

MANHATTAN BEACH CITY SCHOOL DISTRICT

LOS ANGELES COUNTY
MANHATTAN BEACH, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 1993



BOCETA, MACON, WORKMAN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

MANHATTAN BEACH CITY SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 1993

	<u>PAGE</u>
<u>INTRODUCTORY SECTION</u>	
TABLE OF CONTENTS	i
OBJECTIVES OF THE ANNUAL AUDIT	iv
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS	1
COMBINED FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Group	Exhibit A 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Fiduciary Fund Types	Exhibit B 5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types	Exhibit C 6
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type - Self-Insurance Fund	Exhibit D 8
Statement of Cash Flows - Proprietary Fund Type - Self-Insurance Fund	Exhibit E 9
NOTES TO FINANCIAL STATEMENTS	10
COMBINING FINANCIAL STATEMENTS	
<u>Special Revenue Funds</u>	
Combining Balance Sheet	Statement 1 27
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	Statement 2 28
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	Statement 3 30

MANHATTAN BEACH CITY SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 1993

	<u>PAGE</u>
<u>FINANCIAL SECTION (CONTINUED)</u>	
COMBINING FINANCIAL STATEMENTS	
<u>Expendable Trust Funds</u>	
Combining Balance Sheet	Statement 4 34
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	Statement 5 35
<u>SUPPLEMENTARY INFORMATION SECTION</u>	
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	36
SUPPLEMENTARY SCHEDULES	
Board of Trustees and Organization	Schedule 1 38
Schedule of Average Daily Attendance	Schedule 2 39
Schedule of Financial Trends and Analysis	Schedule 3 40
Schedule of Federal and State Financial Assistance	Schedule 4 41
Reconciliation of Annual Financial and Budget Report (J-200) with Audited Financial Statements	Schedule 5 43
NOTES TO SUPPLEMENTARY INFORMATION	44
AUDITOR'S COMBINED REPORT ON INTERNAL CONTROL STRUCTURE	45
AUDITOR'S REPORT ON STATE COMPLIANCE	49
AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO	51
AUDITOR'S REPORT ON COMPLIANCE WITH THE GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS	53

MANHATTAN BEACH CITY SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 1993

	<u>PAGE</u>
AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS	55
<u>FINDINGS AND RECOMMENDATIONS SECTION</u>	
SUMMARY OF FINDINGS AND RECOMMENDATIONS	57
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS	68

MANHATTAN BEACH CITY SCHOOL DISTRICT
OBJECTIVES OF THE ANNUAL AUDIT
JUNE 30, 1993

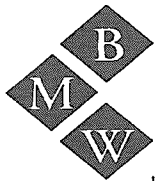
The audit had the following objectives:

- ◆ To determine whether the financial statements of the District present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles;
- ◆ To assess the adequacy of the District's internal accounting control structure and procedures for financial accounting and reporting purposes and for compliance with certain rules and regulations related to Federal financial assistance programs;
- ◆ To determine whether Federal and State financial reports are presented fairly and in accordance with the terms of the applicable agreements;
- ◆ To determine whether the District has complied with laws and regulations that would have a material effect on the financial statements and on each major Federal financial assistance program;
- ◆ To determine whether the District has met the specified State compliance issues; and
- ◆ To make recommendations related to any deficiencies or conditions noted in the course of the audit.

The annual audit is not designed to:

- ◆ Detect small scattered instances of theft, embezzlement, or other dishonest acts;
- ◆ Provide information on whether the District is operating with economy, efficiency or effectiveness; or
- ◆ Evaluate the results of the programs run by the District.

FINANCIAL SECTION



BOCETA, MACON, WORKMAN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

**Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California**

We have audited the combined and combining financial statements of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

(909) 386-5420
FAX (909) 386-5424

In our opinion, except for the effect on the financial statements of the omission described in the preceding paragraph, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Manhattan Beach City School District at June 30, 1993, and the results of its operations and the cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of each individual fund of the Manhattan Beach City School 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.

Boceta Macom Workman & Associates

September 24, 1993

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 1993

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	INTERNAL SERVICE FUND	EXPENDABLE TRUST FUNDS	GENERAL LONG-TERM DEBT	
ASSETS							
Cash (Note 2)							
Cash in County Treasury	\$ 1,277,970	\$ 13,803,224	\$ 337,752	\$ 76,213	\$ 1,741,014	\$ -	\$ 17,236,173
Cash on Hand and in Banks	-	107,874	-	-	4,377	-	112,251
Cash in Revolving Fund	10,000	64	-	-	-	-	10,064
Accounts Receivable (Note 4)							
Federal Government	24,799	15,189	-	-	-	-	39,988
State Government	179,840	817	-	-	-	-	180,657
Local Government	51,694	-	-	-	-	-	51,694
Interest	21,905	145,919	3,526	1,046	18,986	-	191,382
Miscellaneous	151,060	12,831	19,184	-	-	-	183,075
Due From Other Funds (Note 5A)	34,106	10,732	-	-	-	-	44,838
Inventories (Note 1E)							
Supplies Inventory	55,799	4,646	-	-	-	-	60,445
Food Inventory	-	18,164	-	-	-	-	18,164
Amount to be Provided for Retirement of General Long-Term Debt	-	-	-	-	-	656,216	656,216
TOTAL ASSETS	\$ 1,807,173	\$ 14,119,460	\$ 360,462	\$ 77,259	\$ 1,764,377	\$ 656,216	\$ 18,784,947

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
JUNE 30, 1993

	GOVERNMENTAL FUND TYPES			PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	INTERNAL SERVICE FUND	EXPENDABLE TRUST FUNDS	GENERAL LONG-TERM DEBT	
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts Payable	\$ 1,200,165	\$ 129,605	\$ 17,541	\$ -	\$ 3,532	\$ -	\$ 1,350,843
Due to Other Funds (Note 5A)	10,491	34,347	-	-	-	-	44,838
Deferred Revenue	136,960	-	-	-	-	-	136,960
Accrued Vacation Benefits (Note 1F and 9)	-	-	-	-	-	69,090	69,090
Accrued Early Retirement (Note 8)	-	-	-	-	-	587,126	587,126
Other Liabilities	33,747	10,307	19	-	-	-	44,073
Total Liabilities	1,381,363	174,259	17,560	-	3,532	656,216	2,232,930
Fund Equity (Note 6)							
Fund Balances							
Reserved Fund Balances	65,799	-	-	-	-	-	65,799
Designated Fund Balances	360,011	1,606,326	-	-	1,760,000	-	3,726,337
Undesignated Fund Balances	-	12,338,875	342,902	-	845	-	12,682,622
Retained Earnings							
Undesignated Retained Earnings	-	-	-	77,259	-	-	77,259
Total Fund Equity	425,810	13,945,201	342,902	77,259	1,760,845	-	16,552,017
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,807,173	\$ 14,119,460	\$ 360,462	\$ 77,259	\$ 1,764,377	\$ 656,216	\$ 18,784,947

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND FIDUCIARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND TYPES	TOTALS (MEMORANDUM ONLY)
	GENERAL FUND	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUND	EXPENDABLE TRUST FUNDS	
<u>REVENUES</u>					
Revenue Limit Sources					
State Apportionments	\$ 3,015,221	\$ -	\$ -	\$ -	\$ 3,015,221
Local Sources	5,150,220	-	-	-	5,150,220
Total Revenue Limit Sources	8,165,441	-	-	-	8,165,441
Federal Revenues	240,776	84,853	-	-	325,629
Other State Revenues	1,190,057	790,579	-	-	1,980,636
Other Local Revenues	913,683	1,454,080	244,559	95,531	2,707,853
Total Revenues	10,509,937	2,329,512	244,559	95,531	13,179,539
<u>EXPENDITURES</u>					
Certificated Salaries	5,474,322	383,550	-	-	5,857,872
Classified Salaries	2,045,337	696,896	20,596	-	2,762,829
Employee Benefits	1,692,786	257,866	2,194	-	1,952,846
Books and Supplies	436,835	265,679	51,498	-	754,012
Services/Other Operating Expenditures	1,282,126	105,752	30,041	-	1,456,309
Capital Outlay	49,339	52,325	86,351	-	188,015
Other Transfers	175,270	14,374	-	-	189,644
Total Expenditures	11,156,015	1,776,442	190,680	38,390	13,161,527
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(646,058)	553,070	53,879	57,141	18,032
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In (Note 5B)	597,013	10,491	-	-	607,504
Operating Transfers Out (Note 5B)	(10,491)	(522,300)	-	(74,713)	(607,504)
Total Other Financing Sources (Uses)	586,522	(511,809)	-	(74,713)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	(59,536)	41,261	53,879	(17,572)	18,032
<u>FUND BALANCES - JULY 1, 1992</u>	483,346	13,903,940	289,023	1,778,417	16,456,726
<u>FUND BALANCES - JUNE 30, 1993</u>	\$ 425,810	\$ 13,945,201	\$ 342,902	\$ 1,760,845	\$ 16,474,758

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>						
Revenue Limit Sources						
State Apportionments	\$ 3,661,392	\$ 3,015,221	\$ (646,171)	\$ -	\$ -	\$ -
Local Sources	4,442,555	5,150,220	707,665	-	-	-
Total Revenue Limit Sources	8,103,947	8,165,441	61,494	-	-	-
Federal Revenues	283,944	240,776	(43,168)	88,289	84,853	(3,436)
Other State Revenues	1,181,023	1,190,057	9,034	819,090	790,579	(28,511)
Other Local Revenues	799,643	913,683	114,040	1,488,051	1,454,080	(33,971)
Total Revenues	10,368,557	10,509,957	141,400	2,395,430	2,329,512	(65,918)
<u>EXPENDITURES</u>						
Certificated Salaries	5,524,956	5,474,322	50,634	384,818	383,550	1,268
Classified Salaries	2,069,791	2,045,337	24,454	705,097	696,896	8,201
Employee Benefits	1,790,423	1,692,786	97,637	276,331	257,866	18,465
Books and Supplies	536,359	436,835	99,524	283,639	265,679	17,960
Services/Other Operating Expenditures	1,312,340	1,282,126	30,214	99,373	105,752	(6,379)
Capital Outlay	50,134	49,339	795	63,000	52,325	10,675
Other Transfers	175,270	175,270	-	14,500	14,374	126
Total Expenditures	11,459,273	11,156,015	303,258	1,826,758	1,776,442	50,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,090,716)	(646,058)	444,658	568,672	553,070	(15,602)
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfers In (Note 5B)	897,586	597,013	(300,573)	10,491	10,491	-
Operating Transfers Out (Note 5B)	(10,491)	(10,491)	-	(809,499)	(322,300)	287,199
Total Other Financing Sources (Uses)	887,095	586,522	(300,573)	(799,008)	(311,809)	287,199
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	\$ (203,621)	(59,536)	\$ 144,085	\$ (230,336)	41,261	\$ 271,597
<u>FUND BALANCES - JULY 1, 1992</u>		485,346			13,903,940	
<u>FUND BALANCES - JUNE 30, 1993</u>		\$ 429,062			\$ 13,945,201	

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	CAPITAL PROJECTS FUND			TOTALS (MEMORANDUM ONLY)		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>						
Revenue Limit Sources						
State Apportionments	\$ -	\$ -	\$ -	\$ 3,661,392	\$ 3,015,221	\$ (646,171)
Local Sources	-	-	-	4,442,555	5,150,220	707,665
Total Revenue Limit Sources	-	-	-	8,103,947	8,165,441	61,494
Federal Revenues	-	-	-	372,233	325,629	(46,604)
Other State Revenues	-	-	-	2,000,113	1,980,636	(19,477)
Other Local Revenues	248,000	244,559	(3,441)	2,535,694	2,612,322	76,628
Total Revenues	248,000	244,559	(3,441)	13,011,987	13,084,028	72,041
<u>EXPENDITURES</u>						
Certificated Salaries	-	-	-	5,909,774	5,857,872	51,902
Classified Salaries	40,000	20,596	19,404	2,814,888	2,762,829	52,059
Employee Benefits	7,600	2,194	5,406	2,074,354	1,952,846	121,508
Books and Supplies	55,000	51,498	3,502	874,998	754,012	120,986
Services/Other Operating Expenditures	115,000	30,041	84,959	1,526,713	1,417,919	108,794
Capital Outlay	205,000	86,351	118,649	318,134	188,015	130,119
Other Transfers	-	-	-	189,770	189,644	126
Total Expenditures	422,600	190,680	231,920	13,708,631	13,123,137	585,494
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(174,600)	53,879	228,479	(696,644)	(39,109)	657,535
<u>OTHER FINANCING SOURCES (USES)</u>						
Operating Transfers In (Note 5B)	-	-	-	908,077	607,504	(300,573)
Operating Transfers Out (Note 5B)	-	-	-	(819,990)	(532,791)	287,199
Total Other Financing Sources (Uses)	-	-	-	88,087	74,713	(13,374)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	<u>\$ (174,600)</u>	<u>53,879</u>	<u>\$ 228,479</u>	<u>\$ (608,557)</u>	<u>35,604</u>	<u>\$ 644,161</u>
<u>FUND BALANCES - JULY 1, 1992</u>		<u>289,023</u>			<u>14,678,309</u>	
<u>FUND BALANCES - JUNE 30, 1993</u>		<u>\$ 342,902</u>			<u>\$ 14,717,165</u>	

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

EXHIBIT D

MANHATTAN BEACH CITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	SELF- INSURANCE FUND
Non-Operating Revenues	
Interest Income	\$ 3,234
Retained Earnings - July 1, 1992	<u>74,025</u>
Retained Earnings - June 30, 1993	<u><u>\$ 77,259</u></u>

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

SELF-
INSURANCE
FUND

Cash Flows from Investing Activities:

Interest Income

\$ 3,004

Cash - July 1, 1992

73,209

Cash - June 30, 1993

\$ 76,213

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Manhattan Beach City School District conform to generally accepted accounting principles as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants, except that a complete historical record of all fixed assets has not been maintained. The following is a summary of the significant accounting policies:

A. Fund Accounting

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

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.

1. Cafeteria Account is used to account for revenues received and expenditures made to operate the District's food service operations.
2. Child Development Fund is used to account for resources committed to child development programs maintained by the District.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

3. Deferred Maintenance Fund is used for the purpose of major repair or replacement of District property.
4. Special Reserve Fund is used to account for revenues 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, the Capital Facilities Fund, which is used to account for resources received from developer fees.

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 fund, the Liability Self-Insurance Fund, which is used for the purpose of covering the District's deductible for its general liability insurance.

Fiduciary Funds:

Expendable Trust Funds are used to account for assets held by the District as Trustee. The District maintains two expendable trust funds.

1. Student Body Fund is used to account for activities of the associated student body at the middle school.
2. Article XIII-B Fund is used as a contingency fund, as authorized in Section 5, Article XIII-B, of the State Constitution.

Account Group:

The accounting and reporting treatment applied to the 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, or "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 long-term liabilities associated with Governmental Funds and Expendable Trust Funds are accounted for in the Account Group of the District.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

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

B. 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).

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the period incurred, if measurable.

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

C. Budgets and Budgetary Accounting

By State law, the District's Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 1993.

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.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

D. Encumbrances

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

E. Inventories

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

F. Accumulated Vacation and Sick Leave

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. Because employees are not required to take vacation within specific annual time frames, it is not possible to determine the current and long-term portions of the total accumulated unpaid vacation. The total accumulated unpaid vacation is therefore reflected as a long-term obligation in these financial statements.

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

G. Fund Balance Reserves and Designations

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

Designations of the ending fund balance indicate portions of fund balance set aside by Board action for specific future use and are, therefore, not appropriable without further Board action. Only the designated for economic uncertainties and undesignated portions of the ending fund balance are available for appropriation and expenditure at the balance sheet date.

H. 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 property 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.

I. 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.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

2. CASH

Cash at June 30, 1993 consisted of the following:

Pooled Funds:

Cash in County Treasury	\$ 17,236,173
-------------------------	---------------

Deposits:

Cash on Hand and in Banks	112,251
Cash in Revolving Fund	10,064

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

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Excess expenditures over appropriations in the cafeteria account were:

	<u>Excess</u> <u>Expenditures</u>
Services/Other Operating Expenditures	\$ 12,793

The District incurred unanticipated expenditures for inflationary increases in the cost of services and other operating expenses.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 1993 for the major fund types consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Fund</u>	<u>Internal Service Fund</u>	<u>Expendable Trust Funds</u>	<u>Total</u>
Federal Sources:						
Categorical Aid Programs	\$ 24,799	\$ -	\$ -	\$ -	\$ -	\$ 24,799
Child Nutrition Program	-	15,189	-	-	-	15,189
Total Federal	<u>24,799</u>	<u>15,189</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,988</u>
State Sources:						
Revenue Limit Sources	130,380	-	-	-	-	130,380
Other State Government	49,460	-	-	-	-	49,460
Child Nutrition Program	-	817	-	-	-	817
Total State	<u>179,840</u>	<u>817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>180,657</u>
Local Sources:						
Local Government	51,694	-	-	-	-	51,694
Interest	21,905	145,919	3,526	1,046	18,986	191,382
Miscellaneous	151,060	12,831	19,184	-	-	183,075
Total Local	<u>224,659</u>	<u>158,750</u>	<u>22,710</u>	<u>1,046</u>	<u>18,986</u>	<u>426,151</u>
Total Receivables	<u>\$ 429,298</u>	<u>\$ 174,756</u>	<u>\$ 22,710</u>	<u>\$ 1,046</u>	<u>\$ 18,986</u>	<u>\$ 646,796</u>

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

5. INTERFUND TRANSACTIONS

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

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

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Fund	Cafeteria Account	\$ 34,106
Cafeteria Account	Child Development Fund	241
Cafeteria Account	General Fund	<u>10,491</u>
Total		<u>\$ 44,838</u>

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended. Interfund transfers for the 1992-93 fiscal year were as follows:

<u>Transfers To</u>	<u>Transfers From</u>	<u>Amount</u>
General Fund	Special Reserve Fund	\$ 522,300
General Fund	Article XIII-B Fund	74,713
Cafeteria Account	General Fund	<u>10,491</u>
Total		<u>\$ 607,504</u>

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

6. FUND EQUITY

Ending fund equity in the individual fund types is composed of the following elements:

	General Fund	Special Revenue Funds	Capital Projects Fund	Internal Service Fund	Expendable Trust Funds	Totals
Fund Balances						
Reserved Fund Balances						
Reserved for Revolving Fund	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Reserved for Stores	55,799	-	-	-	-	55,799
Total Reserved Fund Balances	65,799	-	-	-	-	65,799
Designated Fund Balances						
Designated for Economic Uncertainties	360,011	1,606,326	-	-	-	1,966,337
Designated for Capital Reserve	-	-	-	-	1,760,000	1,760,000
Total Designated Fund Balances	360,011	1,606,326	-	-	1,760,000	3,726,337
Undesignated Fund Balances	-	12,338,875	342,902	-	845	12,682,622
Undesignated Retained Earnings	-	-	-	77,259	-	77,259
TOTAL FUND EQUITY	\$ 425,810	\$ 13,945,201	\$ 342,902	\$ 77,259	\$ 1,760,845	\$ 16,552,017

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1993

7. TAX AND REVENUE ANTICIPATION NOTES (TRANS)

On July 2, 1992, the District entered into a tax and revenue anticipation note agreement. This agreement enabled the District to sell \$2,500,000 of Tax Revenue and Anticipation Notes bearing a 4.00% interest rate with maturity on July 2, 1993. The note was extinguished in accordance with the provisions as required.

8. EARLY RETIREMENT BENEFITS

The District has contracted to provide employee benefit coverage, up to a maximum of \$6,000 per year, for certain eligible retired employees until they reach the age of 65 and for other eligible employees for life. The estimated accumulated future liability for the District at June 30, 1993 for these benefits amounts to \$587,126.

9. ACCRUED VACATION

The accumulated unpaid employee vacation as of June 30, 1993 amounted to \$69,090.

10. LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 1993 is shown below:

	<u>Balance</u> <u>July 1, 1992</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 1993</u>
Early Retirement	\$ 697,610	\$ -	\$ 110,484	\$ 587,126
Accrued Vacation	<u>93,569</u>	<u>-</u>	<u>24,479</u>	<u>69,090</u>
Totals	<u>\$ 791,179</u>	<u>\$ -</u>	<u>\$ 134,963</u>	<u>\$ 656,216</u>

11. JOINT VENTURES (Joint Powers Agreements)

The District participates in three joint ventures under joint powers agreements (JPAs) with the Centinela - South Bay School Insurance Authority, Los Angeles Regionalized Insurance Services Authority, and the Regional Energy Management Coalition. The relationship between the District the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

Centinela - South Bay School Insurance Authority (CSBSIA) provides coverage for Workers' Compensation and Employee Benefits (Vision and Dental) for each of its eight members: Centinela Valley, Lawndale, Lennox, Manhattan Beach City, Palos Verdes, Redondo Beach, South Bay and South Coast Regional Occupation Center. The CSBSIA is governed by a board consisting of a representative from each member district. The Board controls the operations of the CSBSIA, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the Board. Each member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation.

Los Angeles Regionalized Insurance Services Authority (LARISA) provides coverage for health benefits and life insurance coverage for its member districts.

Regional Energy Management Coalition (REMAC) seeks to provide reduced utility costs to member public educational agencies throughout California. REMAC is governed by a Board consisting of sixteen members; nine from selected County offices of education, four from K-12 school districts, one from a community college district, one from the Los Angeles Unified School District, and one non-voting treasurer.

Condensed financial information (audited - cash basis) of the CSBSIA is as follows:

		<u>Employee Benefits</u>	
	<u>Workers'</u>	<u>Vision</u>	<u>Dental</u>
	<u>Compensation</u>		
Total Assets	\$ 10,802,517	\$ 149,445	\$ 894,369
Total Liabilities	<u>8,258,442</u>	<u>22,168</u>	<u>33,993</u>
Fund Balance	<u>\$ 2,554,075</u>	<u>\$ 127,277</u>	<u>\$ 860,376</u>
Total Revenues	\$ 3,868,916	\$ 261,340	\$ 1,448,656
Total Expenditures	<u>(3,622,220)</u>	<u>(277,870)</u>	<u>(1,418,101)</u>
Net Increase (Decrease) in Fund Balance	<u>\$ 246,696</u>	<u>\$ (16,530)</u>	<u>\$ 30,555</u>

The Centinela - South Bay School Insurance Authority did not have any long-term debt outstanding at June 30, 1993.

Condensed financial information of REMAC and LARISA was not available.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

12. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards, and Grants

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

B. Litigation

The District is a defendant in several pending liability lawsuits. The outcome of the various litigations are unknown at the present time.

13. SUBSEQUENT EVENT

By majority vote the residents of Manhattan Beach, Redondo Beach and Hermosa Beach voted to: 1) unify the Manhattan Beach City School District along the boundary lines of the current Manhattan Beach City School District creating a unified K-12 district; 2) unify the Redondo Beach City School District along the boundary lines of the current Redondo Beach City School District creating a unified K-12 district; 3) continue the Hermosa Beach City School District as a K-8 district with their 9-12 students having the choice of attending either the Manhattan Beach Unified School District or the Redondo Beach Unified School District; and 4) eliminate the South Bay Union High School District.

The assets of the South Bay Union High School District were divided upon a negotiated formula between the Manhattan Beach Unified School District and the Redondo Beach Unified School District. The negotiated formula was based upon interpretations of the California Education Code. The final unification and transfer of assets became effective July 1, 1993.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

14. 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 178 certificated employees with a total payroll of \$5,857,872.

Employees attaining the age of 60 with five years of credited California service (service) are eligible for normal retirement and are entitled to a monthly benefit of two percent of their final compensation for each year of service. Final compensation is 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. Disability benefits of up to 90 percent of final compensation are available to members with five years of service. A family benefit is available if the deceased member had at least one year of service. After five years of credited service, members become 100 percent vested in retirement benefits earned to date. If a member's employment is terminated, the accumulated member contributions are refundable. The current rate of interest credited to member's accounts is 5.5 percent per annum.

Benefit provisions for STRS are established by the State Teachers' Retirement Law (Part 13 of the California Education Code, Sec. 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 Manhattan Beach City 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. The assets and liabilities refer to the pool as a whole. At June 30, 1993, the District employed 265 classified employees with a total payroll of \$2,762,829.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

Employees are eligible for retirement at the age of 60 and are entitled to a monthly benefit of two 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 five 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, Sec. 2000 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.

The pension benefit obligation for STRS was computed as part of the actuarial valuation performed June 30, 1991. The significant actuarial assumptions used by STRS to compute the June 30, 1991 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 17.19 percent of covered payroll and the 38 year amortization rate for the unfunded actuarial obligation is 3.59 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 the State of California.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

The pension benefit obligation for PERS was computed as part of an actuarial valuation performed June 30, 1992. 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 seven percent consisting of 4.50 percent for inflation, .075 percent for across the board salary increases, and 1.75 percent for merit.

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 for local educational agencies as a whole as of June 30, 1992, is as follows:

<u>Pension Benefit Obligation</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 investment 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 \$12,956,176,763)	<u>11,485,972,308</u>
Unfunded Pension Benefit Obligation	<u><u>\$ 368,130,403</u></u>
Changes in the pension benefit obligation last year due to:	
Changes in benefit provisions	N/A
Changes in actuarial assumptions	N/A

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

Contributions Required and Contributions Made

The District is required by statute to contribute 8.25 percent and 7.646 percent of gross salary expenditures to STRS and PERS, respectively. Participants are required to contribute 8 percent and 7 percent of gross salary to STRS and PERS, respectively. The Manhattan Beach City School District is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis adopted by the PERS Board of Education.

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

	Number of Employees Covered	Total Employee Contributions	Total Employer Contributions	Current Year Covered Payroll	Employee Contributions Percent of Covered Payroll	Employer Contributions Percent of Covered Payroll
STRS	147	\$ 458,543	\$ 465,432	\$ 5,731,787	8.00 %	8.37 %
PERS	113	145,146	159,841	2,226,861	6.52 %	7.18 %

The District's contributions represented .04 percent and .009 percent of the total contributions required of all participating employers in STRS and PERS, respectively. 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.

PERS uses the Entry Age Normal Actuarial Cost Method which is a projected benefit cost method. That is, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. According to this cost method, the normal cost for an employee is the level amount which would fund the projected benefit if it were paid annually from date of employment until retirement. PERS uses a modification of the Entry Age Cost Method in which the employer's total normal cost is expressed as a level percentage of payroll. PERS also uses the level percentage of payroll method to amortize any unfunded actuarial liabilities. The amortization period of the unfunded actuarial liability ends on June 30, 2011.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1993

The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation, as previously described.

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Systemwide ten-year trend information is not yet available.

The three-year employer trend information that is required to be reported in the employer's financial statement is taken from other sections of the current and previous years' disclosure statements.

	<u>6/30/90</u>	<u>6/30/91</u>	<u>6/30/92</u>
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	7.6 %	7.6 %	7.6 %

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 had no obligations to STRS during 1992-93 for early retirement incentives granted to terminated employees.

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
 JUNE 30, 1993

	CAFETERIA ACCOUNT	CHILD DEVELOPMENT FUND	DEFERRED MAINTENANCE FUND	SPECIAL RESERVE FUND	TOTALS
<u>ASSETS</u>					
Cash					
Cash in County Treasury	\$ -	\$ 155,601	\$ 36,993	\$ 13,610,630	\$ 13,803,224
Cash on Hand and in Banks	107,874	-	-	-	107,874
Cash in Revolving Fund	64	-	-	-	64
Accounts Receivable					
Federal Government	15,189	-	-	-	15,189
State Government	817	-	-	-	817
Interest	-	1,883	414	143,622	145,919
Miscellaneous	740	12,091	-	-	12,831
Due From Other Funds	10,732	-	-	-	10,732
Inventories					
Supplies Inventory	4,646	-	-	-	4,646
Food Inventory	18,164	-	-	-	18,164
TOTAL ASSETS	\$ 158,226	\$ 169,575	\$ 37,407	\$ 13,754,252	\$ 14,119,460
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities					
Accounts Payable	\$ 11,431	\$ 118,174	\$ -	\$ -	\$ 129,605
Due to Other Funds	34,106	241	-	-	34,347
Other Liabilities	10,304	3	-	-	10,307
Total Liabilities	55,841	118,418	-	-	174,259
Fund Balances					
Designated for Economic Uncertainties	-	-	-	1,606,326	1,606,326
Undesignated	102,385	51,157	37,407	12,147,926	12,338,875
Total Fund Balances	102,385	51,157	37,407	13,754,252	13,945,201
TOTAL LIABILITIES AND FUND BALANCES	\$ 158,226	\$ 169,575	\$ 37,407	\$ 13,754,252	\$ 14,119,460

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	CAFETERIA ACCOUNT	CHILD DEVELOPMENT FUND	DEFERRED MAINTENANCE FUND	SPECIAL RESERVE FUND	TOTALS
REVENUES					
Federal Revenues					
Child Nutrition Programs	\$ 84,853	\$ -	\$ -	\$ -	\$ 84,853
Other State Revenues					
Child Nutrition Programs	4,674	-	-	-	4,674
Children's Centers Apportionments	-	785,905	-	-	785,905
Total Other State Revenues	4,674	785,905	-	-	790,579
Other Local Revenues					
Food Service Sales	283,041	-	-	-	283,041
Interest	-	6,339	1,283	549,181	556,803
Children's Centers Fees	-	590,891	-	-	590,891
All Other Local Revenues	-	4,185	19,160	-	23,345
Total Other Local Revenues	283,041	601,415	20,443	549,181	1,454,080
Total Revenues	372,568	1,387,320	20,443	549,181	2,329,512

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	CAFETERIA ACCOUNT	CHILD DEVELOPMENT FUND	DEFERRED MAINTENANCE FUND	SPECIAL RESERVE FUND	TOTALS
<u>EXPENDITURES</u>					
Certificated Salaries	\$ -	\$ 383,550	\$ -	\$ -	\$ 383,550
Classified Salaries	156,344	540,552	-	-	696,896
Employee Benefits	47,259	210,607	-	-	257,866
Books and Supplies	133,340	128,950	3,389	-	265,679
Services/Other Operating Expenditures	38,684	58,132	8,936	-	105,752
Capital Outlay	16,172	36,153	-	-	52,325
Other Transfers	-	14,374	-	-	14,374
Total Expenditures	391,799	1,372,318	12,325	-	1,776,442
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,231)	15,002	8,118	549,181	553,070
<u>OTHER FINANCING SOURCES (USES)</u>					
Operating Transfers In	10,491	-	-	-	10,491
Operating Transfers Out	-	-	-	(522,300)	(522,300)
Total Other Financing Sources (Uses)	10,491	-	-	(522,300)	(511,809)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	(8,740)	15,002	8,118	26,881	41,261
<u>FUND BALANCES - JULY 1, 1992</u>	111,125	36,155	29,289	13,727,371	13,903,940
<u>FUND BALANCES - JUNE 30, 1993</u>	\$ 102,385	\$ 51,157	\$ 37,407	\$ 13,754,252	\$ 13,945,201

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	CAFETERIA ACCOUNT			CHILD DEVELOPMENT FUND			DEFERRED MAINTENANCE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES									
Federal Revenues									
Child Nutrition Programs	\$ 88,289	\$ 84,853	\$ (3,436)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other State Revenues									
Child Nutrition Programs	5,456	4,674	(782)	-	-	-	-	-	-
Children's Centers Apportionments	-	-	-	813,634	785,905	(27,729)	-	-	-
Total Other State Revenues	5,456	4,674	(782)	813,634	785,905	(27,729)	-	-	-
Other Local Revenues									
Food Service Sales	305,541	283,041	(22,500)	-	-	-	-	-	-
Interest	-	-	-	12,000	6,339	(5,661)	1,400	1,283	(117)
Children's Centers Fees	-	-	-	493,000	590,891	97,891	-	-	-
All Other Local Revenues	-	-	-	-	4,185	4,185	19,160	19,160	-
Total Other Local Revenues	305,541	283,041	(22,500)	505,000	601,415	96,415	20,560	20,443	(117)
Total Revenues	399,286	372,568	(26,718)	1,318,634	1,387,320	68,686	20,560	20,443	(117)

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	CAFETERIA ACCOUNT			CHILD DEVELOPMENT FUND			DEFERRED MAINTENANCE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES									
Certificated Salaries	\$ -	\$ -	\$ -	\$ 384,818	\$ 383,550	\$ 1,268	\$ -	\$ -	\$ -
Classified Salaries	157,732	156,344	1,388	542,365	540,552	1,813	5,000	-	5,000
Employee Benefits	50,313	47,259	3,054	224,118	210,607	13,511	1,900	-	1,900
Books and Supplies	145,489	133,340	12,149	133,150	128,950	4,200	5,000	3,389	1,611
Services/Other Operating Expenditures	25,891	38,684	(12,793)	58,482	58,132	350	15,000	8,936	6,064
Capital Outlay	25,000	16,172	8,828	38,000	36,153	1,847	-	-	-
Other Transfers	-	-	-	14,500	14,374	126	-	-	-
Total Expenditures	404,425	391,799	12,626	1,395,433	1,372,318	23,115	26,900	12,325	14,575
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,139)	(19,231)	(14,092)	(76,799)	15,002	91,801	(6,340)	8,118	14,458
OTHER FINANCING SOURCES (USES)									
Operating Transfers In	10,491	10,491	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	10,491	10,491	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	\$ 5,352	(8,740)	\$ (14,092)	\$ (76,799)	15,002	\$ 91,801	\$ (6,340)	8,118	\$ 14,458
FUND BALANCES - JULY 1, 1992		111,125			36,155			29,289	
FUND BALANCES - JUNE 30, 1993		\$ 102,385			\$ 51,157			\$ 37,407	

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	SPECIAL REVENUE FUND			TOTALS		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>						
Federal Revenues						
Child Nutrition Programs	\$ -	\$ -	\$ -	\$ 88,289	\$ 84,853	\$ (3,436)
Other State Revenues						
Child Nutrition Programs	-	-	-	5,456	4,674	(782)
Children's Centers Apportionments	-	-	-	813,634	783,905	(27,729)
Total Other State Revenues	-	-	-	819,090	790,579	(28,511)
Other Local Revenues						
Food Service Sales	-	-	-	305,541	283,041	(22,500)
Interest	656,950	549,181	(107,769)	670,350	556,803	(113,547)
Children's Centers Fees	-	-	-	493,000	590,891	97,891
All Other Local Revenues	-	-	-	19,160	23,345	4,185
Total Other Local Revenues	656,950	549,181	(107,769)	1,488,051	1,454,080	(33,971)
Total Revenues	656,950	549,181	(107,769)	2,395,430	2,329,812	(65,918)

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

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	SPECIAL REVENUE FUND			TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES						
Certificated Salaries	\$ -	\$ -	\$ -	\$ 384,818	\$ 383,550	\$ 1,268
Classified Salaries	-	-	-	705,097	696,896	8,201
Employee Benefits	-	-	-	276,331	257,866	18,465
Books and Supplies	-	-	-	283,639	265,679	17,960
Services/Other Operating Expenditures	-	-	-	99,373	105,752	(6,379)
Capital Outlay	-	-	-	63,000	52,325	10,675
Other Transfers	-	-	-	14,500	14,374	126
Total Expenditures	-	-	-	1,826,758	1,776,442	50,316
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>656,950</u>	<u>549,181</u>	<u>(107,769)</u>	<u>568,672</u>	<u>553,070</u>	<u>(15,602)</u>
OTHER FINANCING SOURCES (USES)						
Operating Transfers In	-	-	-	10,491	10,491	-
Operating Transfers Out	(809,499)	(522,300)	287,199	(809,499)	(522,300)	287,199
Total Other Financing Sources (Uses)	<u>(809,499)</u>	<u>(522,300)</u>	<u>287,199</u>	<u>(799,008)</u>	<u>(511,809)</u>	<u>287,199</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	<u>\$ (152,549)</u>	<u>26,881</u>	<u>\$ 179,430</u>	<u>\$ (230,336)</u>	<u>41,261</u>	<u>\$ 271,597</u>
FUND BALANCES - JULY 1, 1992		<u>13,727,371</u>			<u>13,903,940</u>	
FUND BALANCES - JUNE 30, 1993		<u>\$ 13,754,252</u>			<u>\$ 13,945,201</u>	

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

STATEMENT 4

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
 JUNE 30, 1993

	<u>ARTICLE XIII-B FUND</u>	<u>STUDENT BODY FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>			
Cash			
Cash in County Treasury	\$ 1,741,014	\$ -	\$ 1,741,014
Cash in Revolving Fund	-	4,377	4,377
Accounts Receivable			
Interest	18,986	-	18,986
TOTAL ASSETS	<u>\$ 1,760,000</u>	<u>\$ 4,377</u>	<u>\$ 1,764,377</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities			
Accounts Payable	\$ -	\$ 3,532	\$ 3,532
Fund Balance			
Designated for Capital Reserve	1,760,000	-	1,760,000
Undesignated	-	845	845
Total Fund Balance	<u>1,760,000</u>	<u>845</u>	<u>1,760,845</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,760,000</u>	<u>\$ 4,377</u>	<u>\$ 1,764,377</u>

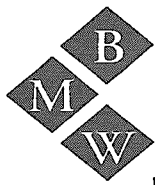
The Notes to Financial Statements are an integral part of this statement.

STATEMENT 5

MANHATTAN BEACH CITY SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
EXPENDABLE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	ARTICLE XIII-B FUND	STUDENT BODY FUND	TOTALS
<u>REVENUES</u>			
Interest	\$ 71,226	\$ 195	\$ 71,421
Magazine Drive	-	10,089	10,089
Yearbook	-	10,789	10,789
Student Activities	-	3,232	3,232
Total Revenues	71,226	24,305	95,531
<u>EXPENDITURES</u>			
Magazine Drive	-	2,191	2,191
Yearbook	-	13,994	13,994
Student Activities	-	22,205	22,205
Total Expenditures	-	38,390	38,390
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	71,226	(14,085)	57,141
OTHER OPERATING SOURCES (USES)			
Operating Transfers In	(74,713)	-	(74,713)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)	(3,487)	(14,085)	(17,572)
<u>FUND BALANCE - JULY 1, 1992</u>	1,763,487	14,930	1,778,417
<u>FUND BALANCE - JUNE 30, 1993</u>	<u>\$ 1,760,000</u>	<u>\$ 845</u>	<u>\$ 1,760,845</u>

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



BOCETA, MACON, WORKMAN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California

We have audited the combined and combining financial statements of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, and have issued our report thereon dated September 24, 1993. In our report, our opinion was qualified because the combined financial statements do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles. These financial statements are the responsibility of the District's management. Our responsibility was to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

Our audit was made for the purpose of forming an opinion on the 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 purposes of additional analysis and is not a required part of the financial statements of the Manhattan Beach City School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Breeta Macem Workman & Associates

September 24, 1993

SUPPLEMENTARY INFORMATION

**MANHATTAN BEACH CITY SCHOOL DISTRICT
BOARD OF TRUSTEES AND ORGANIZATION
JUNE 30, 1993**

BOARD OF TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Bernard O'Connor	President	June 1993
Barbara Dunsmoor	Vice President	June 1993
Gary Collins	Clerk	June 1993
RosaLee Saikley	Member	June 1993
Mary Rogers	Member	June 1993

ADMINISTRATION

Gerald F. Davis
Superintendent

Sara Content
Assistant Superintendent

Scott J. Smith
Assistant Superintendent of
Business and Financial Services

ORGANIZATION

The Manhattan Beach City School District is an elementary school district which was formed February 13, 1913. It comprises an area of approximately 3.87 square miles and is located in the southwest portion of Los Angeles County with boundaries contiguous with those of the incorporated City of Manhattan Beach.

During the 1992-93 school year, the District maintained four elementary schools, one intermediate school, and one child development center.

SCHEDULE 2

MANHATTAN BEACH CITY SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

Elementary	Second Period Report	Annual Report
Kindergarten	375	374
First through Third	916	916
Fourth through Eighth	1,285	1,283
Special Education	30	30
Total	<u>2,606</u>	<u>2,603</u>
Summer School Hours of Attendance		<u>17,746</u>

See accompanying Notes to Supplementary Information.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

<u>General Fund</u>	(BUDGET) 1994 *	1993	1992	1991
Revenues and Other Financial Sources	<u>\$ 20,520,515</u>	<u>\$ 11,106,970</u>	<u>\$ 10,248,997</u>	<u>\$ 10,251,357</u>
Expenditures	20,233,176	11,156,015	10,825,259	10,170,206
Other Uses and Transfers Out	<u>10,792</u>	<u>10,491</u>	<u>1,770,491</u>	<u>9,398</u>
Total Outgo	<u>20,243,968</u>	<u>11,166,506</u>	<u>12,595,750</u>	<u>10,179,604</u>
Change in Fund Balance	<u>\$ 276,547</u>	<u>\$ (59,536)</u>	<u>\$ (2,346,753)</u>	<u>\$ 71,753</u>
Ending Fund Balance	<u>\$ 614,936</u>	<u>\$ 425,810</u>	<u>\$ 485,346</u>	<u>\$ 2,832,099</u>
Available Reserves	<u>\$ 555,132</u>	<u>\$ 360,011</u>	<u>\$ 420,307</u>	<u>\$ 867,842</u>
Available Reserves as a Percentage of Total Outgo	<u>2.74 %</u>	<u>3.22 %</u>	<u>3.34 %</u>	<u>8.53 %</u>
Total Long-Term Debt	<u>**</u>	<u>\$ 656,216</u>	<u>\$ 791,179</u>	<u>\$ 1,088,584</u>
Average Daily Attendance at P-2	<u>4,355</u>	<u>2,606</u>	<u>2,476</u>	<u>2,358</u>

Due to unification on July 1, 1993, 1993-94 information is not comparable to prior years.

* Based on 1992-93 estimated ending balance.

** Not Available.

See accompanying Notes to Supplementary Information.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

PROGRAM NAME	FEDERAL CATALOG NUMBER	PROGRAM ENTITLEMENTS			PROGRAM REVENUES				PROGRAM EXPENDITURES
		CURRENT YEAR	PRIOR YEAR CARRYOVER	TOTAL	CASH RECEIVED	ACCOUNTS RECEIVABLE	DEFERRED INCOME	TOTAL	
FEDERAL FINANCIAL ASSISTANCE									
GENERAL FUND									
ESEA Chapter 1	84.010	\$ 15,426	\$ 114	\$ 15,540	\$ 15,540	\$ -	\$ -	\$ 15,540	\$ 15,540
ESEA Chapter 2	84.151	13,860	6,586	20,446	20,446	-	12,921	7,525	7,525
PL94-142 Education of the Handicapped									
Local Assistance	84.027	86,848	-	86,848	65,136	21,712	-	86,848	86,848
PL94-142 and PL99-457, SPLASH	84.027	137,421	35,572	172,993	137,452	-	23,536	113,916	113,916
PL99-457, Federal Preschool Grant	84.027	3,087	-	3,087	-	3,087	-	3,087	3,087
Eisenhower Math/Science Program	84.164	4,549	3,923	8,472	8,472	-	1,626	6,846	6,846
Drug Free Schools and Communities Act PL99-570	84.184	10,326	8,361	18,687	18,687	-	8,347	10,340	10,340
Totals		<u>\$ 271,517</u>	<u>\$ 54,556</u>	<u>\$ 326,073</u>	<u>\$ 265,733</u>	<u>\$ 24,799</u>	<u>\$ 46,430</u>	244,102	
Less Adjustments to Prior Years								(3,326)	
Total Federal Revenues								<u>\$ 240,776</u>	
CAFETERIA ACCOUNT									
National School Lunch	10.555			(1)	\$ 69,664	\$ 15,189	\$ -	\$ 84,853	84,853

(1) Revenues are based upon level of service.

See accompanying Notes to Supplementary Information.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1993

PROGRAM NAME	PROGRAM ENTITLEMENTS			PROGRAM REVENUES				PROGRAM EXPENDITURES
	CURRENT YEAR	PRIOR YEAR CARRYOVER	TOTAL	CASH RECEIVED	ACCOUNTS RECEIVABLE	DEFERRED INCOME	TOTAL	
STATE FINANCIAL ASSISTANCE								
GENERAL FUND								
Special Education Master Plan	N/A	\$ -	N/A	\$ 501,059	\$ -	\$ -	\$ 501,059	N/A
Gifted and Talented	N/A	-	N/A	16,718	-	-	16,718	N/A
Transportation	\$ 43,999	-	\$ 43,999	43,999	-	-	43,999	(2)
School Improvement Program	240,104	38,086	278,190	278,190	-	48,130	230,060	\$ 230,060
Economic Impact Aid	12,136	-	12,136	12,136	-	-	12,136	12,136
Instructional Materials K-8	69,523	-	69,523	69,523	-	-	69,523	61,563
Mentor Teacher	38,066	34,434	72,500	72,500	-	30,166	42,334	42,334
Tobacco Use Prevention Education Program	9,699	18,940	28,639	28,639	-	12,233	16,406	16,406
Lottery	N/A	-	N/A	173,460	49,460	-	222,920	N/A
Mandated Costs	N/A	-	N/A	34,902	-	-	34,902	N/A
Totals	\$ 413,527	\$ 91,460	\$ 504,987	\$ 1,231,126	\$ 49,460	\$ 90,529	\$ 1,190,057	
CAFETERIA FUND								
Child Nutrition Program			(1)	\$ 3,857	\$ 817	\$ -	\$ 4,674	4,674
CHILD DEVELOPMENT FUND								
Center-Public	\$ 815,179	\$ -	\$ 815,179	\$ 796,854	\$ -	\$ 10,949 *	\$ 785,905	1,352,842

(1) Revenues are based upon level of service.

(2) J-141 was not yet due as of audit date.

* Accounts Payable

See accompanying Notes to Supplementary Information.

SCHEDULE 5

MANHATTAN BEACH CITY SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (J-200)
WITH AUDITED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1993

	GENERAL FUND	CHILD DEVELOPMENT FUND
<u>June 30, 1993 Annual Financial and Budget Report (Form J-200) Fund Balances</u>	<u>\$ 338,389</u>	<u>\$ 49,106</u>
<u>Adjustments and Reclassifications</u>		
Increase Accounts Receivable for Revenue Limit	42,561	-
Categorical programs	3,087	-
Decrease Accounts Receivable for CDC Transportation	(15,000)	-
Increase Accounts Payable for Children's Center Apportionments	-	(10,949)
Legal Fees	(35,905)	-
Decrease Accounts payable for Employee Benefits	89,048	13,000
Decrease Deferred Income for Categorical Programs	3,630	-
<u>Net Adjustments</u>	<u>87,421</u>	<u>2,051</u>
<u>June 30, 1993 Audited Financial Statements Fund Balances</u>	<u>\$ 425,810</u>	<u>\$ 51,157</u>

See accompanying Notes to Supplementary Information.

MANHATTAN BEACH CITY SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 1993

1. PURPOSE OF SCHEDULES

A. Average Daily Attendance

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

B. Schedule of Financial Trends and Analysis

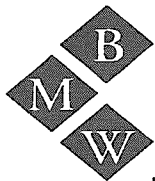
This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

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 balances as reported on the Form J-200 to the audited financial statements.



BOCETA, MACON, WORKMAN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

AUDITOR'S COMBINED REPORT ON INTERNAL CONTROL STRUCTURE

Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California

We have audited the combined and combining financial statements of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, and have issued our report thereon dated September 24, 1993. In our report, our opinion was qualified because the combined financial statements do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles. We have also audited the District's compliance with requirements applicable to nonmajor Federal financial assistance programs and have issued our report thereon dated September 24, 1993.

We conducted our audits 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 State and Local Governments." Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the combined and combining financial statements are free of material misstatement and about whether the District complied with laws and regulations, noncompliance with which would be material to nonmajor Federal financial assistance programs.

In planning and performing our audits for the fiscal 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 financial statements and expressing positive and negative assurances on its compliance with requirements applicable to nonmajor Federal financial assistance programs and not to provide assurance on the internal control structure.

325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

(909) 386-5420
FAX (909) 386-5424

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, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that 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 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

General Requirements

- Political Activity
- Davis-Bacon Act
- Civil Rights /
- Cash Management
- Relocation Assistance and Real Property Management
- Federal Financial Reports
- Allowable Costs/Cost Principles
- Drug-Free Workplace
- Administrative Requirements

Specific Requirements

- Types of Services
- Eligibility
- Matching, Level of Effort, or Earmarking
- Reporting
- Cost Allocation
- Special Requirements, if any
- Monitoring Subrecipients

Claims for Advances and Reimbursements

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, determined 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 62 percent of its total Federal financial assistance under the following nonmajor Federal financial assistance programs:

- PL99-457, Federal Preschool Grant (SPLASH)
- PL94-142, Education of the Handicapped

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 the aforementioned nonmajor programs. 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements or to administer Federal financial assistance programs in accordance with applicable laws and regulations. The reportable conditions are included in the Findings and Recommendations section of the report.

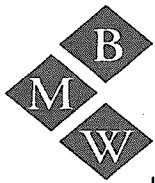
A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited or 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described in the Findings and Recommendations section is a material weakness.

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

Berta Mae Woshman & Associates

September 24, 1993



BOCETA, MACON, WORKMAN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California

We have audited the combined and combining financial statements (the financial statements) of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, and have issued our report thereon dated September 24, 1993. In our report, our opinion was qualified because the combined financial statements do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles. Our audit was made 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 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

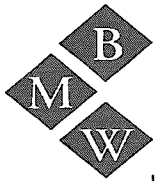
325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

(909) 386-5420
FAX (909) 386-5424

Based on our audit, we found that, for the items tested, the Manhattan Beach City School District complied with the State laws and regulations referred to above, except as described in the Findings and Recommendations section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that the Manhattan Beach City School District had not complied with the State laws and regulations, except as described in the Findings and Recommendations section of this report.

Boele Macn Workman & Associates

September 24, 1993



BOCETA, MACON, WORKMAN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

**AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND
REGULATIONS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE GAO**

**Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California**

We have audited the combined and combining financial statements of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, and have issued our report thereon dated September 24, 1993. In our report, our opinion was qualified because the combined financial statements do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles.

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 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 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, our objective 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, Manhattan Beach City School 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.

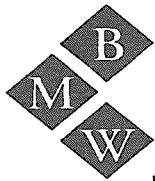
325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

(909) 386-5420
FAX (909) 386-5424

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

Boeta Macn Workman & Associates

September 24, 1993



BOCETA, MACON, WORKMAN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

**AUDITOR'S REPORT ON COMPLIANCE WITH THE
GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

**Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California**

We have audited the combined and combining financial statements of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, and have issued our report thereon dated September 24, 1993. In our report, our opinion was qualified because the combined financial statements do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles.

We have applied procedures to test the Manhattan Beach City School 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 fiscal year ended June 30, 1993:

**Political Activity
Davis-Bacon Act
Civil Rights
Cash Management
Federal Financial Reports
Allowable Costs/Cost Principles
Drug-Free Workplace
Administrative Requirements**

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.

325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

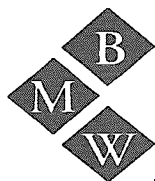
(909) 386-5420
FAX (909) 386-5424

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 Manhattan Beach City School District had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the Findings and Recommendations section of this report.

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

Breeta Macdon Workman & Associates

September 24, 1993



BOCETA, MACON, WORKMAN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

ROLLAND M. BOCETA
CPA, RETIRED

SAMUEL J. MACON, JR.
CPA

STEPHEN A. WORKMAN
CPA

**AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS**

**Board of Trustees
Manhattan Beach City School District
Manhattan Beach, California**

We have audited the combined and combining financial statements of the Manhattan Beach City School District (the District) as of and for the year ended June 30, 1993, and have issued our report thereon dated September 24, 1993. In our report, our opinion was qualified because the combined financial statements do not include the general fixed assets account group, which should be included in order to conform with generally accepted accounting principles.

In connection with our audit of the financial statements of the Manhattan Beach City School District and with our consideration of the District's control structure used to administer Federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor Federal financial assistance programs for the fiscal 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 unallowed 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 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 Manhattan Beach City School District had not complied, in all material respects, with those requirements.

325 W. HOSPITALITY LN.
SUITE 102
SAN BERNARDINO
CALIFORNIA 92408

(909) 386-5420
FAX (909) 386-5424

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

Bouta Macn Workman & Associates

September 24, 1993

FINDINGS AND
RECOMMENDATIONS

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

The following Findings and Recommendations represent conditions noted by the audit that appear to be important enough to call to your attention.

INTERNAL CONTROL

FINDING #1
Cafeteria Account

Deposits of daily food sales to the bank are not made on a timely basis. Delays of up to eleven days were noted during the test period.

Recommendation

Daily food sales should be deposited into the bank on a more timely basis.

District Response

Our records indicate that three deposits of currency were made in the food service account during the period in question. What was held over was the coin portion of the deposit. The District generally waits to get \$500 in coin until making a coin deposit. This is because the bank charges us \$8.50 for each coin deposit made. The deposit referred to was for about \$507. The District stores the coin in a locked safe until each deposit is made. As the District makes a coin deposit of less money, it is still charged the same amount by the bank. The District agrees to make coin deposits when \$300 is accumulated. This will make the cost of each coin deposit about 2.8% or, roughly what we would receive from bank interest for a full years deposit. The \$500 limit cost the District a one time 1.7%.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #2
Cafeteria Account

Expenditures from the Cafeteria Account lacked proper approval. Purchase orders are not present for all expenditures and the purchase orders that are present are not always signed by the Assistant Superintendent of Business and Financial Services.

Recommendation

Expenditures from the Cafeteria Account must be approved by the administrator responsible for food services prior to processing payment and issuing checks.

District Response

District is able to find only one unsigned purchase order. The Business Manager does sign all checks as well as a back up approval. The District agrees procedurally that signed purchase orders be available for each expenditure.

FINDING #3
Cafeteria Account

Cafeteria checks are being cashed out of undeposited cafeteria funds.

Recommendation

Undeposited monies should not be used to cash checks.

District Response

District agrees. Cafeteria checks will not be cashed from undeposited cafeteria funds. Staff has been informed.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #4
Cash Disbursements

The District has an open account with the Vons Companies, for which there is no approved purchase order. The invoices are sent to the school site using the open account, and forwarded to the Business Office months later.

Recommendation

All purchases must be authorized by the Business Office, evidenced by a properly signed purchase order. All invoices should be mailed directly to the Business Office for payment.

District Response

The home economics teacher at MBI has been instructed to use purchase orders before charges are made when charging items to the School District. The home economic supplies for 1993-94 are being paid by the PTA and will not use a purchase order for PTA purchases.

FINDING #5
Cash Disbursements

The Business Office has access to the Assistant Superintendent's signature stamp for use on purchase orders when he is not present.

Recommendation

The use of signature stamps weakens the internal control structure over the approval process. The District should review its policies and procedures to ensure that internal controls are not being circumvented by the use of signature stamps.

District Response

The District has a procedure for the use of the name stamp. Only when the Business Manager is on vacation or gone for more than two days and a purchase order or checks must go out, the name stamp can be used by the purchasing department or business office secretary. As soon as the Business Manager returns, each warrant register, the purchase order and each check back up document must be individually signed by the Business Manager. The District agrees to additionally require the Superintendent's signature on any rush purchase orders or checks required when the Business Manager is out of the District.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #6
Cash Disbursements

Open purchase orders are not monitored to ensure that purchases do not exceed the approved amount.

Recommendation

The use of open purchase orders should be monitored so that purchases do not exceed the pre-approved amount.

District Response

Auditor and District have no examples of annual purchase orders being overexpended. Annual purchase orders have been monitored by accounts payable. Paid invoices are filed so accounts payable can be certain we don't spend beyond the annual purchase order allocation. Auditor requests that each invoice be listed on annual purchase order as they are paid. District agrees to perform this extra task.

FINDING #7
Earned Salary Advance

General Ledger account 9162, Earned Salary Advance, does not maintain a zero balance after each payroll. A debit balance of \$5,229 remains in the account and it appears to date back several fiscal years.

Recommendation

An analysis of the Earned Salary Advance account should be made to ascertain the nature of the discrepancy and corrective action should be taken to bring the account to a zero balance.

District Response

District agrees to correction. This has just come to our attention even though it dates back several years. District agrees to correcting entry as provided by Auditor.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #8
Associated Student Body (ASB)

Prenumbered receipts are not used for all cash collections.

Recommendation

Prenumbered receipts should be issued for all cash collections. Whenever there is an exchange of cash (including checks) between the person in charge of the ASB accounting and another individual, prenumbered cash receipts should be issued.

District Response

District agrees to add additional steps to method previously approved by Auditor. A junior high ASB activity account is frequently utilized. Auditor may assist in extra procedural recommendations.

FINDING #9
Associated Student Body (ASB)

Revenue potentials (comparisons between actual income collected to expected income) are not prepared for fund raising activities.

Recommendation

Revenue potentials should be prepared for all fund raising activities. Without comparing expected income to actual income, combined with the failure to issue prenumbered receipts, there is no assurance that all cash collections are deposited intact.

District Response

District agrees.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #10
Associated Student Body (ASB)

Bank reconciliations are not properly prepared.

Recommendation

Reconciliations between the book balance and the balance per the bank should be prepared monthly.

District Response

ASB accountant reconciliation method was unacceptable to Auditor. District will add steps to method used.

FINDING #11
Associated Student Body (ASB)

Student council minutes did not contain specific approvals for expenditures.

Recommendation

All expenditures should be approved by the student council and evidenced in the minutes of the meetings.

District Response

ASB minutes did not adequately reflect specific expenditures due to ASB secretarial change. New ASB secretary will be trained on importance of listing specific expenditures in the minutes.

District Response - Findings #8-11

Our ASB staff will attend a CASBO sponsored training program on ASB Accounting and Reporting Requirements.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

STATE COMPLIANCE

FINDING #12
Attendance - Reporting - MBI

Class rosters are written in pencil and overwritten in ink.

Recommendation

According to the California Department of Education's "Attendance Accounting and Reporting in California Public Schools," absences shall be recorded in ink.

District Response

Pencil has been used for initial entry to prevent the excessive white outs needed once roll is finalized. Students don't always arrive on time. Using ink only for absence recording is being investigated for a compromise method.

FINDING #13
Attendance - Reporting - MBI

Manual perpetual enrollment totals are not used as a cross check on computer enrollment totals.

Recommendation

Manual perpetual enrollment totals should be maintained to provide a means of verifying computerized enrollment totals.

District Response

Our computer has taken care of some of the manual labor of attendance posting. Regulations will be studied so as to save labor and have the necessary cross checks.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #14

Attendance - Excused/Unexcused Absences

The absence list is used as a phone log to verify student absences. However, the absence list does not indicate when the calls were made, who made the calls or to whom the caller spoke. Additionally, there were several discrepancies noted between the absence lists and the monthly attendance report by student. Apportionment attendance in these cases was recorded correctly.

Recommendation

An adequate telephone log includes the following elements:

- A. The absent pupil's name.
- B. The name of the person reached and his/her relationship to the pupil.
- C. The name of the verifying school employee.
- D. The date of the call.
- E. The date of the absence.
- F. The reason for the absence.

The absence list should be modified to include all of the above elements.

District Response

District agrees. A format will be standardized among all school sites so that all blanks will be utilized in the absence log register.

FINDING #15

Attendance - Staff Development Days

Attendance is not recorded correctly for staff development days at MBI. Absences are recorded only for those students that are known by the secretary to be out of town or ill.

Recommendation

If students are not present for any part of the staff development day, actual attendance on the last regular day before or after the staff development day is used for apportionment attendance.

District Response

District agrees.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #16
Attendance - Kindergarten

Of 14 Kindergarten students who had been retained (from the PEP Program to Kindergarten) we were unable to locate one child's pre-approved Agreement To Retain form.

Recommendation

Education Code Section 46300(g) allows a school district to include in its average daily attendance kindergarten pupils who have completed one school year in kindergarten if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by CDE, and signed by the pupil's parent or guardian near the anniversary date of the pupil's kindergarten admittance. CDE's Management Advisory 90-10 included a pre-approved parent/guardian Agreement To Retain form for school districts to use. The advisory also states that the signed forms must be kept on file for three years as part of a school district's "audit trail" for state apportionments (Title 5, California Code of Regulations, Section 16025). The District should recalculate and restate their ADA reports to exclude all ADA affected by this audit finding.

District Response

District has copy of agreement in file for missing form. District agrees form is required.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FINDING #17

School Improvement Program (SIP) and Economic Impact Aid (EIA)

Time charged to the SIP and EIA programs by multi-funded employees is not supported by time reports that justify the percentage of the salaries charged to the various programs.

Recommendation

According to the School Accounting Manual, the proration of personnel working in two or more programs must be documented by employee time reports.

District Response

The District has no classified personnel being funded as described by the audit. The teachers on staff are assigned by class periods on an annual basis. They have a sign in sheet daily, but do not list their percentage of each assignment on a daily basis. Their teaching assignment doesn't change throughout the year and never included SIP as stated in the audit finding. The other teacher listed was a substitute teacher and may have worked in several assignments based on the needs of the day. We have no reason to believe the assignment was improperly charged on the day of substitution.

FINDING #18

Lottery

The District has not established a separate account or program for lottery expenditures.

Recommendation

The District should establish separate program codes for lottery expenditures as required by Government Code Section 8880.5.

District Response

District has used the County and State approved format of the J-200L for reporting lottery expenditures. District has been told this meets the intent of Government Code Section 8880.5. Government code does not specify separate accounts or "program" accounts for lottery. This extra procedure would cause extra cost to the District to set up extra accounts and require additional tracking for other program accounts. District will attempt to get an interpretation of the Government Code from the State Department of Education.

MANHATTAN BEACH CITY SCHOOL DISTRICT
SUMMARY OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 1993

FEDERAL AND STATE COMPLIANCE

FINDING #19
Fixed Assets

Equipment purchased with categorical funds was not properly labeled.

Recommendation

Equipment purchased with categorical funds are required to be marked identifying the acquiring LEA, the funding source, and the inventory identification number.

District Response

The District has a system in place to label each piece of equipment purchased with a District identification tag. The warehouse has identification tags and labels equipment when it comes into the warehouse. Auditor I.D. checks ranged back to June of 1982. A recorder that old could be outdated and stored on a shelf. District will review individual items and verify procedures with the warehouse.

MANHATTAN BEACH CITY SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
 JUNE 30, 1993

<u>FINDING/RECOMMENDATION</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
<u>Cafeteria</u>		
Deposits of daily food sales to the bank are not made on a timely basis. Delays of up to twelve days were noted during the test period. Daily food sales should be deposited into the bank on a more timely basis.	Not implemented	See current year Findings and Recommendations
Expenditures from the cafeteria account lacked proper approval. Although purchase orders are prepared, they are signed by the account clerk responsible for processing payment. Expenditures are approved when the checks are signed by the Assistant Superintendent of Business and Financial Services. Expenditures from the cafeteria account must be approved by the administrator responsible for food services prior to processing payment and issuing checks.	Not implemented	See current year Findings and Recommendations
The general ledger was not maintained in an orderly fashion at the time of audit. We noted liability accounts with debit balances and we were unable to verify the general ledger was in balance. Transactions must be recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. The District should investigate the possibility of a computerized general ledger system.	Implemented	