



Financial Audit  
Fiduciary Fund Type  
Associated Student Body Funds  
June 30, 2019

**William S. Hart**  
**Union High School District**

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS**

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JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the William S. Hart Union High School District (the District) Associated Student Body (ASB) Funds and the related notes to the financial statements, as of and for the year ended June 30, 2019, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Associated Student Body Funds of the William S. Hart Union High School District as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1, the financial statements of the Associated Student Body Funds are intended to present the financial position and the changes in financial position attributable to the transactions of the ASB funds. They do not purport to, and do not, present fairly the financial position of William S. Hart Union High School District as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2020, on our consideration of the District's Associated Student Body Funds internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Associated Student Body Funds internal control over financial reporting and compliance.

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

Rancho Cucamonga, California  
April 30, 2020

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS - DISTRICT WIDE**

**COMBINING BALANCE SHEET  
JUNE 30, 2019**

	High Schools	Junior High Schools	Unorganized ASBs	Total
<b>ASSETS</b>				
Cash in banks	\$ 2,541,915	\$ 856,356	\$ 56,542	\$ 3,454,813
Investments	-	64,097	-	64,097
Accounts receivable	26,180	-	-	26,180
Inventory	166,356	101,025	-	267,381
Prepaid expenses and other assets	101,793	658	-	102,451
Total Assets	<u>\$ 2,836,244</u>	<u>\$ 1,022,136</u>	<u>\$ 56,542</u>	<u>\$ 3,914,922</u>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 29,218</u>	<u>\$ 72,754</u>	<u>\$ -</u>	<u>\$ 101,972</u>
<b>TRUST FUNDS</b>				
Beginning balance	2,456,731	411,701	-	2,868,432
Receipts	5,927,614	843,349	-	6,770,963
Disbursements	<u>(5,986,781)</u>	<u>(859,432)</u>	<u>-</u>	<u>(6,846,213)</u>
Ending balance	<u>2,397,564</u>	<u>395,618</u>	<u>-</u>	<u>2,793,182</u>
<b>FUND BALANCE</b>	<u>409,462</u>	<u>553,764</u>	<u>56,542</u>	<u>1,019,768</u>
Total Liabilities and Fund Balance	<u>\$ 2,836,244</u>	<u>\$ 1,022,136</u>	<u>\$ 56,542</u>	<u>\$ 3,914,922</u>

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

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**  
**FIDUCIARY FUND TYPE**  
**ASSOCIATED STUDENT BODY FUNDS - DISTRICT WIDE**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	High Schools	Junior High Schools	Unorganized ASBs	Total
<b>REVENUES</b>				
Student events	\$ 1,682,074	\$ 379,563	\$ -	\$ 2,061,637
Fundraising activities	-	217,239	-	217,239
Student store operations/PE	835,736	262,804	-	1,098,540
Athletics	319,762	-	-	319,762
Other revenues	-	-	71,187	71,187
Total Revenues	<u>2,837,572</u>	<u>859,606</u>	<u>71,187</u>	<u>3,768,365</u>
<b>EXPENSES</b>				
Student events	1,714,512	547,123	-	2,261,635
Fundraising activities	-	96,456	-	96,456
Student store operations/PE	646,883	139,086	-	785,969
Athletics	424,137	-	-	424,137
Other expenses	-	-	80,279	80,279
Total Expenses	<u>2,785,532</u>	<u>782,665</u>	<u>80,279</u>	<u>3,648,476</u>
<b>INCREASE (DECREASE)</b>				
<b>IN FUND BALANCE</b>	52,040	76,941	(9,092)	119,889
<b>BEGINNING FUND BALANCE</b>	357,422	476,823	65,634	899,879
<b>ENDING FUND BALANCE</b>	<u>\$ 409,462</u>	<u>\$ 553,764</u>	<u>\$ 56,542</u>	<u>\$ 1,019,768</u>

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

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**  
**FIDUCIARY FUND TYPE**  
**ASSOCIATED STUDENT BODY FUNDS - HIGH SCHOOLS**

**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

	Canyon High School	Golden Valley High School	Hart High School
<b>ASSETS</b>			
Cash in banks	\$ 130,115	\$ 346,203	\$ 351,920
Accounts receivable	-	-	-
Inventory	55,571	17,198	2,551
Prepaid expenses and other assets	4,480	1,000	31,300
Total Assets	<u>\$ 190,166</u>	<u>\$ 364,401</u>	<u>\$ 385,771</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TRUST FUNDS</b>			
Beginning balance	469,161	283,453	196,423
Receipts	1,018,013	639,122	641,350
Disbursements	<u>(1,194,592)</u>	<u>(674,662)</u>	<u>(627,832)</u>
Ending balance	<u>292,582</u>	<u>247,913</u>	<u>209,941</u>
<b>FUND BALANCE</b>	<u>(102,416)</u>	<u>116,488</u>	<u>175,830</u>
Total Liabilities and Fund Balance	<u>\$ 190,166</u>	<u>\$ 364,401</u>	<u>\$ 385,771</u>

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

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Saugus High School	Valencia High School	West Ranch High School	Total High Schools
\$ 202,480	\$ 527,683	\$ 983,514	\$ 2,541,915
-	26,180	-	26,180
86,300	4,736	-	166,356
1,011	62,727	1,275	101,793
<u>\$ 289,791</u>	<u>\$ 621,326</u>	<u>\$ 984,789</u>	<u>\$ 2,836,244</u>
<u>\$ 1,554</u>	<u>\$ 841</u>	<u>\$ 26,823</u>	<u>\$ 29,218</u>
312,629	481,936	713,129	2,456,731
680,254	1,371,993	1,576,882	5,927,614
(670,449)	(1,328,759)	(1,490,487)	(5,986,781)
<u>322,434</u>	<u>525,170</u>	<u>799,524</u>	<u>2,397,564</u>
<u>(34,197)</u>	<u>95,315</u>	<u>158,442</u>	<u>409,462</u>
<u>\$ 289,791</u>	<u>\$ 621,326</u>	<u>\$ 984,789</u>	<u>\$ 2,836,244</u>



**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS - HIGH SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Canyon High School	Golden Valley High School	Hart High School
<b>REVENUES</b>			
Student events	\$ 459,532	\$ 156,237	\$ 113,364
Student store operations/PE	125,842	92,810	7,982
Athletics	29,332	37,028	38,496
Total Revenues	<u>614,706</u>	<u>286,075</u>	<u>159,842</u>
<b>EXPENSES</b>			
Student events	434,760	163,057	51,331
Student store operations/PE	30,901	57,863	9,470
Athletics	17,215	69,934	72,197
Total Expenses	<u>482,876</u>	<u>290,854</u>	<u>132,998</u>
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	131,830	(4,779)	26,844
<b>BEGINNING FUND BALANCE</b>	(234,246)	121,267	148,986
<b>ENDING FUND BALANCE</b>	<u>\$ (102,416)</u>	<u>\$ 116,488</u>	<u>\$ 175,830</u>

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

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Saugus High School	Valencia High School	West Ranch High School	Total High Schools
\$ 439,156	\$ 385,413	\$ 128,372	\$ 1,682,074
297,041	295,858	16,203	835,736
72,406	89,003	53,497	319,762
<u>808,603</u>	<u>770,274</u>	<u>198,072</u>	<u>2,837,572</u>
495,495	414,231	155,638	1,714,512
257,997	241,043	49,609	646,883
89,464	114,929	60,398	424,137
<u>842,956</u>	<u>770,203</u>	<u>265,645</u>	<u>2,785,532</u>
(34,353)	71	(67,573)	52,040
156	95,244	226,015	357,422
<u>\$ (34,197)</u>	<u>\$ 95,315</u>	<u>\$ 158,442</u>	<u>\$ 409,462</u>

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**  
**FIDUCIARY FUND TYPE**  
**ASSOCIATED STUDENT BODY FUNDS - MIDDLE SCHOOLS**

**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

	Arroyo Seco Junior High	Rio Norte Junior High	La Mesa Junior High
<b>ASSETS</b>			
Cash in banks	\$ 118,970	\$ 166,503	\$ 116,542
Investments	-	-	-
Inventory	55,222	7,678	1,597
Prepaid expenses and other assets	-	-	-
Total Assets	<u>\$ 174,192</u>	<u>\$ 174,181</u>	<u>\$ 118,139</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	<u>\$ 19,293</u>	<u>\$ 13,215</u>	<u>\$ 32,125</u>
<b>TRUST FUNDS</b>			
Beginning balance	36,475	147,700	50,742
Receipts	104,367	294,855	74,305
Disbursements	<u>(96,343)</u>	<u>(335,281)</u>	<u>(70,161)</u>
Ending balance	<u>44,499</u>	<u>107,274</u>	<u>54,886</u>
<b>FUND BALANCE</b>	<u>110,400</u>	<u>53,692</u>	<u>31,128</u>
Total Liabilities and Fund Balance	<u>\$ 174,192</u>	<u>\$ 174,181</u>	<u>\$ 118,139</u>

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

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Placerita Junior High	Rancho Pico Junior High	Sierra Vista Junior High	Total Junior High Schools
\$ 240,285	\$ 162,870	\$ 51,186	\$ 856,356
-	-	64,097	64,097
-	16,521	20,007	101,025
188	-	470	658
<u>\$ 240,473</u>	<u>\$ 179,391</u>	<u>\$ 135,760</u>	<u>\$ 1,022,136</u>
<u>\$ 476</u>	<u>\$ -</u>	<u>\$ 7,645</u>	<u>\$ 72,754</u>
37,392	73,228	66,164	411,701
109,907	182,385	77,530	843,349
(93,782)	(173,109)	(90,756)	(859,432)
<u>53,517</u>	<u>82,504</u>	<u>52,938</u>	<u>395,618</u>
<u>186,480</u>	<u>96,887</u>	<u>75,177</u>	<u>553,764</u>
<u>\$ 240,473</u>	<u>\$ 179,391</u>	<u>\$ 135,760</u>	<u>\$ 1,022,136</u>

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT**  
**FIDUCIARY FUND TYPE**  
**ASSOCIATED STUDENT BODY FUNDS - MIDDLE SCHOOLS**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Arroyo Seco Junior High	Rio Norte Junior High	La Mesa Junior High
<b>REVENUES</b>			
Student events	\$ 66,350	\$ 58,455	\$ 72,103
Fundraising activities	77,025	82,537	-
Student store operations/PE	88,869	21,965	40,270
Total Revenues	<u>232,244</u>	<u>162,957</u>	<u>112,373</u>
<b>EXPENSES</b>			
Student events	128,056	45,345	83,965
Fundraising activities	4,708	73,671	-
Student store operations/PE	38,806	13,760	39,477
Total Expenses	<u>171,570</u>	<u>132,776</u>	<u>123,442</u>
<b>INCREASE (DECREASE)</b>			
<b>IN FUND BALANCE</b>	60,674	30,181	(11,069)
<b>BEGINNING FUND BALANCE</b>	49,726	23,511	42,197
<b>ENDING FUND BALANCE</b>	<u>\$ 110,400</u>	<u>\$ 53,692</u>	<u>\$ 31,128</u>

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

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Placerita Junior High	Rancho Pico Junior High	Sierra Vista Junior High	Total Junior High Schools
\$ 21,088	\$ 86,975	\$ 74,592	\$ 379,563
26,873	9,946	20,858	217,239
54,786	-	56,914	262,804
<u>102,747</u>	<u>96,921</u>	<u>152,364</u>	<u>859,606</u>
135,579	63,282	90,896	547,123
222	-	17,855	96,456
27,275	-	19,768	139,086
<u>163,076</u>	<u>63,282</u>	<u>128,519</u>	<u>782,665</u>
(60,329)	33,639	23,845	76,941
246,809	63,248	51,332	476,823
<u>\$ 186,480</u>	<u>\$ 96,887</u>	<u>\$ 75,177</u>	<u>\$ 553,764</u>

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS - UNORGANIZED**

**COMBINING BALANCE SHEET  
JUNE 30, 2019**

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	Academy of the Canyons	Jereann Bowman High School	Total Unorganized
<b>ASSETS</b>			
Cash in banks	\$ 46,530	\$ 10,012	\$ 56,542
<b>FUND BALANCE</b>	<u>\$ 46,530</u>	<u>\$ 10,012</u>	<u>\$ 56,542</u>

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

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS - UNORGANIZED**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Academy of the Canyons	Jereann Bowman High School	Total Unorganized
<b>REVENUES</b>			
Other revenues	\$ 71,187	\$ -	\$ 71,187
<b>EXPENSES</b>			
Other expenses	74,892	5,387	80,279
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	(3,705)	(5,387)	(9,092)
<b>BEGINNING FUND BALANCE</b>	50,235	15,399	65,634
<b>ENDING FUND BALANCE</b>	<u>\$ 46,530</u>	<u>\$ 10,012</u>	<u>\$ 56,542</u>

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



**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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***NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The accounting policies of the Associated Student Body (ASB) Funds of William S. Hart Union High School District (the District) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The ASB Funds of the District account for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

**Financial Reporting Entity**

The financial statements include only the ASB Funds of the District. These financial statements are not intended to present fairly the financial position and results of operations of the District in compliance with accounting principles generally accepted in the United States of America.

**Fund Accounting**

The operations of the ASB Funds are accounted for in a separate set of self-balancing accounts that are comprised of assets, liabilities, fund balance, revenues, and expenses. Funding is allocated to and accounted for in the funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Basis of Accounting**

ASB activities are typically reported as an agency fund on the District's financial statements since agency funds are considered custodial in nature. The ASB Funds are accounted for using a flow of current financial resources measurement focus and the full accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet.

The statement of revenues, expenses, and changes in fund balance reports on the sources and uses of current financial resources. For the purpose of these financial statements, the ASB activities will be reported as trust funds.

**Stores Inventories**

Inventories are stated at the lower of cost or market, utilizing the weighted average method. The costs of inventory items are recorded as expenses in the Fiduciary Fund when used.

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**NOTE 2 – DEPOSITS AND INVESTMENTS**

**Policies and Practices**

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Investment Type	Reported Amount	Maturity Date
Money Market Mutual Funds - Vanguard	\$ 64,097	7/1/2019

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type	Minimum Legal Rating	Moody's Rating as of June 30, 2019	Reported Amount
Money Market Mutual Funds - Vanguard	Not Required	AAA-mf	Not Required

**WILLIAM S. HART UNION HIGH SCHOOL DISTRICT  
FIDUCIARY FUND TYPE  
ASSOCIATED STUDENT BODY FUNDS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**Custodial Credit Risk - Deposits**

This is the risk in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2019, the District's bank balance of \$3,597,901 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**NOTE 3 – RECEIVABLES**

Receivables at June 30, 2019, consisted of other local sources. All receivables are considered collectible in full.

	High Schools
Other local sources	<u>\$ 26,180</u>

**NOTE 4 – ACCOUNTS PAYABLE**

Accounts payable at June 30, 2019, consisted of the following:

	High Schools	Middle Schools	Total
Other vendor payables	<u>\$ 29,218</u>	<u>\$ 72,754</u>	<u>\$ 101,972</u>



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of William S. Hart Union High School District (the District) Associated Student Body (ASB) Funds as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise William S. Hart Union High School District's basic financial statements, and have issued our report thereon dated April 30, 2020.

**Emphasis of Matter**

As discussed in Note 1, the financial statements of the Associated Student Body Funds are intended to present the financial position and the changes in financial position attributable to the transactions of the ASB funds. They do not purport to, and do not, present fairly the financial position of William S. Hart Union High School District as of June 30, 2019, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered William S. Hart Union High School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of William S. Hart Union High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of William S. Hart Union High School District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether William S. Hart Union High School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 April 30, 2020.

### **Purpose of this Report**

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

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

Rancho Cucamonga, California  
April 30, 2020



Management  
William S. Hart Union High School District  
Santa Clarita, California

In planning and performing our audit of the financial statements of the Associated Study Body (ASB) Funds of William S. Hart Union High School District (the District) for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated April 30, 2020, on the government-wide financial statements of the District.

### **ARROYO SECO JUNIOR HIGH SCHOOL**

#### **Observation**

1. During our audit, we found that student store tally sheets are not reconciled to amounts deposited, and we were unable to trace which deposits were associated with specific sales dates to verify timeliness and accuracy.
2. The site has vending machines that are controlled and stocked by site personnel. Currently, there is no reconciliation or accounting for the total funds that should have been collected from the machine based on the number of items sold. The auditor noted no evidence of a double count of cash collected from the vending machines.

#### **Recommendation**

1. We recommend that the student store tally sheets be reconciled to the amounts deposited. This will allow the site to account for and investigate any overages or shortages.
2. A vending machine sales analysis should be completed by whoever has responsibility for collecting the money from the machine and stocking it. There should be a designated person verifying the count of inventory stocked and cash collected from the vending machines. Evidence of a dual count should be noted in the sales analysis form. This form should be forwarded to the bookkeeper along with the cash deposit given to the bookkeeper from the machine. The form should track the merchandise purchases to stock the machine, the item counts each time the machine is restocked, and the potential revenue that should have been collected from the machine based on the number of items sold for the period and the price of the items.

## **CANYON HIGH SCHOOL**

### **Observation**

1. Two out of the three ticket sales recap forms were not prepared and submitted with the remaining ticket roll and cash collections to the bookkeeper.
2. A master ticket log is not being used by the sites to account for all tickets on hand and used during the year. In addition, a ticket sales recap form is not prepared which calculates the number of tickets sold and the total revenue generated based on the selling price per ticket.
3. Revenue potential forms are not being used to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.
4. In reviewing the monthly reconciliation and financial statements, we noted that the inventory detail balances do not equal the inventory balance in the financial statements. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances and monthly activity are accurately reported.

### **Recommendation**

1. A ticket sales recap form serves the purpose of calculating, based on the number of tickets sold out of the roll and the price per ticket, the amount of cash that should have been collected. The recap should be reconciled to the cash deposit forwarded to the bookkeeper. This procedure documents overages and shortages of cash and informs site personnel about potential problems in cash collections. The forms should be filed along with the deposit form and other pertinent documents.
2. A master ticket log should be maintained which notes the type of ticket, color, and current beginning ticket number in the role. The tickets should be safeguarded as if they were cash because stolen tickets would equate to lost revenue for the site because these tickets could be presented for admission rather than an individual paying for admission. When ticket rolls are issued, they should be logged out noting the beginning ticket number in the roll and to whom the roll was issued. When the ticket sales recap form is returned, the form should be reconciled to the log.
3. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained, and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.
4. The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency, or trust account balance) the error has occurred. The account would then be adjusted appropriately.

## HART HIGH SCHOOL

### Observation

1. The minutes of the student council meetings are not completed as suggested in the Fiscal Crisis and Management Assistance Team's manual titled, ASB Accounting Manual, Fraud Prevention Guide and Desk Reference. The following elements were missing regarding the student council minutes:
  - Name of the club or organization holding the meeting
  - Date, time, and place of meeting
  - Names of those in attendance and the presiding officer
  - Approval of the previous meeting minutes
  - What was discussed and reported on during the meeting
  - The results of any votes taken, including who made the motion, who seconded the motion, and anyone in opposition, if applicable
  - Reporting on any communication to the ASB
  - Listing of any unfinished business
  - Date and time of the next meeting
  - What time the meeting adjourned
  - Who prepared the minutes
  - Signature and dates by the ASB secretary
  - Signature and dates by the ASB advisor
2. Approval of 5 out of 25 disbursements had no indication of student council approval in the ASB minutes. The disbursements noted are as follows:
  - Check numbers 65490, 65550, 66214, and 66261 were not approved in the ASB minutes.
  - Check number 65772 was not approved in the student council minutes, and the description for the purchase could be a prohibited expenditure as it was described as "Staff Appreciation". Backup for disbursement could not be located by the bookkeeper for review at the time of the audit.
3. In reviewing the cash disbursement procedures at the site, we noted the following deficiency:
  - Check requests contain only two of the three required approval signatures. This occurs for all disbursements due to the form being used only having two spaces for signatures.
4. In reviewing the financial statements for the student body accounts, we noted the following trust accounts had a negative club account balance:
  - Hart TV Trust (\$316.01) as of June 30, 2019

Since the student body accounts represent individual portions of the cash and asset pool, by some accounts having negative balances, they have in actuality spent the available funds of other accounts. A key control in any internal control system is the control of individual account balances by ensuring the expenditure is allowable and the account requesting the expenditure has the funds to cover it.
5. Revenue potential forms are not being used to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.



## **Recommendation**

1. The ASB site should include these elements as part of the general ASB Meeting Minutes Template.
2. The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise. The site should ensure all appropriate approval signatures are obtained prior to issuance of the check to ensure all payments meet proper control procedures and policies. The student body and advisors should thoroughly review all payment requests before approving.
3. The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, *ASB Accounting Manual, Fraud Prevention Guide and Desk Reference*. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise.
4. By allowing certain clubs to spend in excess of their available reserves, the Associated Student Body is effectively using the funds of the other clubs and organizations. Request for disbursements from student groups should be reviewed for appropriateness and also to ensure that funds are available in the clubs account.
5. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained, and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.

## **LA MESA JUNIOR HIGH SCHOOL**

### **Observation**

1. The site has vending machines that are controlled and stocked by site personnel. Currently, there is no reconciliation or accounting for the total funds that should have been collected from the machine based on the number of items sold. The auditor noted no evidence of a double count of cash collected from the vending machines.
2. The site maintains a change fund account which is not on their financial statements understating the ASB assets.

### **Recommendation**

1. A vending machine sales analysis should be completed by whoever has responsibility for collecting the money from the machine and stocking it. There should be a designated person verifying the count of inventory stocked and cash collected from the vending machines. Evidence of a dual count should be noted in the sales analysis form. This form should be forwarded to the bookkeeper along with the cash deposit given to the bookkeeper from the machine. The form should track the merchandise purchases to stock the machine, the item counts each time the machine is restocked, and the potential revenue that should have been collected from the machine based on the number of items sold for the period and the price of the items.
2. The site should maintain the change fund account in their financials. Accurately showing the change fund amount shows the advisors, administrators, and students the change fund amount readily available for the ASB. It also makes sure bookkeepers are keeping a safe count of the change fund.

### **PLACETERIA JUNIOR HIGH SCHOOL**

### **Observation**

1. Revenue potential forms are not being used to document and control fundraising activities as they occur. These forms supply an element of internal controls without which it is difficult to determine the success of a fundraiser and to track money as it is spent and received.
2. In reviewing the monthly reconciliation and financial statements, we noted that the inventory detail balances do not equal the inventory balance in the financial statements. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances and monthly activity are accurately reported.
3. Cash deposits to the bank are not accompanied by a cash count sheet documenting the deposit total as counted by the bookkeeper and another person.

### **Recommendation**

1. As the revenue potential form is a vital internal control tool, it should be used to document revenues, expenditures, potential revenue, and actual revenue. This allows an analysis of the fundraiser to be conducted, indicating to the staff the success or failure of the completed fundraiser. Once the fundraiser is complete, the actual results should be summarized and compared to the expected results to determine if the fundraiser generated the profit expected. Discrepancies should be investigated and explained, and a determination should be made as to whether or not it is beneficial to conduct the fundraiser in the future.
2. The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency, or trust account balance) the error has occurred. The account would then be adjusted appropriately.
3. The bookkeeper and the depositing party should both sign and date the cash deposit slip to the bank as an evident of two individuals present as the deposit slip was prepared. A difference between the monies deposited and cash collected will help decrease the number of disputes arising from deposit processed incorrectly or the amount that was actually deposited.

## **RIO NORTE JUNIOR HIGH SCHOOL**

### **Observation**

1. The associated student body disbursement process is not consistently followed. We noted multiple disbursement out of the sample population selected for testing; the invoice was received prior to the approval of the student body in the minutes.
2. Cash deposits to the bank are not accompanied by a cash count sheet documenting the deposit total as counted by the bookkeeper and another person.
3. In reviewing the monthly reconciliation and financial statements, we noted that the inventory detail balances do not equal the inventory balance in the financial statements. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances and monthly activity are accurately reported.

### **Recommendation**

1. The site should review the cash disbursement procedures outlined in the California Department of Education's manual titled, *Cash Disbursement Management and Procedures*. The manual explains all disbursement is for items which spending from ASB funds was preapproved and for which there is documentation showing approval.
2. The bookkeeper and the depositing party should both sign and date the cash deposit slip to the bank as an evident of two individuals present as the deposit slip was prepared. A difference between the monies deposited and cash collected will help decrease the number of disputes arising from deposit processed incorrectly or the amount that was actually deposited.
3. The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency, or trust account balance) the error has occurred. The account would then be adjusted appropriately.

## **SIERRA VISTA JUNIOR HIGH SCHOOL**

### **Observation**

1. In reviewing the monthly reconciliation and financial statements, we noted that the inventory detail balances do not equal the inventory balance in the financial statements. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances and monthly activity are accurately reported.

### **Recommendation**

1. The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency, or trust account balance) the error has occurred. The account would then be adjusted appropriately.

### **SAUGUS HIGH SCHOOL,**

#### **Observation**

1. Cash deposits to the bank are not accompanied by a cash count sheet documenting the deposit total as counted by the bookkeeper and another person.

#### **Recommendation**

1. The bookkeeper and the depositing party should both sign and date the cash deposit slip to the bank as an evident of two individuals present as the deposit slip was prepared. A difference between the monies deposited and cash collected will help decrease the number of disputes arising from deposit processed incorrectly or the amount that was actually deposited.

### **VALENCIA HIGH SCHOOL**

#### **Observation**

1. In reviewing the monthly reconciliation and financial statements, we noted that the inventory detail balances do not equal the inventory balance in the financial statements. The purpose of performing the monthly inventory reconciliation is to ensure that no errors have occurred in counting inventory and that the inventory balances and monthly activity are accurately reported.
2. In reviewing the cash disbursement procedures at the site, we noted the following deficiencies:
  - Checks are processed prior to ASB minute approval.
  - Expenses incurred prior to purchase requisition.

#### **Recommendation**

1. The site should ensure that the reconciled details of assets of the student body equal the balances in the financial statements. If an unreconciled difference is found, it should be investigated to determine in what account (asset, liability, agency, or trust account balance) the error has occurred. The account would then be adjusted appropriately.
2. The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, ASB Accounting Manual, Fraud Prevention Guide and Desk Reference. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise. The site should ensure all appropriate approval signatures are obtained prior to issuance of the check to ensure all payments meet proper control procedures and policies. The student body and advisors should thoroughly review all payment requests before approving.

## WEST RANCH HIGH SCHOOL

### Observation

1. The site maintains a change fund account which is not on their financial statements understating the ASB assets.
2. In reviewing the cash disbursement procedures at the site, we noted the following deficiencies:
  - Checks are processed prior to ASB minute approval.
  - Multiple purchase requisitions were missing.

### Recommendation

1. The site should maintain the change fund account in their financials. Accurately showing the change fund amount shows the advisors, administrators, and students the change fund amount readily available for the ASB. It also makes sure bookkeepers are keeping a safe count of the change fund.
2. The site should review the cash disbursement procedures outlined in the Fiscal Crisis and Management Assistance Team's manual titled, ASB Accounting Manual, Fraud Prevention Guide and Desk Reference. The manual explains that three signatures, one being a student representative, are required pursuant to California Educational Code Section 48933(5)(b) on all disbursements from a student body account and that documents supporting a disbursement should be kept in organized files with the student body bookkeeper so that they can be easily reviewed should the need arise. The site should ensure all appropriate approval signatures are obtained prior to issuance of the check to ensure all payments meet proper control procedures and policies. The student body and advisors should thoroughly review all payment requests before approving.

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



Rancho Cucamonga, California  
April 30, 2020