
VATEA	84.048	14894	177,835
Title IV (Drug Free Schools)	84.186	14347	39,760
Title III, LEP	84.365A	10084	176,096
Flood Control Funds	84.unk	None	135
NCLB Title X, McKinney-Vento Homeless	84.196	14332	68,058
ARRA Title X, McKinney-Vento Homeless	84.387	15007	37,698
NCLB Title V, Innovative Education	84.298A	14354	8,930
NCLB Title II, Improving Teacher Quality	84.367	14341	302,745
NCLB Title III, Immigrant Education	84.365	14346	36,719
* ARRA State Fiscal Stabilization Fund	84.394	25008	<u>3,771,672</u>
Total Department of Education			<u>12,739,090</u>
Passed through the California Department of Rehabilitation:			
Transition Partnership Program	84.158	10006	358,236
ARRA Transition Partnership Program	84.unk	10130	<u>29,862</u>
Total Department of Rehabilitation:			<u>388,098</u>
U.S. Department of Health and Human Services			
Passed through CDE:			
MediCal	93.778	10013	898,726
U.S. Department of Defense:			
Passed through CDE:			
ROTC	12.unk	None	267,283
U.S. Department of Agriculture:			
Passed through Los Angeles County:			
Forest Reserve	10.665	10044	<u>7,722</u>
Total General Fund			<u>14,300,919</u>
* Major Program			

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CATALOG NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM EXPENDITURES
<u>ADULT FUND</u>			
U.S. Department of Education:			
Passed through CDE:			
Adult Basic Education	84.002A	13978	\$ 88,505
<u>CAFETERIA ACCOUNT</u>			
U.S. Department of Agriculture:			
Passed through CDE:			
* National School Lunch	10.555	13396	916,136
Basic Breakfast	10.553	13988	121,322
Total Department of Agriculture			1,037,458
Grand Total Expenditures			\$ 15,426,882
<u>Reconciliation of Federal Awards</u>			
Total Expenditures			\$ 15,426,882
ARRA State Fiscal Stabilization Fund (received in 08/09)	84.394	25008	(2,003,029)
Total Federal Revenues			\$ 13,423,853

\* Major Program

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (THE FORM)  
WITH AUDITED FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>BUILDING FUND</u>	<u>CAPITAL FACILITIES FUND</u>	<u>COUNTY SCHOOL FACILITIES FUND</u>	<u>SPECIAL RESERVE FUND</u>	<u>BLENDED COMPONENT UNIT (CAPITAL PROJECTS)</u>
June 30, 2010 Annual Financial and Budget Report Form Fund Balance	\$ 92,240,564	\$ 14,704,307	\$ 3,071,300	\$ 758,199	\$ 8,192,660
Increase (Decrease) Prepays for:					
Proceeds from Bond Anticipation Note	2,907,056	-	-	-	-
Interest Payments	(1,061,306)	-	-	-	-
Increase (Decrease) Accounts Receivable for:					
Developer Fees	-	(6,863,918)	-	-	-
Increase (Decrease) Due from Other Funds for:					
Prop 1D Revenue	-	-	1,175,373	1,175,373	-
State Revenue	-	-	3,644,919	3,644,919	-
(Increase) Decrease Due to Other Funds for:					
Prop 1D Revenue	-	-	(1,175,373)	-	-
State Revenue	(4,820,292)	-	(3,644,919)	-	-
Decrease Deferred Revenue for:	-	-	-	-	85,796
Correct Write Off	-	-	-	-	-
Net Adjustments and Reclassifications	(2,974,542)	(6,863,918)	-	4,820,292	85,796
June 30, 2010 Audited Financial Statements Fund Balance	<u>\$ 89,266,022</u>	<u>\$ 7,840,389</u>	<u>\$ 3,071,300</u>	<u>\$ 5,578,491</u>	<u>\$ 8,278,456</u>

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF CHARTER SCHOOLS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>CHARTER SCHOOL</u>	<u>INCLUSION IN FINANCIAL STATEMENTS</u>
Transitional Learning Center	Included
Opportunities for Learning	Not Included
Sequoia Charter	Included
Mission View Charter	Not Included
Santa Clarita International School	Not Included

See accompanying Notes to Supplementary Information.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2010

1. PURPOSE OF SCHEDULES

A. Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school entities. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirements, whichever is greater, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

C. 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.

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of William S. Hart Union High School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2010

E. Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds as reported on the SACS Form to the audited financial statements.

F. Schedule of Charter Schools

This schedule provides a list of Charter Schools sponsored by the District and specifies whether the Charter Schools are included in these financial statements.

Jeanette L. Garcia,  
CPA

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

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the William S. Hart Union High School District (the District) as of and for the year ended June 30, 2010 which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered William S. Hart Union High School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether William S. Hart Union High School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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.

We noted certain matters that we reported to management of William S. Hart Union High School District in a separate letter dated December 6, 2010.

This report is intended solely for the information and use of the management, the Governing Board, others within the District, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Jeanette L. Garcia & Associates".

December 6, 2010

Jeanette L. Garcia,  
CPA

AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of William S. Hart Union High School District (the District) with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2010. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on William S. Hart Union High School District's compliance based on our audit.

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

In our opinion, William S. Hart Union High School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Member:

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Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

### Internal Control Over Compliance

The management of William S. Hart Union High School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the management, the Governing Board, others within the District, the California Department of Education, the State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



December 6, 2010



AUDITOR'S REPORT ON STATE COMPLIANCE

Jeanette L. Garcia,  
CPA

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the William S. Hart Union High School District (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2010. Our audit was made in accordance with auditing standards generally accepted in the United States of America; the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Standards and Procedures for Audits of California K-12 Local Educational Agencies issued by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District's management is responsible for the District's compliance with laws and regulations. In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the State laws and regulations applicable to the following:

	Procedures in Controller's Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuation	3	Not Applicable
Independent Study	23	Yes
Continuation Education	10	Yes
Incentives for Longer Instructional Day:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials:		
General	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No (see below)
Gann Limit Calculation	1	Yes

Member:

American  
Institute of  
Certified Public  
Accountants

California  
Society of  
Certified Public  
Accountants

	Procedures in Controller's Audit Guide	Procedures Performed
School Accountability Report Card	3	Yes
Public Hearing Requirement-Receipt of funds	1	Yes
Class Size Reduction (including Charter Schools):		
General	7	Not Applicable
Option One Classes	3	Not Applicable
Option Two Classes	4	Not Applicable
Districts and Charter Schools with Only One School Serving K-3	4	Not Applicable
After School Education and Safety Program		
General Requirements	4	Not Applicable
After School	4	Not Applicable
Before School	5	Not Applicable
Charter Schools:		
Contemporaneous Records of Attendance	1	Yes
Mode of Instruction	1	Yes
Nonclassroom-Based Instruction/Independent Study	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not Applicable
Annual Instructional Minutes – Classroom-Based	3	Yes

We did not test for Early Retirement Incentive Program because the District did not participate in the program.

Based on our audit, we found that, for the items tested, the William S. Hart Union High School District complied with the State laws and regulations referred to above, except as described in the Schedule of Audit Finding and Questioned costs. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the William S. Hart Union High School District had not complied with the State laws and regulations.

This report is intended solely for the information and use of the management, the Governing Board, others within the District, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Janette L Garcia & Associates*

December 6, 2010



Findings and Recommendations

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Section 1 – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Qualified

Internal control over financial reporting:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
 Significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

Federal Awards

Internal control over major programs:  
 Material weakness(es) identified? \_\_\_\_\_ Yes  X  No  
 Significant deficiencies identified? \_\_\_\_\_ Yes  X  None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027A, 84.027, 84.391	Special Education cluster
84.394	ARRA State Fiscal Stabilization Fund
10.555	National School Lunch Program

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Awards (cont.)

Dollar threshold used to distinguish between  
Type A and Type B programs: \$ 462,806

Auditee qualified as low-risk auditee?  Yes  No

State Awards

Internal control over State programs:  
Material weakness(es) identified?  Yes  No  
Significant deficiencies identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Type of auditor's report issued on compliance for  
State programs: Qualified

**Section II – Financial Statement Findings**

None Reported.

**Section III – Federal Award Findings and Questioned Costs**

None Reported.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

**Section IV – State Award Findings and Questioned Costs**

FINDING 2010-01  
Code 10000  
Sequoia - Attendance Reporting

Specific Requirement: Pursuant to Title 5, CCR, Section 11703, maintaining records to meet audit requirements is the responsibility of the local district or county superintendent's office. Records shall include, but not be limited to, a daily or hourly attendance credit register, as appropriate to the program in which the pupils or adult education students are enrolled, separate from classroom attendance records, and maintained on a current basis as time values of pupil or adult education student work products are personally judged by a certificated teacher and reviewed by the supervising teacher, if they are two different persons.

Condition: We noted differences between the teachers' weekly rosters and monthly report. Numerous absences noted on the weekly rosters were not reported on the monthly attendance report. Absences were not posted properly by selecting the box for all day absence in the system.

Questioned Costs: Unknown

Context: We tested a total of six students at Sequoia Charter School whom had absent notes, for test month seven. All six students were not properly posted absent on the monthly attendance report.

Effect: This resulted in a 10.56 ADA overstatement.. However, this was corrected prior to submitting the Second Period Attendance Report.

Cause: Unknown

Recommendation: The District should revise all attendance months by properly selecting the box for all day absence if it applies. Also, to verify the accuracy of the attendance data, the monthly attendance report should be compared to the teachers' source documents to ensure that absences are reported correctly.

District Response: When this error was brought to the District's attention, the records were immediately corrected. The corrected attendance was reported on the original Second Period Attendance Report for Sequoia Charter School. Therefore, the Second Period Attendance Report was never overstated. With the implementation of Infinite Campus, the new student information system, this will no longer occur.

WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>FINDING</u>	<u>RECOMMENDATION</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
There were no findings noted in 2008-09.			