

**SOUTH BAY UNION HIGH
SCHOOL DISTRICT**

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SOUTH BAY UNION HIGH SCHOOL DISTRICT

Los Angeles County

COMPREHENSIVE ANNUAL FINANCIAL REPORT
AND SUPPLEMENTARY INFORMATION

Fiscal Year Ended June 30, 1993

QUEZADA GODSEY & CO.
Certified Public Accountants
9420 Telstar Ave., Suite A-101
El Monte, CA 91731

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INTRODUCTORY SECTION

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SOUTH BAY UNION HIGH SCHOOL DISTRICT
Los Angeles County, California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended June 30, 1993

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FINANCIAL SECTION

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**QUEZADA
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**INDEPENDENT AUDITORS' REPORT ON
GENERAL PURPOSE FINANCIAL STATEMENTS**

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the year ended June 30, 1993. These general purpose financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the general fixed assets group of accounts which should be included to conform with generally accepted accounting principles. The amount that should be recorded in the general fixed assets group is not known.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the district at June 30, 1993 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of each individual fund of the district at June 30, 1993, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, the District ceased operations on June 30, 1993, pursuant to a unification proposal approved by voters on November 3, 1992. The final disposition of certain assets and liabilities will be made by the State Department of Education and the Los Angeles County Office of Education. The ultimate outcome cannot presently be determined. Accordingly, no provision has been made in the accompanying financial statements.

Inezuela Dodson & Co

El Monte, California
January 19, 1994

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SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINED BALANCE SHEETS
 ALL FUND TYPES AND ACCOUNT GROUPS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	Government Fund Type			Proprietary	Fiduciary
	General	Special Revenue	Capital Projects	Fund—Type Internal Service	Fund—Type Trust and Agency
Assets					
Cash in County Treasury	\$780,674	\$13,103,733	\$438	\$688,247	\$37,327
Cash on hand and in banks		27,174			461,697
Cash in Revolving Fund	10,000				
Cash with Fiscal Agent					
Accounts Receivable:					
Interest	23,932	145,917	1,150	6,107	6,610
Other	178,167	7,608	1,382		
Due From Federal Government	31,945	34,244			
Due From State Government	261,163	86,920			
Due From Local Government	933,095		25,493		
Due From Other Funds	33,634			13,000	
Note Receivable					
Stores Inventory:					
Supplies		30,821			
Food					
General Fixed Assets					17,352
Provision for Long Term Debt					
Total Assets	\$2,252,610	\$13,436,417	\$28,463	\$707,354	\$522,986
Liabilities and Fund Equity					
Liabilities					
Accounts Payable	\$2,600,454	\$240,200		\$485,146	
Accrued Vacation Benefits					
Due to Retiree Benefit Account				222,208	
Due to Student Body Accounts					522,986
Due to Federal Government					
Due to Other Funds		33,634	13,000		
Due to Student Groups					
Deferred Revenue					
Total Liabilities	2,600,454	273,834	13,000	707,354	522,986
Fund Equity					
Investment in Fixed Assets					
Fund Balances:					
Reserved:					
Reserved Funds	10,000	30,821			
Restricted Funds					
Unreserved:					
Designated Funds					
Undesignated Funds	(357,844)	13,131,762	15,463		
Total Fund Equity	(347,844)	13,162,583	15,463		
Total Liabilities and Fund Equity	\$2,252,610	\$13,436,417	\$28,463	\$707,354	\$522,986

Statement 1

Account Group	Memorandum Only Combined Totals	
	June 30, 1993	June 30, 1992
General	\$14,610,419	\$17,558,150
Fixed Assets	488,871	620,836
	10,000	10,000
		25,000
	183,716	255,205
	187,157	542,054
	66,189	15,855
	348,083	594,493
	958,588	126,033
	46,634	384,680
	30,821	24,047
		9,720
42,952,171	42,969,523	42,114,072
		115,386
<u>\$42,952,171</u>	<u>\$59,900,001</u>	<u>\$62,395,531</u>
	\$3,325,800	\$1,869,460
		115,386
	222,208	761,785
	522,986	460,908
	46,634	384,680
		339,840
	<u>4,117,628</u>	<u>3,932,059</u>
42,952,171	42,952,171	42,102,170
	40,821	43,767
		71,263
		16,246,272
	12,789,381	
<u>42,952,171</u>	<u>55,782,373</u>	<u>58,463,472</u>
<u>\$42,952,171</u>	<u>\$59,900,001</u>	<u>\$62,395,531</u>

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 ALL GOVERNMENTAL TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	Governmental Type Funds		
	General	Special Revenue	Capital Projects
Revenues			
Revenue Limit Sources:			
State Apportionment	\$3,183,944	\$1,261,460	
Local Sources	8,743,190	353,328	
Total Revenue Limit	11,927,134	1,614,788	
Federal Revenues:			
Child Nutrition		104,101	
Other	254,039	26,589	
State Revenues:			
Child Nutrition		6,911	
Other	3,039,369	110,605	
Local Revenues:			
Food Service Sales		472,304	
Building Permit Fees			236,047
District Taxes			
Interest	107,265	591,802	1,573
Other	1,519,054	882,414	1,339
Total Revenues	16,846,861	3,809,514	238,959
Expenditures			
Current			
Certificated Salaries	9,259,407	985,314	
Classified Salaries	3,487,659	953,135	
Employee Benefits	3,564,291	353,645	
Books and Supplies	656,306	405,692	
Serv. and Other Exp.	1,801,712	390,222	
Capital Outlay	1,097,614	110,915	235,028
Other Outgo	460,582	249,996	
Total Expenditures	20,327,571	3,448,919	235,028
Excess (Deficiency) of Revenue Over Expenditures	(3,480,710)	360,595	3,931
Other Financing Sources (Uses)			
Transfer In	2,291,581	135,325	
Transfer Out	(135,325)	(2,524,266)	
Total Other Financing Sources (Uses)	2,156,256	(2,388,941)	0
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources(Uses)	(1,324,454)	(2,028,346)	3,931
Fund Balance			
Fund Balance July 1, 1992	976,610	15,259,288	11,532
Prior Period Adjustment		(68,359)	
Adjusted Fund Balance July 1, 1992	976,610	15,190,929	11,532
Fund Balance June 30, 1993	(\$347,844)	\$13,162,583	\$15,463

Statement 2

Memorandum Only
Combined Totals

June 30, 1993	June 30, 1992
\$4,445,404	\$5,779,514
9,096,518	8,696,250
<u>13,541,922</u>	<u>14,475,764</u>
104,101	88,782
280,628	266,845
6,911	6,707
3,149,974	2,449,953
472,304	
236,047	320,091
700,640	1,201,361
2,402,807	2,328,849
<u>20,895,334</u>	<u>21,138,352</u>
10,244,721	10,613,373
4,440,794	4,223,255
3,917,936	3,254,593
1,061,998	1,075,625
2,191,934	2,213,714
1,443,557	521,046
710,578	833,073
<u>24,011,518</u>	<u>22,734,679</u>
<u>(3,116,184)</u>	<u>(1,596,327)</u>
2,426,906	2,451,581
(2,659,591)	(2,786,581)
<u>(232,685)</u>	<u>(335,000)</u>
(3,348,869)	(1,931,327)
16,247,430	18,292,629
(68,359)	
<u>16,179,071</u>	<u>18,292,629</u>
<u>\$12,830,202</u>	<u>\$16,361,302</u>

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUE, EXPENDITURES
 AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
 ALL GOVERNMENTAL TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Revenue Limit Sources:						
State Apportionment	\$4,501,121	\$3,183,944	(\$1,317,177)	\$1,288,431	\$1,261,460	(\$26,971)
Local Sources	8,210,767	8,743,190	532,423	377,685	353,328	(24,357)
Total Revenue Limit	12,711,888	11,927,134	(784,754)	1,666,116	1,614,788	(51,328)
Federal Revenues:						
Child Nutrition				74,440	104,101	29,661
Other	220,979	254,039	33,060	22,000	26,589	4,589
State Revenues:						
Child Nutrition				4,983	6,911	1,928
Other	2,522,310	3,039,369	517,059	94,017	110,605	16,588
Local Revenues:						
Food Service Sales				576,530	472,304	(104,226)
Building Permit Fees						
District Taxes						
Interest	50,000	107,265	57,265	832,000	591,802	(240,198)
Other	688,947	1,519,054	830,107	98,000	882,414	784,414
Total Revenues	16,194,124	16,846,861	652,737	3,368,086	3,809,514	441,428
Expenditures						
Current						
Certificated Salaries	9,141,739	9,259,407	(117,668)	985,026	985,314	(288)
Classified Salaries	3,102,245	3,487,659	(385,414)	976,935	953,135	23,800
Employee Benefits	2,599,306	3,564,291	(964,985)	371,287	353,645	17,642
Books and Supplies	848,521	656,306	192,215	455,915	405,692	50,223
Serv. and Other Exp.	1,497,879	1,801,712	(303,833)	394,634	390,222	4,412
Capital Outlay	644,002	1,097,614	(453,612)	110,916	110,915	1
Other Outgo	517,932	460,582	57,350	306,400	249,996	56,404
Total Expenditures	18,351,624	20,327,571	(1,975,947)	3,601,113	3,448,919	152,194
Excess (Deficiency) of Revenue Over Expenditures	(2,157,500)	(3,480,710)	(1,323,210)	(233,027)	360,595	593,622
Other Financing Sources (Uses)						
Transfer In	2,391,581	2,291,581	(100,000)	962,328	135,325	(827,003)
Transfer Out	(140,328)	(135,325)	5,003	(2,468,354)	(2,524,266)	(55,912)
Total Other Financing Sources (Uses)	2,251,253	2,156,256	(94,997)	(1,506,026)	(2,388,941)	(882,915)
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources (Uses)	93,753	(1,324,454)	(1,418,207)	(1,739,053)	(2,028,346)	(289,293)
Fund Balance						
Fund Balance July 1, 1992	976,610	976,610		15,259,288	15,259,288	
Prior Period Adjustment					(68,359)	(68,359)
Adjusted Fund Balance July 1, 1992	976,610	976,610		15,259,288	15,190,929	(68,359)
Fund Balance June 30, 1993	\$1,070,363	(\$347,844)	(\$1,418,207)	\$13,520,235	\$13,162,583	(\$357,652)

Capital Projects Funds			Combined Totals (Memorandum Only)			
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Combined Actual 1991-92
			\$5,789,552	\$4,445,404	(\$1,344,148)	\$5,779,514
			8,588,452	9,096,518	508,066	8,696,250
			14,378,004	13,541,922	(836,082)	14,475,764
			74,440	104,101	29,661	88,782
			242,979	280,628	37,649	266,845
			4,983	6,911	1,928	6,707
			2,616,327	3,149,974	533,647	2,449,953
			576,530	472,304	(104,226)	
300,000	236,047	(63,953)	300,000	236,047	(63,953)	320,091
			890,000	700,640	(189,360)	1,201,361
8,000	1,573	(6,427)	786,947	2,402,807	1,615,860	2,328,849
	1,339	1,339				
308,000	238,959	(69,041)	19,870,210	20,895,334	1,025,124	21,138,352
			10,126,765	10,244,721	(117,956)	10,613,373
			4,079,180	4,440,794	(361,614)	4,223,255
			2,970,593	3,917,936	(947,343)	3,254,593
			1,304,436	1,061,998	242,438	1,075,625
			1,892,513	2,191,934	(299,421)	2,213,714
417,605	235,028	182,577	1,172,523	1,443,557	(271,034)	521,046
			824,332	710,578	113,754	833,073
417,605	235,028	182,577	22,370,342	24,011,518	(1,641,176)	22,734,679
(109,605)	3,931	113,536	(2,500,132)	(3,116,184)	(616,052)	(1,596,327)
			3,353,909	2,426,906	(927,003)	2,451,581
			(2,608,682)	(2,659,591)	(50,909)	(2,786,581)
0	0	0	745,227	(232,685)	(977,912)	(335,000)
(109,605)	3,931	113,536	(1,754,905)	(3,348,869)	(1,593,964)	(1,931,327)
11,532	11,532		16,247,430	16,247,430		18,292,629
				(68,359)	(68,359)	
11,532	11,532		16,247,430	16,179,071	(68,359)	18,292,629
(\$98,073)	\$15,463	\$113,536	\$14,492,525	\$12,830,202	(\$1,662,323)	\$16,361,302

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SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

NOTE 1 - BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

A. Background

The South Bay Union High School District is an independent political subdivision of the State of California. It is governed by the five member Board of Education elected by the people in alternating four year terms. The district operates under the general oversight of the Department of Education, State of California and the office of the Los Angeles County Superintendent of Schools.

Unification

Unification is under the jurisdiction of the State Department of Education. The Los Angeles County Office of Education also has legal responsibilities for unifications in their county and direction and procedures for unification are established in the California Education Code.

After public hearings, review and submission by the Los Angeles County Office of Education on May 7, 1992, the State Board of Education approved to bring before the voters residing in the area served by the South Bay Union High School District a proposal for school unification. The proposal was for the formation of two new districts unified along City boundaries, the Redondo Beach Unified School District and the Manhattan Beach Unified School District. (A small section of Manhattan Beach currently served by El Segundo Unified School District was not

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

affected). The Hermosa Beach City School District would remain as a K-8 school district with their students having the choice of attending high school at either of the two newly formed unified districts. The South Bay Union High School District would be dissolved, with its real property becoming part of the new unified district in which it is located.

On November 3, 1992 the unification proposal was approved by the voters with an effective date of July 1, 1993. New Boards of Education were also elected at this time and commenced holding regular board meetings for the implementation of the new districts. The County Office of Education, which oversees school districts in Los Angeles County, also provided direction and services for this implementation.

All real property became the property of the new districts in which it is located. Personal property, cash and fund balances, future liabilities or assets are to be divided based upon an agreement of the two new Boards of Education as follows:

4 Million Dollars of the Special Reserve Account is to be divided 50% each between the two districts.

All remaining assets and liabilities/obligations are divided:

Redondo Beach Unified School District	63.25%
Manhattan Beach Unified School District	36.75%

The two school districts have agreed to jointly operate the Adult School program through a JPA agreement with the

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Redondo Beach District initially serving as the Operating District. Manhattan Beach is processing the early retirement agreements that were entered into by the South Bay Union High School District.

B. Accounting Policies

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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

C. Fund Accounting

The accounts of the district are organized on the basis of funds, accounts and account groups, each of which is considered 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 equity (or retained earnings), revenues, expenditures or expenses, as appropriate. District resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent, and the means by which spending activities are controlled. The district's

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

accounts are organized into two broad categories which in aggregate include four fund types, one fiduciary and two account groups as follows:

Fund Type Category -----	Fund Type -----	Fund Name -----
Governmental	General	General Fund
	Special Revenue	Adult Education Fund
		Deferred Maintenance Cafeteria Account
		Special Reserve Fund
Proprietary Fiduciary Account Groups	Capital Projects	Capital Facilities Fund
	Internal Service	Retiree Benefit Fund
	Agency	Student Body Funds
		General Fixed Assets
		Account Group
	General Long-Term Debt	
	Account Group	

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.

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 special revenue funds:

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

1. Adult Education Fund is used to account for the resources committed to adult education programs maintained by the district.
2. Deferred Maintenance Fund is used for the purpose of major repair or replacement of district property.
3. Cafeteria Account is used to account for revenues received and expenditures made to operate the district's cafeterias.
4. Special Reserve Fund is used to account for revenue received and expenditures made in connection with the sale of district property.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The district maintains one capital projects fund:

1. Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).

Proprietary Funds:

Internal Service Funds are used to account for services rendered on a cost-reimbursement basis within the district. The district maintains one internal service

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

fund, the Retiree Benefit Fund, which is used to provide medical benefits to its employees.

Fiduciary Funds:

Agency Funds are used to account for assets of others for which the district acts as an agent. The district maintains four agency funds, one for each school's student body.

Account Groups:

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds and expendable trust funds are accounted for on a spending of "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the fixed assets and long-term liabilities associated with governmental funds and expendable trust funds are accounted for in the account groups of the district.

General Fixed Assets Account Group accounts for fixed assets used in governmental fund type operations.

General Long-Term Debt Account Group accounts for long-term liabilities expected to be financed from governmental funds.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

D. 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. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

Governmental funds are generally accounted for using the modified accrual basis of accounting. Their revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received or services rendered).

Trust and agency fund assets and liabilities are also accounted for on the modified accrual basis.

The general fixed assets account group accounts for fixed assets on the estimated cost basis except for land which is accounted for on historical cost.

E. Budgets and Budgetary Accounting

By state law, the district's governing board must approve a tentative budget no later than July 1 and adopt a final budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The district's governing board satisfied these requirements.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

These budgets are revised by the district's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

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.

F. 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 encumbrances are liquidated at June 30.

G. Inventories

Inventory is recorded using the purchase method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventory is valued at average cost and consists of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve which indicates

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

that these amounts are not "available for appropriation and expenditure" even though they are a component of net current assets.

H. Accumulated Unpaid Vacation and Sick Leave

The amount of accrued vacation due employees is \$119,761. This liability for payment will be assumed by the two districts.

I. Fund Balance Reserves

Reservations of the ending fund balance indicate the portions of fund balance not appropriable for expenditure or amounts legally segregated for specific future use. The Reserve for Revolving Fund and Reserve for Stores Inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

J. Property Tax

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 15 and March 15. Unsecured taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes for the district. Tax revenues are recognized by the district when received.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

K. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - CASH AND INVESTMENTS

Cash at June 30, 1993 consisted of the following:

Deposits:

Cash on Hand and in Banks	\$ 488,871
Cash in Revolving Fund	10,000

Pooled Funds:

Cash in County Treasury	<u>14,610,419</u>
Total	<u>\$15,109,290</u>

Cash balances held in banks and in revolving funds are insured up to \$100,000 by the Federal Deposit Insurance Corporation. All cash held by the financial institutions is fully insured or collateralized.

In accordance with Education Code Section 41001, the district maintains substantially all of its cash in the Los Angeles County Treasury. 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

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

NOTE 3 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excesses of expenditures over appropriations in individual funds are as follows:

General Fund:

Certificated Salaries	\$ 117,668
Classified Salaries	\$ 385,414
Employee Benefits	\$ 964,985
Service and Other Expenses	\$ 303,833
Capital Outlay	\$ 453,612

Cafeteria Fund:

Service and Other Expenses	\$ 16,693
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Adult Education Fund:

Certificated Salaries	\$ 288
Classified Salaries	\$ 214

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

NOTE 4 - RECEIVABLES

Receivables at June 30, 1993 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Totals</u>
Federal Government					
Categorical					
Aid Programs	\$ 31,945	\$ 13,713	\$	\$	\$ 45,658
Child Nutrition	<u> </u>	<u>20,531</u>	<u> </u>	<u> </u>	<u>20,531</u>
Total Federal Government	<u>31,945</u>	<u>34,244</u>	<u> </u>	<u> </u>	<u>66,189</u>
State Government					
Categorical					
Aid Programs	168,183				168,183
Child Nutrition		1,470			1,470
Lottery	92,980				92,980
Deferred Maintenance		85,450			85,450
Apportionment	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total State Government	<u>261,163</u>	<u>86,920</u>	<u> </u>	<u> </u>	<u>348,083</u>
Local Government					
Los Angeles County					
Developer Fees			25,493		25,493
Other	<u>933,095</u>	<u> </u>	<u> </u>	<u> </u>	<u>933,095</u>
Total Local Government	<u>933,095</u>	<u> </u>	<u>25,493</u>	<u> </u>	<u>958,588</u>
Interest	<u>23,932</u>	<u>145,917</u>	<u>1,150</u>	<u>6,107</u>	<u>177,106</u>
Other					
Miscellaneous	<u>178,167</u>	<u>7,608</u>	<u>1,382</u>	<u> </u>	<u>187,157</u>
Total Accounts Receivable	<u>\$1,428,302</u>	<u>\$274,689</u>	<u>\$ 28,025</u>	<u>\$ 6,107</u>	<u>\$1,737,123</u>

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

NOTE 5 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Individual funds interfund receivable and payable balances at June 30, 1993 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 33,634	\$
Cafeteria Account		33,634
Retiree Benefit Fund	13,000	
Capital Facilities Fund	<u> </u>	<u>13,000</u>
Totals	\$ <u>46,634</u>	\$ <u>46,634</u>

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Interfund transfers affecting the General Fund for the 1993 fiscal year were as follows:

	<u>From General Fund</u>	<u>To General Fund</u>
Transfer from the General Fund to the Cafeteria Fund for the Meals for Needy and to cover operating expenses	\$ 60,325	
Transfer from General Fund to the Deferred Maintenance Fund to match state allocation	75,000	
Transfer from Special Reserve Fund to the General Fund to cover operating expenses	<u> </u>	<u>2,291,581</u>
Totals	<u>\$135,325</u>	<u>\$2,291,581</u>

NOTE 6 - TAX AND REVENUE ANTICIPATION NOTES

The district issued \$2,500,000 of Tax and Revenue Anticipation notes dated July 1, 1992. The notes mature on June 28, 1993 and yield 3.45% interest. The notes were sold to supplement cash flow repayment requirements are that \$1,250,000 be deposited with the Treasurer prior to April 30, 1993 and the remainder of the \$1,250,000 plus accrued interest of \$93,750 be made prior to May 31, 1993.

The district paid Los Angeles County Treasurer and Tax Collector according to payment schedule.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

NOTE 7 - GENERAL FIXED ASSETS

A schedule of changes in general fixed assets for the year ended June 30, 1993, is shown below:

	<u>Balance June 30, 1992</u>	<u>New Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1993</u>
Land/Site Improvement	\$ 1,168,188	\$ 10,022	\$	\$ 1,178,210
Building and building improvements	39,531,841	462,602		39,994,443
Equipment	<u>1,402,141</u>	<u>417,377</u>	<u>40,000</u>	<u>1,779,518</u>
Total	<u>\$42,102,170</u>	<u>\$ 890,001</u>	<u>\$ 40,000</u>	<u>\$42,952,171</u>

During 1990-1991 the district researched the historical cost of all the land. For site improvements and buildings and building improvements, an appraisal was made by a certified appraiser and established the estimated historical cost. The equipment inventory, which has been carried at cost, was updated to include all of the acquisitions made in the year ended June 30, 1993.

The district has an established General Fixed Assets group of accounts.

NOTE 8 - LEASES

Operating Leases

The District has terminated its various lease agreements with Redondo Beach, Manhattan Beach and Hermosa Beach City School Districts for classrooms as of June 30, 1993. The District has also discontinued its operating leases for several photocopying equipments.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

NOTE 9 - JOINT VENTURES (JOINT POWER AGREEMENTS)

The South Bay Union High School District participates in two joint ventures under joint powers agreements (JPAs) with Centinela-South Bay School Insurance Authority (CSBSIA) and Alliance of Schools for Cooperative Insurance Programs (ASCIP). The relationship between the South Bay Union High School District and the JPAs is such that the JPAs are not a component unit of South Bay Union High School District for financial reporting purposes.

Centinela - South Bay School Insurance Authority (CSBSIA) arranges for and provides coverage for Workers' Compensation.

Alliance of Schools for Cooperative Insurance Programs (ASCIP) arranges and provides property and liability insurance up to \$1,000,000. Umbrella coverage over \$1,000,000 and up to \$10,000,000 is supplied by Schools Excess Liability Fund (SELF). Premiums for SELF are paid by the ASCIP.

Both ASCIP and CSBSIA are governed by a board consisting of a representative from each member district. The board controls the operations of the JPAs including selection of management and approval of operating budgets, independent of any influence by member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surplus and deficits proportionate to their participation in the JPA.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

As of the date of this report, no 1992-93 financial information is available for ASCIP.

Condensed unaudited financial information of SELF as of June 30, 1993 were as follows:

	SELF
Total Assets	\$78,428,882
Total Liabilities	<u>59,334,624</u>
Fund Balance	<u>\$19,094,258</u>
Total Revenue	\$20,085,345
Total Expenditures	<u>14,415,617</u>
Net Increases (Decreases) In Fund Balances	<u>\$ 5,669,728</u>

Total assets (unaudited) for CSBSIA as of June 30, 1993 totalled \$10,793,565.

CSBSIA and SELF had no long-term debts as of June 30, 1993.

The District's share of year-end assets, liabilities or fund equity has not been calculated by any of the JPA's.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Litigation

The District is involved in various litigation. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the District's financial statements.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

B. State and Federal Allowances, Awards and Grants

The district has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

NOTE 11 - EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

State Teachers' Retirement System (STRS)

All full-time certificated employees participate in STRS, a cost-sharing multiple employer contributory public employee retirement system. At June 30, 1993, the district employed 242 certificated employees with a total payroll of \$9,447,560.

Employees attaining the age of 60 with 5 years of credited California Service (service) are eligible for normal retirement and are entitled to a monthly benefit of 2 percent of their final compensation for each year of service. Final compensation is defined as the average salary earnable for the highest three consecutive years of service. The plan permits early retirement options at age 55 or as early as age 50 with 30 years of service.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Disability benefits of up to 90 percent of final compensation are available to members with 5 years of service. A family benefit is available if the deceased member had at least one year of service.

After 5 years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The current rate of interest credited to members' accounts is 6 percent per annum.

Benefit provisions for STRS are established by the State of California Teachers' Retirement Law (Part 13 of the California Education Code, Section 22000 et seq.).

California Public Employees Retirement System (PERS)

All full-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. The South Bay Union High School District is part of a "cost-sharing" pool within PERS. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. At June 30, 1993, the district employed 149 classified employees with a total payroll of \$3,394,549.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Employees are eligible for retirement at the age of 60 and are entitled to a monthly benefit of 2 percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement may begin at age 50 with a reduced benefit rate, or after age 60 to 63 with an increased rate. The plan also provides death and disability benefits. Retirement benefits fully vest after 5 years of credited service. Upon separation from the district, members' accumulated contributions are refundable with interest credited through the date of separation.

Benefit provisions for PERS are established by the Public Employees' Retirement Law (Part 3 of the California Government Code, Section 20000 et seq.).

Funding Status and Progress of the Retirement Plans

The "pension benefit obligation" reported below is a standardized disclosure of the present value of pension benefits adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the retirement plans' funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among retirement systems and employers. The measure is independent of the funding method used to determine contributions to the retirement systems.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

The pension benefit obligation for STRS was computed as part of the actuarial valuation performed June 30, 1993. The significant actuarial assumptions used by STRS to compute the June 30, 1993 actuarial valuation do not differ from those applied in prior years.

The assumed long-term investment yield is 8.50 percent, and the assumed long-term salary increase assumption for inflation is 6.50 percent. The normal cost rate is 17.46 percent of the covered payroll and the 38 year equivalent amortization rate for the unfunded actuarial obligation is 2.95 percent. Member and employer contribution rates are set by law and are not affected by the actuarial valuation.

Under current law the pension benefit obligation for STRS is not the responsibility of the district. The State of California makes annual contributions to STRS toward the unfunded obligation. The pension benefit obligation for STRS is included in the financial statements for STRS and State of California. The estimated total contributions to STRS for the fiscal year ended June 30, 1993 is \$1,063,553.

The pension benefit obligation for PERS was computed as part of the actuarial valuation performed June 30, 1991. Significant actuarial assumptions used to compute the PERS pension benefit obligation include an actuarial interest rate of 8.75 percent per annum and projected salary increases of 7 percent consisting of 4.5 percent

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

for inflation, across the board real salary increases of .75 percent for across the board real salary increases and 1.75 percent for merit raises.

PERS does not make separate measurements of assets and pension benefit obligations for individual school districts or county offices.

The total unfunded pension benefit obligation applicable to the employees was \$368,130,403 at June 30, 1993, as follows:

<u>Pension Benefit Obligations</u>	<u>PERS</u>
Retirees and Beneficiaries Currently Receiving Benefits and Terminated Employees Not Yet Receiving Benefits	\$ 5,122,657,843
Current Employees:	
Accumulated Employee Contributions Including Allocated Investments Earnings	2,820,738,920
Employer-Financed Vested	3,676,217,748
Employer-Financed Nonvested	<u>234,488,200</u>
Total Pension Benefit Obligation	11,854,102,711
Net Assets Available for Benefits at Cost (Market Value is \$12,956,176,763)	<u>11,485,972,308</u>
Unfunded Pension Benefit Obligation	<u>\$ 368,130,403</u>

Changes in the pension benefit obligation from last year were due to:

Changes in Benefit Provisions	N/A
Changes in Actuarial Assumptions	N/A

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Contributions Required and Contributions Made

The district is required by statute to contribute 8.25% and 7.58% of gross salary expenditures to STRS and PERS, respectively.

The participants (employees) are required to contribute 8% and 7% of gross salary to STRS and PERS, respectively.

The district contribution information for the year ended June 30, 1993 is as follows:

Number of Employees Covered	Total Employee Contributions	Total Employer Contributions	District's Current Year Covered Payroll	Employee Contributions as a Percentage of Covered Payroll	Employer Contributions as a Percentage of Covered Payroll
STRS-242	\$755,805	\$779,424	\$9,447,560	8.00%	8.25%
PERS-149	\$222,368	(1)	3,394,549	7.00%	(1)

- (1) During fiscal year 1992-93, the district received instructions from the State of California not to make the full PERS employer contributions for this fiscal year. The district's contribution for 1992-93 at 7.578% of covered payroll would have been \$257,239 had contributions been made as originally planned.

The district's employer contributions to STRS met the required contribution rate established by law. Although the actuarially determined contribution rate exceeds the employer rate set in law, the district has no obligation for the deficit.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Trend Information

Ten-year historical trend information giving an indication of the STRS' and PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the State Teachers' Retirement System's Comprehensive Annual Financial Report for the year ended June 30, 1993 and the California Public Employees' Retirement System's Annual Report for the year ended June 30, 1993.

The following three year trend information is required to be reported for PERS.

	PERS		
	6/30 1991	6/30 1992	6/30 1993
Net Assets Available for Benefits as Percentages of the Pension Benefit Obligation	92.6%	95.0%	96.9%
Unfunded Pension Benefit Obligation as Percentages of Annual Covered Payroll	16.0%	10.8%	9.0%
Employer Contributions Made In Accordance With Actuarially Determined Requirements, As Percentages of Annual Covered Payroll	7.646%	(1)	7.58%

(1) See (1) at Page 35.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Other Information

Under STRS law, certain early retirement incentives require the employer to pay the present value of the additional benefit which may be paid on either a current or deferred basis. The district has no obligations to STRS for early retirement incentives granted to retired employees.

NOTE 12 - POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In addition to the pension benefits described in Note 15, the district provides post retirement health care benefits to all employees who retire from the district on or after attaining age 55 with at least 15 years of satisfactory service to the district. As of June 30, 1993 there were 85 retirees who met these eligibility requirements.

Under the plan, the district will continue to cover and pay for the retiree's health care benefits package, which includes medical, dental and vision coverage as well as limited term life insurance. Coverage lasts either until the retiree attains age 65 or for life.

The retiree may make a one-time election to receive cash payments equal to the amounts the district would have to pay for the benefits package. These payments are in addition to, and separate from, any retirement, annuity

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

or deferred compensation payments or benefits to which the employee became entitled by reason of prior service for the district.

During fiscal year ended June 30, 1993, payments totaling \$258,277 were made for post retirement health care. Total expenditures for fiscal year ended June 30, 1993 amounted to \$274,208.

SPECIAL REVENUE TYPE FUND

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit A

	Adult Education	Deferred Maintenance	Cafeteria	Special Reserve	Totals	Memorandum Combined-- Total June 30, 1992
Assets						
Cash in County Treasury	\$205,739	\$63,911		\$12,834,083	\$13,103,733	\$15,331,166
Cash on hand and in banks			\$27,174		27,174	171,830
Accounts Receivable:						
Interest	813	149		144,955	145,917	198,632
Other	1,360		6,248		7,608	162,081
Due from Federal Government	13,713		20,531		34,244	12,394
Due from State Government		85,450	1,470		86,920	70,456
Due from Other Funds						
Note Receivable						
Stores Inventory:						
Supplies			30,821		30,821	24,047
Food						9,720
Total Assets	\$221,625	\$149,510	\$86,244	\$12,979,038	\$13,436,417	\$15,980,326
Liabilities and Fund Balance						
Liabilities						
Accounts Payable	\$197,519	\$42,681			\$240,200	\$222,486
Due to Other Funds			\$33,634		33,634	384,680
Deferred Revenue						
Total Liabilities	197,519	42,681	33,634	0	273,834	607,166
Fund Balance						
Reserved:						
Reserved Funds			30,821		30,821	33,767
Restricted Funds						71,263
Unreserved:						
Designated						
Undesignated Funds	24,106	106,829	21,789	12,979,038	13,131,762	15,268,130
Total Fund Balance	24,106	106,829	52,610	12,979,038	13,162,583	15,373,160
Total Liabilities and Fund Balance	\$221,625	\$149,510	\$86,244	\$12,979,038	\$13,436,417	\$15,980,326

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL SPECIAL REVENUE TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit B

	Adult Education	Deferred Maintenance	Cafeteria	Special Reserve	Totals	Memorandum Combined--Total 1991--92
Revenues						
Revenue Limit Sources:						
State Apportionment	\$1,261,460				\$1,261,460	\$1,336,651
Local Sources	353,328				353,328	376,740
Federal Revenues:						
Child Nutrition			104,101		104,101	88,782
Other	26,589				26,589	44,573
State Revenues:						
Child Nutrition			6,911		6,911	6,707
Other	15,322	85,450	9,833		110,605	86,850
Local Revenues:						
Food Service Sales			472,304		472,304	
Interest	4,641	1,673		585,488	591,802	889,811
Other	882,414				882,414	1,769,081
Total Revenues	2,543,754	87,123	593,149	585,488	3,809,514	4,599,195
Expenditures						
Current						
Certificated Salaries	985,314				985,314	956,791
Classified Salaries	502,117	118,207	332,811		953,135	885,113
Employee Benefits	249,821	17,545	86,279		353,645	712,111
Books and Supplies	155,516	1,001	249,175		405,692	402,488
Serv. and Other Exp.	351,025	7,004	32,193		390,222	387,496
Capital Outlay	81,755	29,160			110,915	39,556
Other Out Go	249,996				249,996	348,288
Total Expenditures	2,575,544	172,917	700,458		3,448,919	3,731,843
Excess (Deficiency) of Revenue Over Expenditures	(31,790)	(85,794)	(107,309)	585,488	360,595	867,352
Other Financing Sources (Uses)						
Transfer In		75,000	60,325		135,325	135,234
Transfer Out	(156,359)			(2,367,907)	(2,524,266)	(2,316,347)
Total Other Financing Sources (Uses)	(156,359)	75,000	60,325	(2,367,907)	(2,388,941)	(2,181,113)
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources (Uses)	(188,149)	(10,794)	(46,984)	(1,782,419)	(2,028,346)	(1,313,761)
Fund Balance						
Fund Balance July 1, 1992	212,255	204,508	99,594	14,742,931	15,259,288	16,686,921
Prior Period Adjustment		(86,885)		18,526	(68,359)	
Adjusted Fund Balance July 1, 1992	212,255	117,623	99,594	14,761,457	15,190,929	16,686,921
Fund Balance June 30, 1993	\$24,106	\$106,829	\$52,610	\$12,979,038	\$13,162,583	\$15,373,160

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 ALL SPECIAL REVENUE TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	Adult Education			Deferred Maintenance		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues						
Revenue Limit Sources:						
State Apportionment	\$1,288,431	\$1,261,460	(\$26,971)			
Local Sources	377,685	353,328	(24,357)			
Federal Revenues:						
Child Nutrition						
Other	22,000	26,589	4,589			
State Revenues:						
Child Nutrition						
Other		15,322	15,322	72,000	85,450	13,450
Local Revenues:						
Food Service Sales						
Interest	30,000	4,641	(25,359)	2,000	1,673	(327)
Other	920,000	882,414	(37,586)			
Total Revenues	<u>2,638,116</u>	<u>2,543,754</u>	<u>(94,362)</u>	<u>74,000</u>	<u>87,123</u>	<u>13,123</u>
Expenditures						
Current						
Certificated Salaries	985,026	985,314	(288)			
Classified Salaries	501,903	502,117	(214)	118,163	118,207	(44)
Employee Benefits	250,519	249,821	698	17,633	17,545	88
Books and Supplies	155,550	155,516	34	1,002	1,001	1
Serv. and Other Exp.	370,700	351,025	19,675	8,434	7,004	1,430
Capital Outlay	81,756	81,755	1	29,160	29,160	
Other Out Go	306,400	249,996	56,404			
Total Expenditures	<u>2,651,854</u>	<u>2,575,544</u>	<u>76,310</u>	<u>174,392</u>	<u>172,917</u>	<u>1,475</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>(13,738)</u>	<u>(31,790)</u>	<u>(18,052)</u>	<u>(100,392)</u>	<u>(85,794)</u>	<u>14,598</u>
Other Financing Sources (Uses)						
Transfer In				75,000	75,000	
Transfer Out	(100,000)	(156,359)	(56,359)			
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(156,359)</u>	<u>(56,359)</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources (Uses)	<u>(113,738)</u>	<u>(188,149)</u>	<u>(74,411)</u>	<u>(25,392)</u>	<u>(10,794)</u>	<u>14,598</u>
Fund Balance						
Fund Balance July 1, 1992	212,255	212,255		204,508	204,508	
Prior Period Adjustment					(86,885)	(86,885)
Adjusted Fund Balance July 1, 1992	<u>212,255</u>	<u>212,255</u>		<u>204,508</u>	<u>117,623</u>	<u>(86,885)</u>
Fund Balance June 30, 1993	<u>\$98,517</u>	<u>\$24,106</u>	<u>(\$74,411)</u>	<u>\$179,116</u>	<u>\$106,829</u>	<u>(\$72,287)</u>

Cafeteria			Special Reserve			Combined Total			Memorandum Combined Total
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	1991-92
						\$1,288,431	\$1,261,460	(\$26,971)	\$1,336,651
						377,685	353,328	(24,357)	376,740
74,440	104,101	29,661				74,440	104,101	29,661	88,782
						22,000	26,589	4,589	44,573
4,983	6,911	1,928				4,983	6,911	1,928	6,707
22,017	9,833	(12,184)				94,017	110,605	16,588	86,850
576,530	472,304	(104,226)				576,530	472,304	(104,226)	
			800,000	585,488	(214,512)	832,000	591,802	(240,198)	889,811
						920,000	882,414	(37,586)	1,769,081
677,970	593,149	(84,821)	800,000	585,488	(214,512)	4,190,086	3,809,514	(380,572)	4,599,195
						985,026	985,314	(288)	956,791
356,869	332,811	24,058				976,935	953,135	23,800	885,113
103,135	86,279	16,856				371,287	353,645	17,642	712,111
299,363	249,175	50,188				455,915	405,692	50,223	402,488
15,500	32,193	(16,693)				394,634	390,222	4,412	387,496
						110,916	110,915	1	39,556
						306,400	249,996	56,404	348,288
774,867	700,458	74,409				3,601,113	3,448,919	152,194	3,731,843
(96,897)	(107,309)	(10,412)	800,000	585,488	(214,512)	588,973	360,595	(228,378)	867,352
65,328	60,325	(5,003)				140,328	135,325	(5,003)	135,234
			(2,368,354)	(2,367,907)	447	(2,468,354)	(2,524,266)	(55,912)	(2,316,347)
65,328	60,325	(5,003)	(2,368,354)	(2,367,907)	447	(2,328,026)	(2,388,941)	(60,915)	(2,181,113)
(31,569)	(46,984)	(15,415)	(1,568,354)	(1,782,419)	(214,065)	(1,739,053)	(2,028,346)	(289,293)	(1,313,761)
99,594	99,594		14,742,931	14,742,931		15,259,288	15,259,288		16,686,921
				18,526	18,526		(68,359)	(68,359)	
99,594	99,594		14,742,931	14,761,457	18,526	15,259,288	15,190,929	(68,359)	16,686,921
\$68,025	\$52,610	(\$15,415)	\$13,174,577	\$12,979,038	(\$195,539)	\$13,520,235	\$13,162,583	(\$357,652)	\$15,373,160

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CAPITAL PROJECTS TYPE FUNDS

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 ALL CAPITAL PROJECTS TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit D

	Capital Facilities	Totals	Memorandum Combined-- Total June 30, 1992
Assets			
Cash in County Treasury	\$438	\$438	\$62
Cash on hand and in banks			
Accounts Receivable:			
Interest	1,150	1,150	2,143
Other	1,382	1,382	44
Due from Local Government	25,493	25,493	61,187
Total Assets	\$28,463	\$28,463	\$63,436
Liabilities and Fund Balance			
Liabilities			
Accounts Payable			\$51,904
Deferred Revenue			
Due To Other Funds	\$13,000	\$13,000	
Total Liabilities	13,000	13,000	51,904
Fund Balance			
Unreserved:			
Designated Funds			11,532
Undesignated Funds	15,463	15,463	
Total Fund Balance	15,463	15,463	11,532
Total Liabilities and Fund Balance	\$28,463	\$28,463	\$63,436

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL CAPITAL PROJECTS TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit E

	Capital Facilities	Totals	Memorandum Combined--Total 1991--92
Revenues			
Local Revenues:			
Building Permit Fees	\$236,047	\$236,047	\$320,091
Interest	1,573	1,573	8,219
Other	1,339	1,339	
Total Revenues	<u>238,959</u>	<u>238,959</u>	<u>328,310</u>
Expenditures			
Current			
Certificated Salaries			74,564
Classified Salaries			50,000
Employee Benefits			7,228
Books and Supplies			62,527
Serv. and Other Exp.			120,933
Capital Outlay	235,028	235,028	98,477
Total Expenditures	<u>235,028</u>	<u>235,028</u>	<u>413,729</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>3,931</u>	<u>3,931</u>	<u>(85,419)</u>
Other Financing Sources (Uses)			
Transfer In			
Transfer Out			
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources (Uses)	<u>3,931</u>	<u>3,931</u>	<u>(85,419)</u>
Fund Balance			
Fund Balance July 1, 1992	11,532	11,532	96,951
Fund Balance June 30, 1993	<u>\$15,463</u>	<u>\$15,463</u>	<u>\$11,532</u>

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUE, EXPENDITURES,
 AND CHANGES IN FUND BALANCES – BUDGET TO ACTUAL
 ALL CAPITAL PROJECTS TYPE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit F

	Capital Facilities			Combined Total			Memorandum Combined Total 1991-92
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues							
Local Revenues:							
Building Permit Fees	\$300,000	\$236,047	(\$63,953)	\$300,000	\$236,047	(\$63,953)	\$320,091
Interest	8,000	1,573	(6,427)	8,000	1,573	(6,427)	8,219
Other		1,339	1,339		1,339	1,339	
Total Revenues	308,000	238,959	(69,041)	308,000	238,959	(69,041)	328,310
Expenditures							
Current							
Certified Salaries							74,564
Classified Salaries							50,000
Employee Benefits							7,228
Books and Supplies							62,527
Serv. and Other Exp.							120,933
Capital Outlay	417,605	235,028	182,577	417,605	235,028	182,577	98,477
Total Expenditures	417,605	235,028	182,577	417,605	235,028	182,577	413,729
Excess (Deficiency) of Revenue Over Expenditures	(109,605)	3,931	113,536	(109,605)	3,931	113,536	(85,419)
Other Financing Sources (Uses)							
Transfer In							
Transfer Out							
Total Other Financing Sources (Uses)	0	0	0	0	0	0	0
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources (Uses)	(109,605)	3,931	113,536	(109,605)	3,931	113,536	(85,419)
Fund Balance							
Fund Balance July 1, 1992	11,532	11,532		11,532	11,532		96,951
Fund Balance June 30, 1993	(\$98,073)	\$15,463	\$113,536	(\$98,073)	\$15,463	\$113,536	\$11,532

PROPRIETARY FUND TYPE

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING BALANCE SHEET – PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993
 (With Comparative Totals for Fiscal Year 1991 – 92)

Exhibit G

	Retiree Benefit	Combined – Total	
		June 30, 1993	June 30, 1992
Assets			
Cash in County Treasury	\$688,247	\$688,247	\$760,077
Accounts Receivable			
Interest	6,107	6,107	6,108
Other			
Due From Other Funds	13,000	13,000	
Total Assets	\$707,354	\$707,354	\$766,185
Liabilities and Fund Equity			
Liabilities			
Accounts Payable	\$485,146	\$485,146	\$4,400
Due to Retiree Benefit Account	222,208	222,208	761,785
Total Liabilities	707,354	707,354	766,185
Fund Balance			
Total Fund Equity			0
Total Liabilities and Fund Equity	\$707,354	\$707,354	\$766,185

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS – PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993
 (With Comparative Totals for Fiscal Year 1991–92)

Exhibit H

	Retiree Benefit	Combined–Total	
		June 30, 1993	June 30, 1992
Operating Revenues:			
Total Operating Revenues	\$0	\$0	\$0
Operating Expenses:			
Employee Benefits	744,545	744,545	156,635
Contracted Services	54,400	54,400	100,400
Total Operating Expenses	798,945	798,945	257,035
Operating Income (Loss)	(798,945)	(798,945)	(257,035)
Non–Operating Revenues:			
Interest Income	26,684	26,684	32,171
Net Transfers In	232,684	232,684	335,000
(Increase) Decrease in Amount Due To Retiree Benefit Account	539,577	539,577	(110,136)
Total Other Financing Sources (Uses)	798,945	798,945	257,035
Net Income	\$0	\$0	\$0

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN RETAINED EARNINGS – BUDGET AND ACTUAL – PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993
 (With Comparative Totals for Fiscal Year 1991–92)

Exhibit I

	Retiree Benefit			Combined Total			
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Actual 1991–92
Revenues							
Operating Revenues:							
Total Operating Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Expenses:							
Employee Benefits	738,556	744,545	(5,989)	738,556	744,545	(5,989)	156,635
Contracted Services	55,000	54,400	600	55,000	54,400	600	100,400
Total Operating Expenses	793,556	798,945	(5,389)	793,556	798,945	(5,389)	257,035
Operating Income	(793,556)	(798,945)	(5,389)	(793,556)	(798,945)	(5,389)	(257,035)
Non–Operating Revenues:							
Interest Income	35,000	26,684	(8,316)	35,000	26,684	(8,316)	32,171
Net Transfers In	(33,229)	232,684	265,913	(33,229)	232,684	265,913	335,000
(Increase) Decrease in Amount Due To Retiree Benefit Account		539,577	539,577		539,577	539,577	(110,136)
Total Non–Operating Revenues	1,771	798,945	797,174	1,771	798,945	797,174	257,035
Net Income	(\$791,785)	\$0	\$791,785	(\$791,785)	\$0	\$791,785	\$0

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 COMBINING STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit J

	Retiree Benefit
Cash Flows From Operating Activities:	
Net Income	<u>\$0</u>
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Decrease in Interest Receivable	1
Increase in Due from Other Funds	(13,000)
Increase in Accounts Payable	480,746
(Decrease) in Due to Retiree Benefit Account	<u>(539,577)</u>
Total Adjustments	<u>(71,830)</u>
Net Cash Used For Operating Activities	<u>(71,830)</u>
Net Decrease in Cash	(71,830)
Cash, July 1, 1992	<u>760,077</u>
Cash, June 30, 1993	<u><u>\$688,247</u></u>

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AGENCY ACCOUNTS

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 FIDUCIARY TYPE - AGENCY ACCOUNTS
 STUDENT BODY ACCOUNTS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit K
 Page 1 of 3

<u>School Name</u>	Balance July 1 <u>1992</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30 <u>1993</u>
Mira Costa High School				
<u>Assets</u>				
Cash on hand & in banks	\$134,826	\$464,287	\$458,438	\$140,675
Total assets	<u>\$134,826</u>	<u>\$464,287</u>	<u>\$458,438</u>	<u>\$140,675</u>
<u>Liabilities</u>				
Student club trust accounts	\$ 83,125	\$301,636	\$291,149	\$ 93,612
Due to general student body	<u>51,701</u>	<u>162,651</u>	<u>167,289</u>	<u>47,063</u>
Total liabilities	<u>\$134,826</u>	<u>\$464,287</u>	<u>\$458,438</u>	<u>\$140,675</u>
 Redondo High School				
<u>Assets</u>				
Cash on hand & in banks	\$262,364	\$449,458	\$439,133	\$272,689
Equipment	<u>11,902</u>	<u>5,450</u>	<u>0</u>	<u>17,352</u>
Total assets	<u>\$274,266</u>	<u>\$454,908</u>	<u>\$439,133</u>	<u>\$290,041</u>
<u>Liabilities</u>				
Student club trust accounts	\$243,766	\$280,612	\$290,885	\$233,493
Due to general student body	<u>30,500</u>	<u>174,296</u>	<u>148,248</u>	<u>56,548</u>
Total liabilities	<u>\$274,266</u>	<u>\$454,908</u>	<u>\$439,133</u>	<u>\$290,041</u>

See Accompanying Notes to Financial Statements

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 FIDUCIARY TYPE - AGENCY ACCOUNTS
 STUDENT BODY ACCOUNTS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit K
 Page 2 of 3

<u>School Name</u>	<u>Balance July 1 1992</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30 1993</u>
Pacific Shores High School				
<u>Assets</u>				
Cash on hand & in banks	\$ 48,119	\$ 6,786	\$ 8,632	\$46,273
Total assets	<u>\$ 48,119</u>	<u>\$ 6,786</u>	<u>\$ 8,632</u>	<u>\$46,273</u>
<u>Liabilities</u>				
Due to general scholarship account	\$ 48,119	\$ 6,786	\$ 8,632	\$46,273
Total liabilities	<u>\$ 48,119</u>	<u>\$ 6,786</u>	<u>\$ 8,632</u>	<u>\$46,273</u>
 South Bay Adult Education				
<u>Assets</u>				
Cash on hand & in banks	\$ 3,697	\$ 1,623	\$ 3,260	\$ 2,060
Total assets	<u>\$ 3,697</u>	<u>\$ 1,623</u>	<u>\$ 3,260</u>	<u>\$ 2,060</u>
<u>Liabilities</u>				
Due to general student body	\$ 3,697	\$ 1,623	\$ 3,260	\$ 2,060
Total liabilities	<u>\$ 3,697</u>	<u>\$ 1,623</u>	<u>\$ 3,260</u>	<u>\$ 2,060</u>
 <u>Elementary School Fund (North)</u>				
<u>Assets</u>				
Cash in county treasury	\$41,245	\$12,012	\$15,930	\$37,327
Accounts receivable	<u>12,012</u>	<u>6,610</u>	<u>12,012</u>	<u>6,610</u>
Total assets	<u>\$53,257</u>	<u>\$18,622</u>	<u>\$27,942</u>	<u>\$43,937</u>
<u>Liabilities</u>				
Due to other schools	\$53,257	\$18,622	\$27,942	\$43,937
Total liabilities	<u>\$53,257</u>	<u>\$18,662</u>	<u>\$27,942</u>	<u>\$43,937</u>

See Accompanying Notes to Financial Statements

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 FIDUCIARY TYPE - AGENCY ACCOUNTS
 STUDENT BODY ACCOUNTS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Exhibit K
 Page 3 of 3

	Balance July 1 <u>1992</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30 <u>1993</u>
<u>All Schools and Elementary School Fund</u>				
<u>Assets</u>				
Cash in county treasury	\$ 41,245	\$ 12,012	\$ 15,930	\$ 37,327
Cash on hand in banks	449,006	922,154	909,463	461,697
Accounts receivable	12,012	6,610	12,012	6,610
Equipment	<u>11,902</u>	<u>5,450</u>	<u>0</u>	<u>17,352</u>
Total assets	<u>\$514,165</u>	<u>\$946,226</u>	<u>\$937,405</u>	<u>\$522,986</u>
<u>Liabilities</u>				
Student club trust accounts	\$326,891	\$582,248	\$582,034	\$327,105
Due to general scholarship account	48,119	6,786	8,632	46,273
Due to general student body	85,898	338,570	318,797	105,671
Due to other schools	<u>53,257</u>	<u>18,622</u>	<u>27,942</u>	<u>43,937</u>
Total liabilities	<u>\$514,165</u>	<u>\$946,226</u>	<u>\$937,405</u>	<u>\$522,986</u>

See Accompanying Notes to Financial Statements

SUPPLEMENTARY INFORMATION SECTION

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**QUEZADA
GODSEY & CO.**
CERTIFIED PUBLIC ACCOUNTANTS

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El Monte, California 91731-2906
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the fiscal year ended June 30, 1993, and have issued our report thereon dated January 19, 1994. These general purpose financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and Standards and Procedures for Audits of California K-12 Local Educational Agencies, prescribed by the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplementary financial and statistical information listed in the table of contents, including the Schedule of Federal and State Financial Assistance, is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the district, except for the Schedule of Financial Trends and Analysis, which is required by the State Controller's Office. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Quezada Godsey & Co

El Monte, California
January 19, 1994

SOUTH BAY UNION HIGH SCHOOL DISTRICT
ORGANIZATION
JUNE 30, 1993

The South Bay Union High School District was established on 1906 and is comprised of an area of approximately 11.4 square miles located in Los Angeles County. There were no changes in the boundaries of the district during the current year. The district operated two high schools, an adult education high school and a continuing education school. The district ceased operations as of June 30, 1993. (Refer to Note 1A).

GOVERNING BOARD

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Jim Duffy	President	June 30, 1993
Lyn Flory	Member	June 30, 1993
Tom Downs	Member	June 30, 1993
Joe Mark	Member	June 30, 1993
Kathy Campbell	Member	June 30, 1993

ADMINISTRATION

Dr. Walter Hale
Superintendent

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FISCAL YEAR ENDED JUNE 30, 1993

	<u>1992-1993</u>		<u>1991-1992</u>	
	<u>Second</u> <u>Period</u>	<u>Annual</u> <u>Report</u>	<u>Second</u> <u>Period</u>	<u>Annual</u> <u>Report</u>
High School:				
Grades nine through twelve, Regular classes	3,126	3,105	2,999	2,971
Special education	91	89	91	91
Continuation education	73	76	109	124
Extended year proficiency	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>
High School Totals	<u>3,295</u>	<u>3,275</u>	<u>3,204</u>	<u>3,191</u>
Regional Occupational Program:				
Mandated Program	182	268	256	270
Classes for Adults:				
Concurrently enrolled	109	109	114	87
Students 21 and not over 19 not concurrently enrolled	232	222	205	197
Not concurrently enrolled	<u>929</u>	<u>1,004</u>	<u>868</u>	<u>903</u>
Total ADA	<u>4,747</u>	<u>4,878</u>	<u>4,647</u>	<u>4,648</u>
<u>Summer School</u>				
	<u>Hours of</u> <u>Attendance</u>		<u>Hours of</u> <u>Attendance</u>	
High school	48,502		51,313	

See Accompanying Notes to Supplementary Information

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>1993</u>	<u>1992</u>	<u>1991</u>
General Fund			
Revenues and Other Financial Sources	\$19,138,442	\$18,527,194	\$18,526,919
Expenditures	20,327,571	18,104,322	18,112,056
Other Uses and Transfers Out	135,325	899,086	1,033,900
Total Outgo	<u>20,462,896</u>	<u>19,003,408</u>	<u>19,145,956</u>
Change in Fund Balance	(1,324,454)	(476,214)	(619,037)
Ending Fund Balance	(347,844)	976,610	1,508,757
Available Reserves	<u>\$0</u>	<u>\$966,610</u>	<u>\$1,052,206</u>
Available Reserves as a Percentage of Total Outgo	0%	5.1%	5.5%
Total Long-term Debt	\$0	\$115,386	\$298,024
Average Daily Attendance at P-2	4,747	4,647	4,326

Average daily attendance has increased by 421 over the past two years.

See the accompanying notes to supplementary information

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 JUNE 30, 1993

Program Name Federal Programs	Federal Catalog Number	Program Entitlements			Program Expenditures
		Current Year	Prior Year Carryover	Total	
Education Consolidation & Improvement Act					
Chapter I	84.010	58,798	\$2,095	60,893	64,043
Chapter II	84.151	16,143	5,260	21,403	21,181
Total E.C.I.A.		<u>74,941</u>	<u>7,355</u>	<u>82,296</u>	<u>85,224</u>
Special Education PL 94-142					
Discretionary Grant	84.027	1,008		1,008	672
Local Assistance	84.027	81,141		81,141	93,663
Total Special Education		<u>82,149</u>		<u>82,149</u>	<u>94,335</u>
Other Federal Programs					
Adult Basic Education	84.002	23,443		23,443	23,443
Vocational Education	84.048	61,074		61,074	61,293
Drug Free Schools	84.186	12,925	3,256	16,181	13,549
Eisenhower Math & Science	84.186	14,438	4,455	18,893	6,526
Total Other Federal Programs		<u>111,880</u>	<u>7,711</u>	<u>119,591</u>	<u>104,811</u>
National School Lunch Program	10.555	61,623		61,623	61,623
Total Federal Programs		<u>\$330,593</u>	<u>\$15,066</u>	<u>\$345,659</u>	<u>\$345,993</u>
State Programs					
		\$46,693		\$46,693	\$45,636
Gifted and Talented Education		21,537	14,431	35,968	35,767
Home to School Transportation		3,742		3,742	3,742
Economic Impact Act		33,630	5,999	39,629	37,327
Instructional Materials 9-12		61,149	47,124	108,273	88,713
10th Grade Counseling		19,208	9,708	28,916	21,276
Mentor Teacher		46,233	12,894	59,127	48,968
SB1882 Professional Development		48,474	19,643	68,117	63,536
Supplemental Grant		530,720		530,720	530,720
Class Size		123,351		123,351	123,351
Special Education Master Plan		878,504		878,504	1,794,457
Tobacco use Prevention Education		17,315	8,387	25,702	21,827
Child Nutrition		6,911		6,911	6,911
Bride to Math		0	1,078	1,078	1,078
Total State Programs		<u>1,837,467</u>	<u>119,264</u>	<u>1,956,731</u>	<u>2,823,309</u>
Total Federal and State Programs		<u>\$2,168,060</u>	<u>\$134,330</u>	<u>\$2,302,390</u>	<u>\$3,169,302</u>

SOUTH BAY UNION HIGH SCHOOL DISTRICT
 RECONCILIATION OF ANNUAL FINANCIAL AND
 BUDGET REPORT (J-200)
 WITH AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	General Fund	Adult Education	SPECIAL REVENUE FUND			Total Sp. Rev.	Capital Facilities	Internal Services
	<u> </u>	<u> </u>	Deferred Maintenance	Special Reserve	Cafeteria Fund	<u> </u>	<u> </u>	<u> </u>
June 30, 1993 Annual Financial and Budget Report (Form J-200) Fund Balances	\$147,475	\$1,006	\$192,242	\$12,948,327	\$52,610	\$13,194,185	\$11,000	\$0
Adjustments and Reclassifications:								
Increasing (Decreasing) Fund Balance:								
Accounts Receivable Understatement/(Overstatement)	(278,710)	15,322		12,185		27,507	1,339	10
Accounts Payable Overstatement/(Understatement)	(216,609)	7,778	1,472			9,250	3,124	(9,522)
Prior Period Adjustment			(86,885)	18,526		(68,359)		
Reclassification								9512
Net Adjustments and Reclassifications	<u>(495,319)</u>	<u>23,100</u>	<u>(85,413)</u>	<u>30,711</u>	<u>0</u>	<u>(31,602)</u>	<u>4,463</u>	<u>0</u>
June 30, 1993 Audited Financial Statement Fund Balances	<u>(\$347,844)</u>	<u>\$24,106</u>	<u>\$106,829</u>	<u>\$12,979,038</u>	<u>\$52,610</u>	<u>\$13,162,583</u>	<u>\$15,463</u>	<u>\$0</u>

SOUTH BAY UNION HIGH SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 1993

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of 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 districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

B. 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.

C. Schedule of Federal and State Financial Assistance

OMB Circular A-128 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with OMB Circular A-128 and state requirements.

D. Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds as reported on the Form J-200 to the audited financial statements.

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**REPORTS OF INDEPENDENT AUDITORS ON COMPLIANCE
AND INTERNAL CONTROL**

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**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the year ended June 30, 1993, and have issued our report thereon dated January 19, 1994.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of the district for the year ended June 30, 1993, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories:

Accounting Applications

Billings
Receivables
Cash Receipts
Purchasing and Receiving
Accounts Payable
Cash Disbursements
Payroll
Inventory Control
Property and Equipment
General Ledger
Attendance

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of management, the California Department of Education, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

Zueyada Rodrey & Co

El Monte, California
January 19, 1994



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**INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL
STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the year ended June 30, 1993, and have issued our report thereon dated January 19, 1994. We have also audited the district's compliance with requirements applicable to major federal financial assistance programs, and have issued our report thereon dated January 19, 1994.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of Institutions of Higher Education and Other Nonprofit Institutions. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the district complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended June 30, 1993, we considered the district's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the district's general purpose financial statements and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated January 19, 1994.

The management of the district is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal

control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories:

General Requirements

- Political Activity
- Civil Rights
- Cash Management
- Allowable Costs/Cost Principles
- Federal Financial Reports
- Administration Requirements
- Drug-Free Workplace

The following requirements did not apply to any awards received in the year ended June 30, 1993:

- Davis-Bacon Act
- Relocation Assistance and Real Property Acquisition

Specific Requirements

- Types of Services
- Eligibility
- Matching, Level of Effort
- Reporting
- Cost Allocation
- Special Requirements, if any
- Claims for advance and Reimbursement
- Amounts Claimed or Used for Matching

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determine whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1993, the district had no major federal financial assistance programs and expended 87.42 percent of its total federal financial assistance under the following non major federal financial assistance programs:

- Education Consolidation & Improvement Act
- Special Education PL94-142
- National School Lunch Program
- Vocational Education

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the major federal financial assistance programs of the district, which are identified in the accompanying Schedule of Federal and State Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the audit committee, management, the California Department of Education, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

Quezada Rodrey & Co

El Monte, California
January 19, 1994

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district), for the year ended June 30, 1993, and have issued our report thereon dated January 19, 1994. Our audit was made in accordance with generally accepted auditing standards; the standards for general purpose financial and compliance audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Controller's Standards and Procedures for Audits of California K-12 Local Educational Agencies. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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:

- Attendance Accounting
- Gann Limit Calculation
- School Improvement Program
- Economic Impact Aid
- Categorical Programs Mega - Item

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying Schedule of Findings and Recommendations.

This report is intended for the information of the audit committee, management, the California Department of Education, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

Luzada Rodrey & Co

El Monte, California
January 19, 1994



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the year ended June 30, 1993, and have issued our report thereon dated January 19, 1994.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the district is the responsibility of the district's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the district's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the district complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those provisions.

This report is intended for the information of the audit committee, management, the California Department of Education, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

El Monte, California
January 19, 1994

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the year ended June 30, 1993 and have issued our report thereon dated January 19, 1994.

We have applied procedures to test the district's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal and State Financial Assistance, for the year ended June 30, 1993:

Political Activity
Civil Rights
Cash Management
Allowable costs/cost principles
Federal Financial Report
Administrative requirements
Drug-free work place

The following requirements did not apply to any awards received in the year ended June 30, 1993:

Davis-Bacon Act
Relocation Assistance and Real Property Acquisition

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments." Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the district's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With

respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, the California Department of Education, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

Zueyada Hochey & Co

El Monte, California
January 19, 1994



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL
FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

Board of Trustees
South Bay Union High School District

We have audited the general purpose financial statements of South Bay Union High School District (the district) as of and for the year ended June 30, 1993, and have issued our report thereon dated January 19, 1994.

In connection with our audit of the general purpose financial statements of the district, and with our consideration of the district's control structure used to administer federal financial assistance programs, as required by the Office of Management and Budget Circular A-128, Audits of State and Local Governments, we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended June 30, 1993.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or not allowed; and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the district's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the district had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, the California Department of Education, and the State Controller's Office. However, this report is a matter of public record and its distribution is not limited.

Quezada Godsey & Co

El Monte, California
January 19, 1994

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FINDINGS AND RECOMMENDATIONS SECTION

SOUTH BAY UNION HIGH SCHOOL DISTRICT
FINDINGS & RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

FINDING NO. 1

Condition:

During our testing of 20 excused/unexcused absences, two excused ADA did not have supporting absence notes or phone log indications.

Criteria:

Documentation related to the verification of excused absences (parental notes, logs of phone calls, etc.) must be retained for a minimum of three years after the year in which they originated, per Title 5 of the California Code of Regulations, Sections 16025 and 16026.

Cause:

Unknown

Effect:

South Bay Union High School District is not in compliance with Title 5 of the California Code of Regulations Sections 16025 and 16026. This finding does not affect the calculation of ADA.

Recommendation:

The District should be in compliance with the California Code of Regulations.

District Response:

District agreed. Procedures have been implemented to ensure compliance in the two districts.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
FINDINGS & RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

FINDING NO. 2

Condition:

During our testing of 15 Individual Education Program (IEP) contracts, we noted that four had parental signatures which were cut out and taped from a signed copy sent to the parents.

Criteria:

An IEP document is not considered valid if the original signature is not present.

Effect:

South Bay Union High School District may be found to have invalid documentation.

Cause:

If parents are not present when the IEP is prepared, a copy is mailed to them for their approval, when the school receives the signed copy, they cut and tape the original signature to the original IEP.

Recommendation:

South Bay Union High School Districts should file the complete signed IEP in the student's file along with the original IEP.

District Response:

District agreed. Procedures have been implemented to ensure compliance in the two districts.

SOUTH BAY UNION HIGH SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS & RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	<u>Current Status</u>	<u>District Explanation Not Implemented</u>
<p><u>FINDING NO. 1</u></p> <p>The monthly attendance report by student did not agree to the school summary recap for the 9th and 11th grades of the 7th month tested.</p> <p>Recommendation: We recommended that documentation supporting any changes to the monthly attendance reports with the monthly recap summary be kept.</p>	Implemented	
<p><u>FINDING NO. 2</u></p> <p>There are no control procedures in place to ensure that payroll checks have been received by employees. The secretary receiving the checks from the district office does not sign for them and individual employees picking up checks do not sign for them. No record that payroll checks have been distributed.</p> <p>Recommendation: District office formulate a written policy or procedures regarding distribution of payroll checks to be followed at the school site. Implement a sign off procedure where employees must sign upon receipt of their check.</p>	Implemented	