

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
COUNTY OF LOS ANGELES
MANHATTAN BEACH, CALIFORNIA

AUDIT REPORT

JUNE 30, 1996

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

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MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

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FINANCIAL SECTION

SMITH & GRANSTROM
CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

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INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of and for the year ended June 30, 1996, 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 Manhattan Beach Unified School District does not maintain a complete record of the historical cost of its fixed assets. Accordingly, the financial statements do not include the general fixed assets group of accounts, 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.

In our opinion, except for the effect on the financial statements of the omission of the general fixed assets account group, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Manhattan Beach Unified School District at June 30, 1996 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 individual and combining

INDEPENDENT AUDITORS' REPORT
ON THE FINANCIAL STATEMENT-continued

financial statements referred to above present fairly, in all material respects, the financial position of each individual fund and account group of the Manhattan Beach Unified School District at June 30, 1996, and the results of operations of such funds for the year then ended, in conformity with generally accepted accounting principles.

Smith & GRANSTROM

SMITH & GRANSTROM,
CERTIFIED PUBLIC ACCOUNTANTS

Torrance, California
December 3, 1996

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND THE ACCOUNT GROUP
 JUNE 30, 1996

	-----GOVERNMENTAL FUND TYPES-----				FIDUCIARY	PROPRIETARY FUND		TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	FUND TYPE TRUST AND AGENCY	INTERNAL SERVICE FUNDS	LONG-TERM DEBT ACCOUNT GROUP	
ASSETS								
CASH IN COUNTY TREASURY	\$ 1,666,766	\$ 5,001,911	\$ 24,848,314	\$ 27,261	\$ --	\$ 529,231	\$ --	\$ 32,073,483
CASH ON HAND AND IN BANKS	36,029	108,098	--	--	273,333	--	--	417,460
CASH IN REVOLVING FUND	10,000	--	--	--	--	--	--	10,000
INVESTMENTS	3,522,588	13,043,162	6,683,632	--	--	1,001,016	--	24,250,398
ACCOUNTS RECEIVABLE	2,258,353	514,540	381,393	--	--	30,779	--	3,185,065
PREPAID EXPENSES	531	--	--	--	--	--	--	531
DUE FROM OTHER FUNDS	3,496,251	1,598,311	--	--	--	--	--	5,094,562
STORES & FOOD INVENTORY	109,029	26,422	--	--	--	--	--	135,451
AMOUNT TO BE PROVIDED FOR RETIREMENT OF LONG-TERM DEBT	--	--	--	--	--	--	37,365,347	37,365,347
TOTAL ASSETS	\$11,099,547	\$ 20,292,444	\$ 31,913,339	\$ 27,261	\$ 273,333	\$ 1,561,026	\$ 37,365,347	\$ 102,532,297
LIABILITIES, FUND EQUITY, AND RETAINED EARNINGS								
LIABILITIES:								
ACCOUNTS PAYABLE	\$ 2,742,075	\$ 164,372	\$ 208,993	\$ --	\$ --	\$ 13,425	\$ --	\$ 3,128,865
DUE TO OTHER FUNDS	3,917,105	998,351	179,106	--	--	--	--	5,094,562
TAX REVENUE								
ANTICIPATION NOTES	3,500,000	--	--	--	--	--	--	3,500,000
TRUST ACCOUNTS	--	--	--	--	273,333	--	--	273,333
OTHER LIABILITIES	5,666	11,167	--	--	--	1,486,596	--	1,503,429
DEFERRED INCOME	57,557	--	--	--	--	--	--	57,577
CERTIFICATES OF PARTICIPATION	--	--	--	--	--	--	10,996,962	10,996,962
EARLY RETIREMENT	--	--	--	--	--	--	512,626	512,626
ACCRUED VACATION BENEFITS	--	--	--	--	--	--	251,011	251,011
GENERAL OBLIGATION BONDS	--	--	--	--	--	--	420,025	420,025
MUNICIPAL LEASE OBLIGATION	--	--	--	--	\$ --	1,500,021	25,184,723	25,184,723
TOTAL LIABILITIES	\$10,222,403	\$ 1,173,890	\$ 388,099	\$ --	\$ 273,333	\$ 1,500,021	\$ 37,365,347	\$ 50,923,093

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND THE ACCOUNT GROUP
 JUNE 30, 1996

	-----GOVERNMENTAL FUND TYPES-----				FIDUCIARY	PROPRIETARY FUND	LONG-TERM	TOTALS (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	FUND TYPES TRUST AND AGENCY	---TYPES--- SERVICE FUNDS	DEBT ACCOUNT GROUP	
<u>LIABILITIES, FUND EQUITY, AND RETAINED EARNINGS</u>								
FUND EQUITY:								
FUND BALANCES:								
RESERVED FOR STORES AND REVOLVING FUND, AND PREPAID EXPENSES	\$ 119,560	\$ 26,422	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 145,982
UNRESERVED - DESIGNATED AMOUNTS:								
ECONOMIC UNCERTAINTIES	544,040	19,031,469	--	--	--	--	--	19,575,509
OTHER	210,000	--	--	--	--	--	--	210,000
UNRESERVED - UNDESIGNATED AMOUNTS:	<u>3,544</u>	<u>60,663</u>	<u>31,525,240</u>	<u>27,261</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>31,616,708</u>
TOTAL FUND BALANCES	<u>877,144</u>	<u>19,118,554</u>	<u>31,525,240</u>	<u>27,261</u>	<u>273,333</u>	<u>--</u>	<u>--</u>	<u>51,548,199</u>
RETAINED EARNINGS	--	--	--	--	--	61,005	--	61,005
TOTAL RETAINED EARNINGS	--	--	--	--	--	61,005	--	61,005
TOTAL LIABILITIES, FUND EQUITY, AND RETAINED EARNINGS	<u>\$11,046,262</u>	<u>\$ 20,292,444</u>	<u>\$ 31,913,339</u>	<u>\$ 27,261</u>	<u>\$ 273,333</u>	<u>\$ 1,561,026</u>	<u>\$ 37,365,347</u>	<u>\$ 102,532,297</u>

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	-----GOVERNMENTAL FUND TYPES-----				
<u>REVENUES</u>	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>---TOTALS--- (MEMORANDUM ONLY)</u>
REVENUE LIMIT SOURCES	\$18,239,329	\$ 829,161	\$ --	\$ --	\$19,068,490
FEDERAL REVENUE	412,714	172,217	--	--	584,931
OTHER STATE REVENUES	4,011,734	7,601	--	--	4,019,335
OTHER LOCAL REVENUES	<u>1,798,819</u>	<u>2,636,437</u>	<u>1,285,736</u>	<u>27,261</u>	<u>5,748,253</u>
TOTAL REVENUES	<u>24,462,596</u>	<u>3,645,416</u>	<u>1,285,736</u>	<u>27,261</u>	<u>29,421,009</u>
<u>EXPENDITURES</u>					
CERTIFICATED SALARIES	13,005,907	547,566	--	--	13,553,473
CLASSIFIED SALARIES	4,237,262	1,116,956	--	--	5,354,218
EMPLOYEE BENEFITS	3,676,201	445,128	--	--	4,121,329
SUPPLIES AND MATERIALS	1,219,858	528,615	245	--	1,748,718
SERVICES AND OTHER					
OPERATING EXPENDITURES	2,304,588	98,887	1,609,103	--	4,012,578
CAPITAL OUTLAY	241,555	14,451	4,195,877	--	4,451,883
OTHER OUTGO	<u>532,491</u>	<u>--</u>	<u>146,054</u>	<u>--</u>	<u>678,545</u>
TOTAL EXPENDITURES	<u>25,217,862</u>	<u>2,751,603</u>	<u>6,097,334</u>	<u>--</u>	<u>33,920,744</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	<u>(755,266)</u>	<u>893,813</u>	<u>(4,665,543)</u>	<u>27,261</u>	<u>(4,499,735)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
PROCEEDS FROM CERTIFICATES OF PARTICIPATION	--	--	10,996,962	--	10,996,962
INTERFUND TRANSFERS					
TRANSFERS IN	925,000	19,035	146,055	--	1,090,090
TRANSFERS OUT	(19,035)	(925,000)	(146,055)	--	(1,090,090)
PROCEEDS FROM BONDS	<u>--</u>	<u>--</u>	<u>25,184,723</u>	<u>--</u>	<u>25,184,723</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>905,965</u>	<u>(905,965)</u>	<u>36,181,685</u>	<u>--</u>	<u>36,181,685</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	150,699	(12,152)	31,516,142	27,261	31,681,950
FUND BALANCE, JULY 1, 1995	<u>726,445</u>	<u>19,130,706</u>	<u>9,098</u>	<u>--</u>	<u>19,866,249</u>
FUND BALANCE, JUNE 30, 1996	<u>\$ 877,144</u>	<u>\$19,118,554</u>	<u>\$ 31,525,240</u>	<u>\$ 27,261</u>	<u>\$ 51,548,199</u>

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED 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, 1996
 (PAGE 1 OF 6)

	-----GENERAL FUND-----			-----SPECIAL REVENUE FUNDS-----		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>SOURCES OF FINANCIAL RESOURCES</u>						
REVENUES:						
REVENUE LIMIT SOURCES:						
STATE APPORTIONMENTS AND LOCAL SOURCES	\$18,311,000	\$18,239,329	\$(71,671)	\$ 830,292	\$ 832,740	\$ 6,470
TOTAL REVENUE LIMIT SOURCES	<u>18,311,000</u>	<u>18,239,329</u>	<u>(71,671)</u>	<u>830,292</u>	<u>832,740</u>	<u>6,470</u>
FEDERAL REVENUES	424,198	412,714	(11,484)	134,364	--	172,117
OTHER STATE REVENUES	3,148,619	4,011,734	863,115	8,144	1,463	6,138
OTHER LOCAL SOURCES	<u>1,527,567</u>	<u>1,798,819</u>	<u>271,252</u>	<u>2,030,862</u>	<u>2,046,990</u>	<u>581,946</u>
TOTAL REVENUES	\$ <u>23,411,384</u>	\$ <u>24,462,596</u>	\$ <u>1,051,212</u>	\$ <u>2,988,370</u>	\$ <u>2,878,745</u>	\$ <u>766,671</u>

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED 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, 1996
 (PAGE 2 OF 6)

	-----CAPITAL PROJECTS TYPE-----			-----DEBT SERVICE FUND-----		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>SOURCES OF FINANCIAL RESOURCES</u>						
REVENUES:						
REVENUE LIMIT SOURCES:						
STATE APPORTIONMENTS AND LOCAL SOURCES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
TOTAL REVENUE LIMIT SOURCES	--	--	--	--	--	--
FEDERAL REVENUES	--	--	--	--	--	--
OTHER STATE REVENUES	--	--	--	--	--	--
OTHER LOCAL REVENUES	<u>300,000</u>	<u>1,285,736</u>	<u>985,736</u>	--	<u>27,261</u>	<u>27,261</u>
TOTAL REVENUES	\$ <u>300,000</u>	\$ <u>1,285,736</u>	\$ <u>985,736</u>	\$ --	\$ <u>27,261</u>	\$ <u>27,261</u>

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED 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, 1996
 (PAGE 3 OF 6)

<u>SOURCES OF FINANCIAL RESOURCES</u>	-----TOTALS (MEMORANDUM ONLY)-----		
	BUDGET	VARIANCE FAVORABLE ACTUAL	(UNFAVORABLE)
REVENUES:			
REVENUE LIMIT SOURCES:			
STATE APPORTIONMENTS AND LOCAL SOURCES	\$ <u>19,141,292</u>	\$ <u>19,076,091</u>	\$ <u>(65,201)</u>
TOTAL REVENUE LIMIT SOURCES	<u>19,141,292</u>	<u>19,076,091</u>	<u>(65,201)</u>
FEDERAL REVENUES	424,198	584,931	160,733
OTHER STATE REVENUES	3,150,082	4,019,335	869,253
OTHER LOCAL REVENUES	<u>3,874,557</u>	<u>5,740,652</u>	<u>1,866,095</u>
TOTAL REVENUES	\$ <u>26,590,129</u>	\$ <u>29,421,009</u>	\$ <u>2,830,880</u>

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED 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, 1996
 (PAGE 4 OF 6)

	-----GENERAL FUND-----			-----SPECIAL REVENUE FUNDS-----		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES</u>						
CERTIFICATED SALARIES	\$13,007,481	\$13,005,907	\$ 1,574	\$ 547,827	\$ 547,566	\$ 261
CLASSIFIED SALARIES	4,218,152	4,237,262	(19,110)	1,091,465	1,116,956	(25,491)
EMPLOYEE BENEFITS	3,677,253	3,676,201	1,052	395,313	445,128	(49,815)
SUPPLIES AND MATERIALS	1,221,963	1,219,858	2,105	452,661	528,615	(75,954)
SERVICES AND OTHER OPERATING EXPENDITURES	2,288,117	2,304,588	(16,471)	81,722	98,887	(17,165)
CAPITAL OUTLAY	241,884	241,555	329	24,723	14,451	10,272
OTHER OUTGO	<u>532,743</u>	<u>532,491</u>	<u>252</u>	<u>10,200</u>	<u>--</u>	<u>11,200</u>
TOTAL EXPENDITURES	<u>25,187,593</u>	<u>25,217,862</u>	<u>(30,269)</u>	<u>2,603,911</u>	<u>2,751,603</u>	<u>(147,692)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,776,209)</u>	<u>(755,266)</u>	<u>1,020,943</u>	<u>274,834</u>	<u>893,813</u>	<u>618,979</u>
OTHER FINANCING SOURCES (USES):						
CERTIFICATE OF PARTICIPATION	--	--	--	--	--	--
TRANSFERS IN - INTERFUND	990,000	925,000	(65,000)	19,035	19,035	--
TRANSFERS OUT - INTERFUND	(19,035)	(19,035)	--	(990,000)	(925,000)	65,000
OTHER	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>970,965</u>	<u>905,965</u>	<u>(65,000)</u>	<u>(970,965)</u>	<u>(905,965)</u>	<u>65,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (805,244)</u>	<u>\$ 150,699</u>	<u>\$ 955,943</u>	<u>\$ (696,131)</u>	<u>\$ (12,152)</u>	<u>\$ 683,979</u>
FUND BALANCE, JULY 1, 1995		<u>726,445</u>			<u>19,130,706</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$ 877,144</u>			<u>\$19,118,554</u>	

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED 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, 1996
 (PAGE 5 OF 6)

	-----CAPITAL PROJECTS FUND-----			-----DEBT SERVICE FUND-----		
	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)	<u>BUDGET</u>	<u>ACTUAL</u>	VARIANCE FAVORABLE (UNFAVORABLE)
<u>EXPENDITURES</u>						
CERTIFICATED SALARIES	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
CLASSIFIED SALARIES	--	--	--	--	--	--
EMPLOYEE BENEFITS	--	--	--	--	--	--
SUPPLIES AND MATERIALS	50	245	(195)	--	--	--
SERVICES AND OTHER OPERATING EXPENDITURES	253,600	1,609,103	(1,355,503)	--	--	--
CAPITAL OUTLAY	55,250	4,195,877	(4,140,627)	--	--	--
OTHER OUTGO	--	146,054	(146,054)	--	--	--
	<u>308,900</u>	<u>5,951,279</u>	<u>(5,642,379)</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL EXPENDITURES						
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(8,900)</u>	<u>(4,665,543)</u>	<u>(4,656,643)</u>	<u>--</u>	<u>27,261</u>	<u>27,261</u>
OTHER FINANCING SOURCES (USES):						
PROCEEDS FROM						
CERTIFICATES OF PARTICIPATION	--	10,996,962	10,996,962	--	--	--
PROCEEDS FROM CAPITAL LEASE	--	--	--	--	--	--
TRANSFERS IN - INTERFUND	--	146,055	--	--	--	--
TRANSFERS OUT - INTERFUND	--	(146,055)	--	--	--	--
PROCEEDS FROM BONDS	--	25,184,723	25,184,723	--	--	--
	<u>--</u>	<u>36,181,685</u>	<u>36,181,685</u>	<u>--</u>	<u>--</u>	<u>--</u>
TOTAL OTHER FINANCING SOURCES (USES)						
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ <u>(8,900)</u>	31,516,142	<u>\$31,525,042</u>	\$ <u>--</u>	27,261	\$ <u>27,261</u>
FUND BALANCE, JULY 1, 1995		<u>9,098</u>			<u>--</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$31,525,240</u>			\$ <u>27,261</u>	

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED 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, 1996
 (PAGE 6 OF 6)

	-----TOTALS (MEMORANDUM ONLY)-----		
	VARIANCE		
	FAVORABLE	(UNFAVORABLE)	
<u>EXPENDITURES</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>(UNFAVORABLE)</u>
CERTIFICATED SALARIES	\$ 13,555,308	\$ 13,553,473	\$ 1,835
CLASSIFIED SALARIES	5,309,617	5,354,218	(44,601)
EMPLOYEE BENEFITS	4,072,566	4,121,329	(48,763)
SUPPLIES AND MATERIALS	1,674,674	1,748,718	(74,044)
SERVICES AND OTHER OPERATING EXPENDITURES	2,623,439	4,012,578	(1,389,139)
CAPITAL OUTLAY	321,857	4,451,883	(4,130,026)
OTHER OUTGO	<u>543,943</u>	<u>678,545</u>	<u>(134,602)</u>
TOTAL EXPENDITURES	<u>28,101,404</u>	<u>33,920,744</u>	<u>(5,819,340)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,511,275)</u>	<u>(4,499,735)</u>	<u>(2,988,460)</u>
OTHER FINANCING SOURCES (USES):			
PROCEEDS FROM			
CERTIFICATES OF PARTICIPATION	--	10,996,962	10,996,962
PROCEEDS FROM CAPITAL LEASE	--	--	--
TRANSFERS IN - INTERFUND	1,009,035	1,090,090	(81,055)
TRANSFERS OUT - INTERFUND	(1,009,035)	(1,090,090)	81,055
PROCEEDS FROM BONDS	<u>--</u>	<u>25,184,723</u>	<u>25,184,723</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>36,181,685</u>	<u>36,181,685</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$(1,511,275)</u>	<u>\$31,681,950</u>	<u>\$ 33,193,225</u>
FUND BALANCE, JULY 1, 1995		<u>19,866,260</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$51,520,949</u>	

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED BALANCE SHEET-PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUNDS
 JUNE 30, 1996

	<u>Self Insurance Fund</u>	<u>Retiree Benefit Fund</u>	<u>Combined Total</u>
ASSETS			
Cash in County Treasury	\$ 79,663	\$ 449,568	\$ 529,231
Accounts Receivable	1,434	29,345	30,779
Investments (Note 3)	<u> --</u>	<u>1,001,016</u>	<u>1,001,016</u>
TOTAL ASSETS	\$ <u>81,097</u>	\$ <u>1,479,929</u>	\$ <u>1,561,026</u>
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts Payable	\$ 275	\$ 13,150	\$ 13,425
Retiree Benefits Obligation	--	550,041	550,041
Retiree Benefits Obligation Administered on Behalf of Another District	<u> --</u>	<u>936,555</u>	<u>936,555</u>
TOTAL LIABILITIES	<u>275</u>	<u>1,499,746</u>	<u>1,500,021</u>
Retained Earnings (Deficit)	<u>80,822</u>	<u>(19,817)</u>	<u>61,005</u>
TOTAL LIABILITIES AND RETAINED EARNINGS	\$ <u>81,097</u>	\$ <u>1,479,929</u>	\$ <u>1,561,026</u>

The notes to the financial statements are
 an integral part of this statement

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED STATEMENT OF FUND BALANCE-PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Self Insurance Fund</u>	<u>Retiree Benefit Fund</u>	<u>Combined Total</u>
RETAINED EARNINGS (DEFICIT), JULY 1, 1995	\$ 80,776	\$ --	\$ 80,776
NET INCOME (LOSS)	<u>46</u>	<u>(19,817)</u>	<u>(19,771)</u>
RETAINED EARNINGS (DEFICIT), JUNE 30, 1996	\$ <u>80,822</u>	\$ <u>(19,817)</u>	\$ <u>61,005</u>

The notes to the financial statements are
 an integral part of this statement

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS-PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Self Insurance Fund</u>	<u>Retiree Benefit Fund</u>	<u>Combined Total</u>
OPERATING REVENUES			
TOTAL OPERATING REVENUES	\$ --	\$ --	\$ --
OPERATING EXPENSES			
Employee Benefits	--	184,786	184,786
Books and Supplies	<u>4,724</u>	<u> --</u>	<u> 4,724</u>
TOTAL OPERATING EXPENSES	<u>4,724</u>	<u>184,786</u>	<u>189,510</u>
OPERATING INCOME (LOSS)	(4,724)	(184,786)	(189,510)
NON-OPERATING REVENUES (EXPENSES)			
Interest Income	4,740	164,969	169,709
Increase (Decrease) in Amount Due to Retiree Benefits	<u> --</u>	<u> --</u>	<u> --</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,740</u>	<u>164,969</u>	<u>169,709</u>
NET INCOME (LOSS)	\$ <u>46</u>	\$ <u>(19,817)</u>	\$ <u>(19,771)</u>

The notes to the financial statements are
 an integral part of this statement

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Self Insurance Fund</u>	<u>Retiree Benefit Fund</u>	<u>Combined Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Payments for Goods and Services	\$ <u>(4,379)</u>	\$ <u>(205,819)</u>	\$ <u>(210,198)</u>
Net Cash Provided (Used) by Operating Activities	<u>(4,379)</u>	<u>(205,819)</u>	<u>(210,198)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Increase in Investments	--	--	--
Non Operating Revenue	<u>4,740</u>	<u>164,969</u>	<u>169,709</u>
	<u>4,740</u>	<u>164,969</u>	<u>169,709</u>
NET INCREASE (DECREASE) IN CASH	361	(40,850)	(40,489)
CASH, JULY 1, 1995	<u>79,271</u>	<u>490,418</u>	<u>569,689</u>
CASH, JUNE 30, 1996	\$ <u>79,663</u>	\$ <u>449,568</u>	\$ <u>529,231</u>

The notes to the financial statements are
 an integral part of this statement

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 INTERNAL SERVICE FUNDS - CONTINUED

RECONCILIATION OF OPERATING INCOME TO NET CASH
 PROVIDED (USED) BY OPERATING ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Self Insurance Fund</u>	<u>Retiree Benefit Fund</u>	<u>Combined Total</u>
OPERATING INCOME (LOSS)	\$ (4,724)	\$(184,786)	\$(189,510)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Non Operating			
Increase (Decrease) in			
Accounts Payable	275	(2,935)	(2,660)
(Increase) Decrease in Accounts			
Receivable	<u>70</u>	<u>(18,098)</u>	<u>(18,098)</u>
	<u>345</u>	<u>(21,033)</u>	<u>(20,688)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (4,379)	\$(205,819)	\$(210,198)

The notes to the financial statements are
 an integral part of this statement

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Manhattan Beach Unified School District and the Manhattan Beach School Facilities Corporation have a financial and operational relationship which meets the reporting entity definition criteria of GASB statement No. 14, "The Financial Reporting Entity," for the inclusion of the corporation as a component unit of the district. Accordingly, the financial activities of the corporation have been included in the financial statements of the district. The following are those aspects of the relationship between the district and the corporation which satisfy GASB Statement No. 14 criteria.

Accountability:

1. The corporation's Board of Director's were appointed by the district's Board of Education.
2. The district is able to impose its will upon the corporation, based on the following:
 - All major financing arrangements, contracts, and other transactions of the corporation must have the consent of the district.
 - The district exercises significant influence over operations of the corporation as it is anticipated that the district will be the sole lessee of all facilities owned by the corporation. Likewise, it is anticipated that the district's lease payments will be the sole revenue source of the corporation.
3. The corporation provides specific financial benefits or imposes specific financial burdens on the district based upon the following:

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

- Any deficits incurred by the corporation will be reflected in the lease payments of the district.
- Any surpluses of the corporation revert to the district at the end of the lease period.
- The district has assumed a "moral obligation," and potentially a legal obligation, for any debt incurred by the corporation.

Scope of Public Service:

The corporation is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on June 26, 1995. The corporation was formed for the sole purpose of providing financing assistance to the district for construction and acquisition for major capital facilities. Upon completion, the district intends to occupy all corporation facilities under a lease-purchase agreement effective through the year 2020. At the end of the lease term, title of all corporation property will pass to the district for no additional consideration.

Financial Presentation:

For financial presentation purposes, the corporation's financial activity will be blended, or combined, with the financial data of the district. Certificates of Participation issued by the corporation will be included in the General Long-Term Debt Account Group. Fixed assets acquired or constructed by the corporation are includable in a General Fixed Assets Account Group.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

B. Accounting Facilities

The district accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the district conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountant.

C. 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 equity 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's accounts are organized into three broad categories which in aggregate include four fund types, and one account group as follows:

*** GOVERNMENT FUNDS:**

The 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 special revenue funds:

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

C. Fund Accounting - Continued

1. The Child Development Fund is used to account for resources committed to child development programs maintained by the district.
2. Deferred Maintenance Fund is used for the purpose of major repair or replacement of district property.
3. The Cafeteria Fund is used to account for revenues received and expenditures made to operate the district's cafeterias.
4. Special Reserve Fund

Capital Project Funds are used to account for the acquisition of all major governmental general fixed assets. The district maintains three capital project type funds:

1. The Capital Facilities Fund is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act (CEQA).
2. The building fund is used to account for the acquisition of major governmental capital facilities and building from the sale of bond proceeds.
3. The capital projects fund is used to account for the construction and acquisition of major capital improvements by the Manhattan Beach School Facilities Corporation.

*** PROPRIETARY FUNDS:**

Internal Revenue Funds are used to account for services rendered on a cost reimbursement basis within the district. The district maintains two internal service funds:

1. The self insurance fund is used to provide medical benefits to its employees.
2. The retiree benefit fund was established upon the dissolution of the South Bay Union High School District to pay for health benefits of the dissolved district. This responsibility

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

C. Fund Accounting - Continued

*** PROPRIETARY FUNDS - continued**

is a joint obligation of the two successor Districts (see note 12). The Manhattan Beach Unified School District is the administrator of the successor districts' obligation.

*** FIDUCIARY FUNDS:**

Agency Funds are used to account for assets of others for which the district acts as an agent. The district maintains two agency funds; one for each associated student body.

*** ACCOUNT GROUPS:**

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental 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, long-term liabilities associated with governmental funds are accounted for in the account group of the district.

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

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

D. Basis of Accounting - continued

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). Agency Fund assets and liabilities are also accounted for on the modified accrual basis.

E. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. By state law, the district's governing board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The district's governing board satisfied with these requirements. These budgets are revised by the district's governing board and district superintendent during the year to give consideration to unanticipated income and expenditures. It is this final revised budget that is presented in the financial statements.

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

F. Encumbrances

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

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

G. Assets, Liabilities, and Equity

1. Deposits and Investments

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

In accordance with Education Code Section 41001, the district maintains substantially all 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 quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

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

Information regarding the amount of dollars invested in derivatives with Los Angeles County Treasury was not available.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables.

3. Inventories and Prepaid items

Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories are valued at average cost and consist of expendable supplies held for consumption. Reported inventories are equally offset by a fund balance reserve which indicates that these amounts are "not available for appropriation and expenditure"

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

G. Assets, Liabilities, and Equity - continued

3. Inventories and Prepaid items - continued

even though they are a component of net current assets. The district has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefitting period. The district has chosen to report the expenditure when incurred.

4. Fixed Assets

Fixed assets used in governmental fund types of the district are normally recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed.

However, the district does not maintain a record of fixed assets.

5. Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the district. The current portion of the liabilities are recognized in the general fund at year-end. The noncurrent portion of the liabilities are recognized in the general long-term debt account group.

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.

6. Long-Term Obligations

The district reports long-term debt of governmental funds at face value in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

7. Fund Balance Reserves and Designations

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - continued

G. Assets, Liabilities, and Equity

7. Fund Balance Reserves and Designations - continued

portions of fund balance not appropriable for expenditure or amounts legally segregated for a specific future use.

The reserve for revolving fund and reserve for stores inventory reflect the portions of fund balance represented by revolving fund cash and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date.

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

8. 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 Sacramento bills and collects the taxes for the district. Tax revenues are recognized by the district when received.

H. Total Columns on the 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 operation, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund elimination have not been made in the aggregation of this data.

NOTE 2 - DEPOSITS AND INVESTMENTS

At year-end, the district's bank balances were \$417,460. The cash in county treasury was \$32,073,483 at year-end.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 2 - DEPOSITS AND INVESTMENTS - continued

Investments are categorized into these three categories of credit risk:

- * Category 1-Insured or registered, or securities held by the district or its agent in the district's name.
- * Category 2-Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the district's name.
- * Category 3-Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the district's name.

NOTE 3 - CASH AND INVESTMENTS

Investments at June 30, 1996 held in behalf of the Manhattan Beach Unified School District, are presented below, categorized to give an indication of the level of risk associated with each investment:

	<u>CATEGORY 1</u>	<u>CATEGORY 2</u>	<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
U.S. GOVERNMENT SECURITIES	<u>\$ --</u>	<u>\$ --</u>	<u>\$24,250,398</u>	<u>\$24,500,000</u>

Category 1 includes investments that are insured or collateralized.
 Category 2 includes investments that are not insured or collateralized.

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

<u>Fund</u>	<u>Excess Expenditures</u>
General Fund	
Classified Salaries	\$19,110
Services and other operating expenditures	16,471
Child Development Fund	
Employee Benefits	8,275

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS - continued

Special Reserve Fund		
Other Outgo	\$	3,800
Cafeteria Fund		
Services and other		
operating expenses		17,476
Classified Salaries		25,781
Employee Benefits		41,540
Food and Supplies		76,779
Building Fund		
Books and Supplies		245
Services and Other		
Operating expenses		799,152
Capital Outlay		174,449
Capital Projects		
Services and other		
operating expenses		695,753
Capital Outlay		3,966,311
Other Outgo		146,054

District response as to the causes of excess of expenditures over appropriations:

*** General Fund:**

The district incurred unanticipated expenditures in excess of those budgeted.

*** Child Development Fund:**

The district incurred unanticipated expenditures in excess of those budgeted.

*** Special Reserve Fund:**

The district incurred unanticipated expenditures in excess of those budgeted.

*** Cafeteria Fund:**

The district does not prepare interim or amended budgets for the Cafeteria Fund. Accordingly, appropriations are not adjusted to meet additional required expenditure.

*** Building Fund:**

The district incurred unanticipated expenditures in excess of those budgeted.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

JUNE 30, 1996

NOTE 4 - EXCESS OF EXPENDITURES OVER APPROPRIATIONS - continued

* Capital Projects Fund:

As a component unit, the district does not prepare a budget for expenditures incurred by the Manhattan Beach School Facilities Corporation. For the fiscal year ended June 30, 1996 the Manhattan Beach School Facilities Corporation did not prepare a budget.

NOTE 5 - RECEIVABLES

Receivables in the governmental funds, at June 30, 1996 consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Totals</u>
Federal Government: Categorical Aid Programs	\$ 92,670	\$ --	\$ --	\$ 92,670
National School Lunch Program	<u>--</u>	<u>26,337</u>	<u>--</u>	<u>26,337</u>
Subtotal	<u>92,670</u>	<u>26,337</u>	<u>--</u>	<u>119,007</u>
State Government: Revenue Limit Sources	725,471	95,000	--	820,471
State Lottery	173,037	--	--	173,037
Categorical Aid Programs	87,741	--	--	87,741
Child Nutrition Programs	<u> </u>	<u>1,373</u>	<u>--</u>	<u>1,373</u>
Subtotal	<u>986,249</u>	<u>96,373</u>	<u>--</u>	<u>1,087,622</u>
Local Sources: Other	952,004	7,426	11,641	971,071
Interest	<u>227,430</u>	<u>384,404</u>	<u>369,752</u>	<u>981,586</u>
Subtotal	<u>1,179,434</u>	<u>391,830</u>	<u>381,393</u>	<u>1,952,657</u>
Totals\$	<u>2,258,353</u>	\$ <u>514,540</u>	\$ <u>381,393</u>	\$ <u>3,154,286</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 6 - INTERFUND TRANSACTIONS

A. Interfund Receivable/Payable (Due to/Due from)

Interfund receivable and payable balances at June 30, 1996 are as follows:

<u>Fund Type</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$3,496,251	\$ 3,917,105
Special Revenue Funds	1,598,311	998,351
Capital Project Funds	<u> --</u>	<u>179,106</u>
Totals	<u>\$5,094,562</u>	<u>\$ 5,094,562</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 1995-96 fiscal year were as follows:

Transfer from General Fund	
to the Cafeteria Fund	
to cover operating expenditures	\$ 19,035
Transfer from The Special Reserve	
Fund to the General Fund	
to cover operating expenditures	925,000
Transfer from Capital Facilities	
Fund to the Capital project fund to	
Transfer Base rental monies	<u>146,055</u>
	<u>\$1,090,090</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEM

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, 1996, the district employed certificated employees with a total payroll of \$ 13,553,473.

Employees attaining the age of 60 with five (5) 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 5 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 members' 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, §22000 et seq.)

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEM - continued

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 Unified School District is part of a "cost sharing" pool within PERS. One actuarial valuation is performed for those employers participating in the pool, and the same contribution rate applies to each. At June 30, 1996, the district employed 790 classified employees with a total payroll of \$5,094,562.

Employees are eligible for retirement at the age of 60 and are entitled to a monthly benefit of two (2) percent of final compensation for each year of service credit. Retirement compensation is reduced if the plan is coordinated with Social Security. Retirement may begin at the 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, §20000 et seq.).

Funding Status and Progress of the Retirement Plans

The "pension benefit obligation" reported below is a standardized disclosure of the present value of pension benefits adjusted for the effects of projected salary increases and any step-rate benefits estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the retirement plans' funding status on an going-concern

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEM - Continued

Funding Status and Progress of the Retirement Plans - continued

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, 1995. The significant actuarial assumptions used by STRS to compute the June 30, 1995 actuarial valuation are different from those applied in prior years.

The assumed long-term investment yield is 8.00%, and the assumed long-term salary increase assumption for inflation is 5.50%. The normal cost rate is 16.07% of covered payroll and the 18 year equivalent amortization rate for the unfunded actuarial obligation is 4.53%. Member and employer contribution rates are set by law and are not affected by the changed assumptions.

Under current law the pension benefit obligation for STRS is not the responsibility of the District. The State of California makes annual contributions to PERS toward the unfunded obligation. The pension benefit obligation for PERS is included in the financial statement for PERS and the State of California.

The pension benefit obligation for PERS was computed as a part of actuarial valuation performed June 30, 1995. Significant actuarial assumptions used to compute the PERS pension benefit obligation include an actuarial interest rate of 8.50% per annum. The salary scale used assumes salary increases that vary by length of service. The total increase in any future year includes an assumed 4.50% inflation rate across the board increase and merit increases that vary by length of service.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEM - Continued

Funding Status and Progress of the Retirement Plans - continued

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, 1995, is as follows:

PENSION BENEFIT OBLIGATION	PERS
RETIREES AND BENEFICIARIES CURRENTLY RECEIVING BENEFITS AND TERMINATED EMPLOYEES NOT YET RECEIVING BENEFITS	\$ 7,032,915,534
CURRENT EMPLOYEES:	
ACCUMULATED EMPLOYEE CONTRIBUTIONS INCLUDING ALLOCATED INVESTMENT EARNINGS	3,506,097,044
EMPLOYER-FINANCED VESTED	4,165,611,630
EMPLOYER-FINANCED NON-VESTED	<u>257,451,403</u>
TOTAL PENSION BENEFIT OBLIGATION	14,962,075,610
NET ASSETS AVAILABLE FOR BENEFITS, AT COST (MARKET VALUE IS (\$15,147,161,434))	<u>16,288,397,653</u>
OVERFUNDED (UNFUNDED) PENSION BENEFIT OBLIGATION	\$ <u>(1,326,322,042)</u>

CHANGES IN THE PENSION BENEFIT OBLIGATION FROM LAST YEAR, \$515,962,227, RESULTED FROM THE FOLLOWING:

CHANGES IN BENEFIT PROVISIONS	N/A
CHANGES IN ACTUARIAL ASSUMPTION	N/A

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 7 - EMPLOYMENT RETIREMENT SYTEM - Continued

Contributions Required and Contributions Made

The District is required by statute to contribute 8.25% and 6.599% of gross salary expenditures to STRS and PERS, respectively. Participants are required to contribute 8.00% and 7.00% of modified gross salary to STRS and PERS respectively.

The district contribution information for the years ended June 30, 1996 is as follows:

NUMBER OF EMPLOYEES COVERED	TOTAL EMPLOYEE CONTRIBUTIONS	TOTAL EMPLOYER CONTRIBUTIONS	DISTRICT'S CURRENT YEAR AS A PERCENTAGE OF COVERED PAYROLL	EMPLOYEE CONTRIBUTIONS COVERED PAYROLL AS A PERCENTAGE OF	EMPLOYER CONTRIBUTIONS OF COVERED PAYROLL AS A PERCENTAGE
STRS 344	\$ 1,004,026	\$1,035,394	\$12,647,251	8.0%	8.250%
PERS 207	\$ 270,333	\$ 280,649	\$ 4,557,580	5.9%	6.160%

The district's contribution represented .089% and .0023% of the total contributions required of all participating employers in STRS and PERS, respectively.

The district's employer contributions to STRS met 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.

The district's employer contribution to PERS met the required contribution rate and satisfied the plan's funding requirements as determined by the PERS actuary. The funded contribution included amortization of the unfunded actuarial liability through the year 2011. 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.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 7 - EMPLOYMENT RETIREMENT SYSTEM - Continued

Trend Information

Ten year historical trend information of the STRS' and PERS' progress in accumulating sufficient assets to pay benefits when due is presented in the State Teacher' Retirement System Comprehensive Annual Financial Report for the year ended June 30, 1995.

The three-year trend information required to be reported for PERS is presented below.

	<u>1992-93</u>	<u>1993-94</u>	<u>1994-95</u>
NET ASSETS AVAILABLE FOR BENEFITS AS PERCENTAGES OF THE PENSION BENEFIT OBLIGATION	110.3%	125.0%	122.4%
UNFUNDED PENSION BENEFIT OBLIGATION AS A PERCENTAGE OF ANNUAL COVERED PAYROLL	(20.1)%	(46.6)%	(42.8)%
EMPLOYER CONTRIBUTIONS MADE IN ACCORDANCE WITH ACTUARIALY DETERMINED REQUIREMENTS, AS PERCENTAGES OF ANNUAL COVERED PAYROLL	7.06	3.87%	6.78%

Other Information

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

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 8 - BONDED DEBT

The outstanding general obligation bonded debt of the Manhattan Beach School District at June 30, 1996 is:

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Outstanding July 1, 1995</u>	<u>Redeemed Current Year</u>	<u>Outstanding June 30, 1996</u>
5-1-96	3.6% to 5.65%	9-1-2020	\$ 25,184,723	--	--	\$ 25,184,723

The annual requirements to amortize general obligation bonds payable, outstanding as of June 30, 1996 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
General obligation Bonds:			
1997	\$ 335,000	\$ 813,893	\$ 1,148,893
1998	860,000	501,978	1,361,978
1999	965,000	469,728	1,434,728
2000	1,075,000	433,058	1,508,058
2001	1,200,000	390,595	1,590,595
Thereafter	<u>20,749,723</u>	<u>23,036,118</u>	<u>43,444,415</u>
Totals	\$ <u>25,184,723</u>	\$ <u>25,645,337</u>	\$ <u>50,830,060</u>

Note 9 - CERTIFICATE OF PARTICIPATION

In September 1, 1995 Manhattan Beach School Facilities Corporation issued certificates of participation in the amount of 10,996,962 with interest rates ranging from 3.6 to 5.9 percent. At June 30, 1999, the principal outstanding was \$ 10,996,962.

The certificates mature through 2005 as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997	\$ 150,000	\$ 424,778	\$ 574,778
1998	180,000	418,703	598,703
1999	190,000	411,623	601,623
2000	195,000	404,018	599,018
2001	205,000	517,273	722,273
Thereafter	<u>10,996,962</u>	<u>7,757,366</u>	<u>18,753,408</u>
Totals	\$ <u>11,916,042</u>	\$ <u>9,563,320</u>	\$ <u>20,560,282</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 10 - GENERAL LONG TERM DEBT - Schedule of Changes

A schedule of changes in long-term debt for the year ended June 30, 1996 is shown below:

	--Balance-- <u>July 1, 1995</u>	Additions <u> </u>	Deductions <u> </u>	Balance-- <u>June 30, 1996</u>
Compensated Absences	\$ 221,467	\$ 161,142	\$ 131,598	\$ 251,011
Municipal Lease Obligation	489,308	--	69,283	420,025
Early Retirement General Obligation	512,626	--	--	512,626
Bonds	--	25,184,723	--	25,184,723
Certificates of Participation	<u> --</u>	<u>10,996,962</u>	<u> --</u>	<u>10,996,962</u>
Totals	\$ <u>1,223,401</u>	\$ <u>36,342,827</u>	\$ <u>200,881</u>	\$ <u>37,365,347</u>

NOTE 11 - JOINT POWER AGREEMENTS

The Manhattan Beach Unified School District participates in three joint ventures under joint power agreement (JPA) entities-the Los Angeles County Alliance of Schools of Co-operative Insurance programs-"ASCIP", the Schools Excess Liability Fund-"SELF", the Centinela South Bay Insurance Authority-"CSBIA". The district pays premiums commensurate with the level of coverage requested or compensation of employees where payroll is a determining factor, and shares surpluses and deficits proportionate to its participation in the JPA.

Each JPA is governed by an independent board consisting of representatives of member districts. Each governing board controls the operation of its JPA, independent of any influence by the Manhattan Beach Unified School District beyond the district's representation on the governing boards. Each JPA is independently accountable for its fiscal matters.

The relationships between the Manhattan Beach Unified School District and the JPA's are such JPA's are not a component unit of the Manhattan Beach Unified School District for financial reporting purposes.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 11 - JOINT POWER AGREEMENTS-Continued

Alliance of Schools for Co-operative Insurance (ASCIP)

The ASCIP arranges for and provides property and liability insurance for its members, all of whom are Southern California School districts.

Schools Excess Liability Fund (SELF)

The SELF arranges for and provides excess liability insurance for its members.

Centinela South Bay Insurance Authority (CSBIA)

The CSBIA arranges for and provides workers compensation, property third party liability risk claims, and certain employee benefits insurance for its members. Manhattan Beach Unified School District participated in the workers' compensation programs as well as the dental and vision care programs during the fiscal year 1995-96.

Available condensed financial information of JPA's for the fiscal periods indicating, which is the most currently available, is as follows:

	----ASCIP---	---SELF--	CSBIA
	<u>JUNE 30, 1995</u>	<u>JUNE 30, 1996</u>	<u>JUNE 30, 1995</u>
Total Assets	\$ 32,672,349	\$ 11,648,889	\$ 14,048,740
Total			
Liabilities	<u>24,280,982</u>	<u>74,746,785</u>	<u>4,887,127</u>
Fund Balance	\$ <u>8,391,367</u>	\$ <u>41,732,104</u>	\$ <u>9,161,613</u>
Total Revenues	\$ 13,780,831	\$ 23,757,445	\$ 6,315,035
Total			
Expenditures	<u>11,682,296</u>	<u>17,120,761</u>	<u>2,285,387</u>
Net Increase			
(Decrease) in Fund			
Balance	\$ <u>2,098,536</u>	\$ <u>6,636,684</u>	\$ <u>4,029,648</u>

The JPA's did not have long-term debt outstanding at June 30, 1996. The district's share of year-end assets, liabilities, or fund equity has not been provided by the JPA administrators.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS - Continued

JUNE 30, 1996

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. Early Retirement

The district has adopted an early retirement incentive program. The district has entered into contracts with certain eligible employees whereby up to a maximum of \$6000 per year until age 65, and for certain employees for life. The district's obligations under the contracts are contingent upon the employees performing some required service. The estimated accumulated future liability for the district at June 30, 1996 for those benefits amounting to \$512,626.

B. State and Federal Allowances, Awards, and Grants

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

NOTE 13 - TAX REVENUE ANTICIPATION NOTES

A. Fiscal Year 1995-96

The district issued \$3,500,000 in tax and revenue anticipation notes dated July 7, 1995. The notes mature on July 5, 1996 and yield 4.10% interest. The notes were sold to supplement cash flow.

Repayment requirements are that 50% of the notes are to be deposited with the county treasurer prior to March 1996 and the remainder plus accrued interest to be made prior to April 1996.

B. Fiscal Year 1996-97

The District issued \$3,500,000 in tax and revenue anticipation notes dated July 1, 1996. The notes matured on July 30, 1997 and yielded 3.85% interest. The notes were sold to supplement cash flow.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS - Continued
 JUNE 30, 1996

NOTE 14 - CAPITAL LEASES

The district leases equipment valued at \$520,000 under an agreement which provides for title to pass upon expiration of the lease period. Future minimum lease payments are as follows:

Year Ending <u>June 30,</u>	Lease <u>Payment</u>
1997	\$ 91,285
1998	91,285
1999	91,285
2000	91,285
Thereafter	<u>136,926</u>
Total	502,066
Less amount representing interest	<u>(82,041)</u>
Present value of net minimum lease payments	<u>\$420,025</u>

The district will receive no sublease rental revenues nor pay any contingent rentals for this equipment.

COMBINING FINANCIAL STATEMENTS

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1996

	Child Development	Special Reserve Fund	Deferred Maintenance	Cafeteria Account	Totals
ASSETS					
CASH IN COUNTY TREASURY	\$ 54,786	\$ 4,871,403 ✓	\$ 39,015	\$ 36,707	\$ 5,001,911
CASH ON HAND AND IN BANK	8,374	--	--	99,724	108,098
INVESTMENTS (NOTE 3)	--	13,043,162 ✓	--	--	13,043,162
ACCOUNTS RECEIVABLE (NOTE 5)					
FEDERAL GOVERNMENT	--	--	--	26,337	26,337
STATE GOVERNMENT	95,000	-- <i>acc</i>	--	1,373	96,373
INTEREST	1,469	381,711 <i>fee</i>	687	537	384,404
MISCELLANEOUS	3,958	--	--	3,468	7,426
INVENTORIES					
FOOD SUPPLIES	--	--	--	26,422	26,422
DUE FROM OTHER FUNDS	22,211	1,570,525	--	5,575	1,598,311
TOTAL ASSETS	\$ 185,798	\$ 19,866,801	\$ 39,702	\$ 200,143	\$ 20,292,444
LIABILITIES AND FUND BALANCES					
LIABILITIES					
ACCOUNTS PAYABLE	\$ 144,944	\$ 843,945	\$ 31,635	\$ 19,428	\$ 164,372
DUE TO OTHER FUNDS	40,766	--	--	82,005	998,351
OTHER LIABILITIES	77	--	--	11,090	11,167
TOTAL LIABILITIES	185,787	843,945	31,635	112,523	1,173,890
FUND BALANCES					
RESERVED FOR STORES AND REVOLVING CASH	--	--	--	26,432	26,432
DESIGNATED FOR ECONOMIC UNCERTAINTIES	11	19,022,856	8,067	535	19,031,469
UNDESIGNATED	--	--	--	60,653	60,653
TOTAL FUND BALANCES	11	19,022,856	8,067	87,620	19,118,554
TOTAL LIABILITIES AND FUND BALANCES	\$ 185,798	\$ 19,866,801	\$ 39,702	\$ 200,143	\$ 20,292,444

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 1996

	Child Development	Special Reserve Fund	Deferred Maintenance	Cafeteria Account	Totals
REVENUES					
FEDERAL SOURCES:					
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --	\$ 172,217	\$ 172,217
TOTAL FEDERAL SOURCES	<u>--</u>	<u>--</u>	<u>--</u>	<u>172,217</u>	<u>172,217</u>
STATE SOURCES:					
APPORTIONMENT	829,161	--	--	--	829,161
SPECIAL ALLOWANCES	--	--	--	--	--
STATE GRANT	--	--	--	7,601	7,601
TOTAL STATE SOURCES	<u>829,161</u>	<u>--</u>	<u>--</u>	<u>7,601</u>	<u>836,762</u>
LOCAL SOURCES:					
INTEREST	3,631	964,686	2,334	2,306	972,957
FEES AND CONTRACTORS	999,639	--	--	--	999,639
DONATIONS AND GIFTS	--	--	--	--	--
FOOD SERVICES	--	--	--	--	--
OTHER	--	--	--	663,841	663,841
TOTAL LOCAL SOURCES	<u>1,003,270</u>	<u>964,686</u>	<u>2,334</u>	<u>666,147</u>	<u>2,636,437</u>
 TOTAL REVENUES	 <u>1,832,431</u>	 <u>964,686</u>	 <u>2,334</u>	 <u>845,965</u>	 <u>3,645,416</u>
EXPENDITURES					
CERTIFIED SALARIES	547,566	--	--	--	547,566
CLASSIFIED SALARIES	763,792	--	--	353,164	1,116,956
EMPLOYEE BENEFITS	325,070	--	--	120,058	445,128
BOOKS AND SUPPLIES	131,773	--	31,635	--	163,408
FOOD AND SUPPLIES	--	--	--	365,207	365,207
SERVICES AND OTHER OPERATING EXPENDITURE	51,800	3,544	10,967	32,576	98,887
CAPITAL OUTLAY	14,451	--	--	--	14,451
OTHER OUTGO	--	--	--	--	--
TOTAL EXPENDITURES	<u>1,834,452</u>	<u>3,544</u>	<u>42,602</u>	<u>871,005</u>	<u>2,751,603</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(2,021)</u>	<u>961,142</u>	<u>(40,268)</u>	<u>(25,040)</u>	<u>893,813</u>
OTHER FINANCING SOURCES (USES):					
TRANSFERS IN	--	--	--	19,035	19,035
TRANSFERS OUT	--	(925,000)	--	--	(925,000)
OTHER	--	--	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>--</u>	<u>(925,000)</u>	<u>--</u>	<u>19,035</u>	<u>(905,965)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(2,021)</u>	<u>36,142</u>	<u>(40,268)</u>	<u>(6,005)</u>	<u>(12,152)</u>
FUND BALANCE, JULY 1, 1995	<u>2,032</u>	<u>18,986,714</u>	<u>48,335</u>	<u>93,625</u>	<u>19,130,706</u>
FUND BALANCE, JUNE 30, 1996	<u>\$ 11</u>	<u>\$ 19,022,856</u>	<u>\$ 8,067</u>	<u>\$ 87,620</u>	<u>\$ 19,118,554</u>

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 1996

CHILD DEVELOPMENT FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	830,292	829,161	(1,131)
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u>830,292</u>	<u>829,161</u>	<u>(1,131)</u>
LOCAL SOURCES:			
INTEREST	6,500	3,631	(2,869)
FEES AND CONTRACTORS	989,000	999,639	10,639
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	--	--
TOTAL LOCAL SOURCES	<u>995,500</u>	<u>1,003,270</u>	<u>7,770</u>
TOTAL REVENUES	<u>1,825,792</u>	<u>1,832,431</u>	<u>6,639</u>
EXPENDITURES			
CERTIFIED SALARIES	547,827	547,566	261
CLASSIFIED SALARIES	764,082	763,792	290
EMPLOYEE BENEFITS	316,795	325,070	(8,275)
BOOKS AND SUPPLIES	132,233	131,773	460
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER OPERATING EXPENDITURE	51,822	51,800	22
CAPITAL OUTLAY	14,723	14,451	272
OTHER OUTGO	--	--	--
TOTAL EXPENDITURES	<u>1,827,482</u>	<u>1,834,452</u>	<u>(6,970)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(1,690)</u>	<u>(2,021)</u>	<u>(331)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	--	--
TRANSFERS OUT	--	--	--
OTHER	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u> --</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (1,690)</u>	<u>(2,021)</u>	<u>\$ (331)</u>
FUND BALANCE, JULY 1, 1995		<u>2,032</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$ 11</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 1996

	SPECIAL RESERVE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:			
INTEREST	1,050,000	964,686	(85,314)
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	--	--
TOTAL LOCAL SOURCES	<u>1,050,000</u>	<u>964,686</u>	<u>(85,314)</u>
TOTAL REVENUES	<u>1,050,000</u>	<u>964,686</u>	<u>(85,314)</u>
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	--	--	--
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER			
OPERATING EXPENDITURE	3,800	3,544	256
CAPITAL OUTLAY	--	--	--
OTHER OUTGO	(3,800)	--	(3,800)
TOTAL EXPENDITURES	<u> --</u>	<u>3,544</u>	<u>(3,544)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>1,050,000</u>	<u>961,142</u>	<u>(88,858)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	--	--
TRANSFERS OUT	(990,000)	(925,000)	65,000
OTHER	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u>(990,000)</u>	<u>(925,000)</u>	<u>65,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ 60,000</u>	<u>36,142</u>	<u>\$ (23,858)</u>
FUND BALANCE, JULY 1, 1995		<u>18,986,714</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$ 19,022,856</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 1996

DEFERRED MAINTENANCE FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	--	--	--
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	1,463	--	(1,463)
TOTAL STATE SOURCES	1,463	--	(1,463)
LOCAL SOURCES:			
INTEREST	1,490	2,334	844
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	--	--
TOTAL LOCAL SOURCES	1,490	2,334	844
TOTAL REVENUES	2,953	2,334	(619)
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	32,000	31,635	365
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER			
OPERATING EXPENDITURE	11,000	10,967	33
CAPITAL OUTLAY	--	--	--
OTHER OUTGO	--	--	--
TOTAL EXPENDITURES	43,000	42,602	398
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(40,047)	(40,268)	(221)
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	--	--
TRANSFERS OUT	--	--	0
OTHER	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	--	--	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (40,047)	(40,268)	\$ (221)
FUND BALANCE, JULY 1, 1995		48,335	
FUND BALANCE, JUNE 30, 1996		\$ 8,067	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 1996

CAFETERIA FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ 172,217	\$ 172,217
TOTAL FEDERAL SOURCES	--	172,217	172,217
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	7,601	7,601
TOTAL STATE SOURCES	--	7,601	7,601
LOCAL SOURCES:			
INTEREST	--	2,306	2,306
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	663,841	663,841
TOTAL LOCAL SOURCES	--	666,147	666,147
TOTAL REVENUES	--	845,965	845,965
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	327,383	353,164	(25,781)
EMPLOYEE BENEFITS	78,518	120,058	(41,540)
BOOKS AND SUPPLIES	--	--	--
FOOD AND SUPPLIES	288,428	365,207	(76,779)
SERVICES AND OTHER	--	--	--
OPERATING EXPENDITURE	15,100	32,576	(17,476)
CAPITAL OUTLAY	10,000	--	10,000
OTHER OUTGO	14,000	--	14,000
TOTAL EXPENDITURES	733,429	871,005	(137,576)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	(733,429)	(25,040)	708,389
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	19,035	19,035	--
TRANSFERS OUT	--	--	--
OTHER	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	19,035	19,035	--
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (714,394)	(6,005)	\$ 708,389
FUND BALANCE, JULY 1, 1995		93,625	
FUND BALANCE, JUNE 30, 1996		\$ 87,620	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 1996

	TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ 172,217	\$ 172,217
TOTAL FEDERAL SOURCES	<u> --</u>	<u> 172,217</u>	<u> 172,217</u>
STATE SOURCES:			
APPORTIONMENT	830,292	829,161	(1,131)
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	1,463	7,601	6,138
TOTAL STATE SOURCES	<u> 831,755</u>	<u> 836,762</u>	<u> 5,007</u>
LOCAL SOURCES:			
INTEREST	1,057,990	972,957	(85,033)
FEES AND CONTRACTORS	989,000	999,639	10,639
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	663,841	663,841
TOTAL LOCAL SOURCES	<u> 2,046,990</u>	<u> 2,636,437</u>	<u> 589,447</u>
TOTAL REVENUES	<u> 2,878,745</u>	<u> 3,645,416</u>	<u> 766,671</u>
EXPENDITURES			
CERTIFIED SALARIES	547,827	547,566	261
CLASSIFIED SALARIES	1,091,465	1,116,956	(25,491)
EMPLOYEE BENEFITS	395,313	445,128	(49,815)
BOOKS AND SUPPLIES	164,233	163,408	825
FOOD AND SUPPLIES	288,428	365,207	(76,779)
SERVICES AND OTHER			
OPERATING EXPENDITURE	81,722	98,887	(17,165)
CAPITAL OUTLAY	24,723	14,451	10,272
OTHER OUTGO	10,200	--	10,200
TOTAL EXPENDITURES	<u> 2,603,911</u>	<u> 2,751,603</u>	<u> (147,692)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u> 274,834</u>	<u> 893,813</u>	<u> 618,979</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	19,035	19,035	--
TRANSFERS OUT	(990,000)	(925,000)	65,000
OTHER	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> (970,965)</u>	<u> (905,965)</u>	<u> 65,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u> \$ (696,131)</u>	<u> (12,152)</u>	<u> \$ 683,979</u>
FUND BALANCE, JULY 1, 1995		<u> 19,130,706</u>	
FUND BALANCE, JUNE 30, 1996		<u> \$ 19,118,554</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
ALL CAPITAL PROJECTS TYPE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1996

	Building Fund	Capital Facilities	Capital Projects	Totals
<u>ASSETS</u>				
CASH IN COUNTY TREASURY	\$ 24,542,123	\$ 306,191	\$ --	\$ 24,848,314
CASH ON HAND AND IN BANK	--	--	--	--
INVESTMENTS	--	--	6,683,632	6,683,632
ACCOUNTS RECEIVABLE				
FEDERAL GOVERNMENT	--	--	--	--
STATE GOVERNMENT	--	--	--	--
INTEREST	--	--	--	--
MISCELLANEOUS	365,730	13,497	2,166	381,393
INVENTORIES				
FOOD SUPPLIES	--	--	--	--
DUE FROM OTHER FUNDS	--	--	--	--
TOTAL ASSETS	\$ 24,907,853	\$ 319,688	\$ 6,685,798	\$ 31,913,339
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
ACCOUNTS PAYABLE	\$ 193,004	\$ 15,989	\$ --	\$ 208,993
DUE TO OTHER FUNDS	33,051	146,055	--	179,106
OTHER LIABILITIES	--	--	--	--
TOTAL LIABILITIES	226,055	162,044	--	388,099
 FUND BALANCES				
RESERVED FOR STORES AND REVOLVING CASH	--	--	--	--
DESIGNATED FOR ECONOMIC UNCERTAINTIES	--	--	--	--
UNDESIGNATED	24,681,798	157,644	6,685,798	31,525,240
TOTAL FUND BALANCES	24,681,798	157,644	6,685,798	31,525,240
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,907,853	\$ 319,688	\$ 6,685,798	\$ 31,913,339

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
 ALL CAPITAL PROJECTS TYPE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR FISCAL YEAR ENDED JUNE 30, 1996

	Building Fund	Capital Facilities	Capital Projects	Totals
REVENUES				
FEDERAL SOURCES:				
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:				
APPORTIONMENT	--	--	--	--
SPECIAL ALLOWANCES	--	--	--	--
STATE GRANT	--	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:				
INTEREST	470,921	7,515	350,899	829,335
FEES AND CONTRACTORS	--	--	--	--
DONATIONS AND GIFTS	--	--	--	--
FOOD SERVICES	--	--	--	--
OTHER	--	456,401	--	456,401
TOTAL LOCAL SOURCES	<u>470,921</u>	<u>463,916</u>	<u>350,899</u>	<u>1,285,736</u>
TOTAL REVENUES	<u>470,921</u>	<u>463,916</u>	<u>350,899</u>	<u>1,285,736</u>
EXPENDITURES				
CERTIFIED SALARIES	--	--	--	--
CLASSIFIED SALARIES	--	--	--	--
EMPLOYEE BENEFITS	--	--	--	--
BOOKS AND SUPPLIES	245	--	--	245
FOOD AND SUPPLIES	--	--	--	--
SERVICES AND OTHER	--	--	--	--
OPERATING EXPENDITURE	799,152	114,198	695,753	1,609,103
CAPITAL OUTLAY	174,449	55,117	3,966,311	4,195,877
OTHER OUTGO	--	--	146,054	146,054
TOTAL EXPENDITURES	<u>973,846</u>	<u>169,315</u>	<u>4,808,118</u>	<u>5,951,279</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(502,925)</u>	<u>294,601</u>	<u>(4,457,219)</u>	<u>(4,665,543)</u>
OTHER FINANCING SOURCES (USES):				
TRANSFERS IN	--	--	146,055	146,055
TRANSFERS OUT	--	(146,055)	--	(146,055)
OTHER	--	--	--	--
PROCEEDS FROM SALE OF BONDS	25,184,723	--	--	25,184,723
PROCEEDS FROM CERTIFICATES OF PARTICIPATION	--	--	10,996,962	10,996,962
TOTAL OTHER FINANCING SOURCES (USES)	<u>25,184,723</u>	<u>(146,055)</u>	<u>11,143,017</u>	<u>36,181,685</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	24,681,798	148,546	6,685,798	31,516,142
FUND BALANCE, JULY 1, 1995	\$ --	9,098	--	9,098
FUND BALANCE, JUNE 30, 1996	<u>24,681,798</u>	<u>\$ 157,644</u>	<u>\$ 6,685,798</u>	<u>\$ 31,525,240</u>

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
 CAPITAL PROJECTS TYPE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR FISCAL YEAR ENDED JUNE 30, 1996

BUILDING FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:			
INTEREST	--	470,921	470,921
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	--	--
TOTAL LOCAL SOURCES	<u> --</u>	<u>470,921</u>	<u>470,921</u>
TOTAL REVENUES	<u> --</u>	<u>470,921</u>	<u>470,921</u>
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	--	245	(245)
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER	--	--	--
OPERATING EXPENDITURE	--	799,152	(799,152)
CAPITAL OUTLAY	--	174,449	(174,449)
OTHER OUTGO	--	--	--
TOTAL EXPENDITURES	<u> --</u>	<u>973,846</u>	<u>(973,846)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u> --</u>	<u>(502,925)</u>	<u>(502,925)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	--	--
TRANSFERS OUT	--	--	--
OTHER	--	--	--
PROCEEDS FROM SALE OF BONDS	--	25,184,723	25,184,723
PROCEEDS FROM CERTIFICATES OF PARTICIPATION	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u>25,184,723</u>	<u>25,184,723</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ --</u>	<u>24,681,798</u>	<u>\$ 24,681,798</u>
FUND BALANCE, JULY 1, 1995		<u> --</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$ 24,681,798</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
 CAPITAL PROJECTS TYPE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR FISCAL YEAR ENDED JUNE 30, 1996

CAPITAL FACILITIES FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:			
INTEREST	3,592	7,515	3,923
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	296,408	456,401	159,993
TOTAL LOCAL SOURCES	<u>300,000</u>	<u>463,916</u>	<u>163,916</u>
TOTAL REVENUES	<u>300,000</u>	<u>463,916</u>	<u>163,916</u>
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	50	--	50
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER			
OPERATING EXPENDITURE	253,600	114,198	139,402
CAPITAL OUTLAY	55,250	55,117	133
OTHER OUTGO	--	--	--
TOTAL EXPENDITURES	<u>308,900</u>	<u>169,315</u>	<u>139,585</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(8,900)</u>	<u>294,601</u>	<u>303,501</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	--	--
TRANSFERS OUT	--	(146,055)	(146,055)
OTHER	--	--	--
PROCEEDS FROM SALE OF BONDS	--	--	--
PROCEEDS FROM CERTIFICATES OF PARTICIPATION	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u>(146,055)</u>	<u>(146,055)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (8,900)</u>	148,546	<u>\$ 157,446</u>
FUND BALANCE, JULY 1, 1995		<u>9,098</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$ 157,644</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
 CAPITAL PROJECTS TYPE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR FISCAL YEAR ENDED JUNE 30, 1996

CAPITAL PROJECTS FUND			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:			
INTEREST	--	350,899	350,899
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	--	--
TOTAL LOCAL SOURCES	<u> --</u>	<u> 350,899</u>	<u> 350,899</u>
TOTAL REVENUES	<u> --</u>	<u> 350,899</u>	<u> 350,899</u>
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	--	--	--
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER	--	--	--
OPERATING EXPENDITURE	--	695,753	(695,753)
CAPITAL OUTLAY	--	3,966,311	(3,966,311)
OTHER OUTGO	--	146,054	(146,054)
TOTAL EXPENDITURES	<u> --</u>	<u> 4,808,118</u>	<u> (4,808,118)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u> --</u>	<u> (4,457,219)</u>	<u> (4,457,219)</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	146,055	146,055
TRANSFERS OUT	--	--	--
OTHER	--	--	--
PROCEEDS FROM SALE OF BONDS	--	--	--
PROCEEDS FROM CERTIFICATES OF PARTICIPATION	--	10,996,962	10,996,962
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u> 11,143,017</u>	<u> 11,143,017</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u> --</u>	<u> 6,685,798</u>	<u> 6,685,798</u>
FUND BALANCE, JULY 1, 1995		<u> --</u>	
FUND BALANCE, JUNE 30, 1996		<u> 6,685,798</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
 CAPITAL PROJECTS TYPE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR FISCAL YEAR ENDED JUNE 30, 1996

	TOTALS		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:			
INTEREST	3,592	829,335	825,743
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	296,408	456,401	159,993
TOTAL LOCAL SOURCES	<u>300,000</u>	<u>1,285,736</u>	<u>985,736</u>
TOTAL REVENUES	<u>300,000</u>	<u>1,285,736</u>	<u>985,736</u>
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	50	245	--
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER			
OPERATING EXPENDITURE	253,600	1,609,103	--
CAPITAL OUTLAY	55,250	4,195,877	--
OTHER OUTGO	--	146,054	(146,054)
TOTAL EXPENDITURES	<u>308,900</u>	<u>5,951,279</u>	<u>(146,054)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u>(8,900)</u>	<u>(4,665,543)</u>	<u>839,682</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	146,055	146,055
TRANSFERS OUT	--	(146,055)	(146,055)
OTHER	--	--	--
PROCEEDS FROM SALE OF BONDS	--	25,184,723	25,184,723
PROCEEDS FROM CERTIFICATES OF PARTICIPATION	--	10,996,962	10,996,962
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u>36,181,685</u>	<u>36,181,685</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ (8,900)</u>	31,516,142	<u>\$ 37,021,367</u>
FUND BALANCE, JULY 1, 1995		<u>9,098</u>	
FUND BALANCE, JUNE 30, 1996		<u>\$ 31,525,240</u>	

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET

JUNE 30, 1996

ASSETS

CASH IN COUNTY TREASURY	\$ <u>27,261</u>
TOTAL ASSETS	\$ <u><u>27,261</u></u>

LIABILITIES AND FUND BALANCES

FUND BALANCES	
DESIGNATED FOR DEBT SERVICE	<u>27,261</u>
TOTAL FUND BALANCES	<u>27,261</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u><u>27,261</u></u>

The notes to the financial statements are an integral
part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR FISCAL YEAR ENDED JUNE 30, 1996

REVENUES	
FEDERAL SOURCES:	
NATIONAL SCHOOL LUNCH PROGRAM	\$ <u> --</u>
TOTAL FEDERAL SOURCES	<u> --</u>
STATE SOURCES:	
APPORTIONMENT	--
SPECIAL ALLOWANCES	--
STATE GRANT	<u> --</u>
TOTAL STATE SOURCES	<u> --</u>
LOCAL SOURCES:	
INTEREST	131
FEES AND CONTRACTORS	--
DONATIONS AND GIFTS	--
FOOD SERVICES	--
OTHER	<u> 27,130</u>
TOTAL LOCAL SOURCES	<u> 27,261</u>
TOTAL REVENUES	<u> 27,261</u>
EXPENDITURES	
CERTIFIED SALARIES	--
CLASSIFIED SALARIES	--
EMPLOYEE BENEFITS	--
BOOKS AND SUPPLIES	--
FOOD AND SUPPLIES	--
SERVICES AND OTHER	--
OPERATING EXPENDITURE	--
CAPITAL OUTLAY	--
OTHER OUTGO	<u> --</u>
TOTAL EXPENDITURES	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u> 27,261</u>
OTHER FINANCING SOURCES (USES):	
TRANSFERS IN	--
TRANSFERS OUT	--
OTHER	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	27,261
FUND BALANCE, JULY 1, 1995	<u> --</u>
FUND BALANCE, JUNE 30, 1996	<u> \$ 27,261</u>

The notes to the financial statements are an integral part of this statement.

MAHATTAN BEACH UNIFIED SCHOOL DISTRICT
DEBT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR FISCAL YEAR ENDED JUNE 30, 1996

BOND INTEREST AND REDEMPTION			
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES			
FEDERAL SOURCES:			
NATIONAL SCHOOL LUNCH PROGRAM	\$ --	\$ --	\$ --
TOTAL FEDERAL SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
STATE SOURCES:			
APPORTIONMENT	--	--	--
SPECIAL ALLOWANCES	--	--	--
STATE GRANT	--	--	--
TOTAL STATE SOURCES	<u> --</u>	<u> --</u>	<u> --</u>
LOCAL SOURCES:			
INTEREST	--	131	131
FEES AND CONTRACTORS	--	--	--
DONATIONS AND GIFTS	--	--	--
FOOD SERVICES	--	--	--
OTHER	--	27,130	27,130
TOTAL LOCAL SOURCES	<u> --</u>	<u> 27,261</u>	<u> 27,261</u>
 TOTAL REVENUES	 <u> --</u>	 <u> 27,261</u>	 <u> 27,261</u>
EXPENDITURES			
CERTIFIED SALARIES	--	--	--
CLASSIFIED SALARIES	--	--	--
EMPLOYEE BENEFITS	--	--	--
BOOKS AND SUPPLIES	--	--	--
FOOD AND SUPPLIES	--	--	--
SERVICES AND OTHER OPERATING EXPENDITURE	--	--	--
CAPITAL OUTLAY	--	--	--
OTHER OUTGO	--	--	--
TOTAL EXPENDITURES	<u> --</u>	<u> --</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	<u> --</u>	<u> 27,261</u>	<u> 27,261</u>
OTHER FINANCING SOURCES (USES):			
TRANSFERS IN	--	--	--
TRANSFERS OUT	--	--	--
OTHER	--	--	--
TOTAL OTHER FINANCING SOURCES (USES)	<u> --</u>	<u> --</u>	<u> --</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES (USES) OVER (UNDER) EXPENDITURES AND OTHER USES	<u> --</u>	<u> 27,261</u>	<u> 27,261</u>
FUND BALANCE, JULY 1, 1995		<u> --</u>	
FUND BALANCE, JUNE 30, 1996		<u> 27,261</u>	

The notes to the financial statements are an integral part of this statement.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 TRUST AND AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	AGENCY FUNDS		
	MANHATTAN BEACH INTERMEDIATE	MIRA COSTA HIGH SCHOOL	TOTAL AGENCY FUNDS
ASSETS			
Cash In Bank	\$ <u>9,719</u>	\$ <u>217,614</u>	\$ <u>227,333</u>
Total Assets	\$ <u>9,719</u>	\$ <u>217,614</u>	\$ <u>227,333</u>
Liabilities and Fund Equity			
Due to Student Groups	\$ <u>9,719</u>	\$ <u>217,614</u>	\$ <u>227,333</u>
Total Liabilities and Fund Equity	\$ <u>9,719</u>	\$ <u>217,614</u>	\$ <u>227,333</u>

The notes to the financial statements are
 an integral part of this statement.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 TRUST AND AGENCY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>BALANCE</u> <u>July 1, 1995</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 1996</u>
MANHATTAN BEACH INTERMEDIATE:				
ASSETS				
CASH ON HAND AND IN BANKS	\$ <u>14,667</u>	\$ <u>33,292</u>	\$ <u>38,240</u>	\$ <u>9,719</u>
LIABILITIES				
DUE TO STUDENT GROUPS	\$ <u>14,667</u>	\$ <u>33,292</u>	\$ <u>38,240</u>	\$ <u>9,719</u>
 MIRA COSTA HIGH SCHOOL:				
ASSETS				
CASH ON HAND AND IN BANKS	\$ <u>226,069</u>	\$ <u>698,038</u>	\$ <u>706,493</u>	\$ <u>217,614</u>
LIABILITIES				
DUE TO STUDENT GROUPS	\$ <u>226,069</u>	\$ <u>698,038</u>	\$ <u>706,493</u>	\$ <u>217,614</u>

The notes to the financial statements are
 an integral part of this statement.

SUPPLEMENTAL INFORMATION SECTION

SMITH & GRANSTROM
CERTIFIED PUBLIC ACCOUNTANTS

A PARTNERSHIP INCLUDING A PROFESSIONAL CORPORATION

24430 HAWTHORNE BOULEVARD, SUITE 101
TORRANCE, CALIFORNIA 90505
(310) 375-7476
FAX (310) 378-2561

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL INFORMATION

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of the fiscal year ended June 30, 1996 and have issued our report thereon dated December 3, 1996. 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 misstatements. 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.

INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTAL INFORMATION - Continued

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental 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 Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose and combining financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Smith & Granstrom

SMITH & GRANSTROM,
CERTIFIED PUBLIC ACCOUNTANTS

Torrance, California
December 3, 1996

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
ORGANIZATION
JUNE 30, 1996

The Manhattan Beach Unified School District is a unified district that has been in existence since July 1, 1993. The District comprises an area of approximately 3.87 square miles located in the Southwest portion of Los Angeles County, California with boundaries contiguous with those of the incorporated city of Manhattan Beach, California. There were no changes in the boundaries of the District during the current year.

The Board of Trustees for the fiscal year ended June 30, 1996 was composed of the following members:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Barbara J. Dunsmor	Member	December 10, 1997
Kathy Campbell	President	December 10, 1997
Michele Memmott	Vice President	December 9, 1998
May A. Rogers	Member	December 10, 1997
Leroy Nelson	Clerk	December 9, 1998

Administration

Gerald F. Davis
Superintendent of Schools

Dr. Sara Content
Assistant Superintendent, Curriculum and Instruction

Scott J. Smith
Assistant Superintendent, Business and Financial Services

See the accompanying notes to supplementary information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

<u>Grade Level</u>	1986-87 Minutes <u>Requirement</u>	1982-83 Actual <u>Minutes</u>	1995-96 Actual <u>Minutes</u>	1995-96 <u>Status</u>
Kindergarten	36,000	*	36,000	In Compliance
Grades 1 through 3	50,400	*	50,400	In Compliance
Grades 4 through 6	54,000	*	58,500	In Compliance
Grades 7 through 8	54,000	*	64,740	In Compliance
Grades 9 through 12	64,800	*	66,180	In Compliance

* Not Applicable - The District was formed July 1, 1993

See the Accompanying Notes to Supplementary Information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 SCHEDULE OF AVERAGE DAILY ATTENDANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	<u>Second Period Report</u>	<u>Annual Report</u>
ELEMENTARY		
Kindergarten	480.69	481.07
First through Third	1,098.26	1,098.66
Fourth through Sixth	907.45	906.79
Seventh and Eighth	544.21	542.34
Home and Hospital	.31	.34
Special Education	27.27	26.71
Extended Year	3.12	3.12
	<u>3,061.31</u>	<u>3,059.03</u>
HIGH SCHOOL		
Regular Day Classes	1,840.93	1,830.26
Opportunity Schools and Classes	10.79	10.36
Home and Hospital	.30	1.22
Special Education	40.03	41.20
Regional Occupational Center Mandated Programs	62.84	84.95
Extended Year	4.64	4.64
	<u>1,959.53</u>	<u>1,972.63</u>
SUMMER SCHOOL		<u>Hours of Attendance</u>
Elementary		25,820
High School		40,371

See the Accompanying Notes to Supplementary Information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 FEDERAL PROGRAMS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

PROGRAM NAME	PROGRAM ENTITLEMENTS				PROGRAM REVENUE			TOTAL REVENUE	TOTAL EXPENDITURES
	FEDERAL CATALOG NUMBER	CURRENT YEAR	PRIOR YEAR CARRY-OVER	TOTAL	CASH RECEIVED	ACCOUNTS RECEIVABLE	DEFERRED INCOME		
<u>FEDERAL FINANCIAL ASSISTANCE</u>									
<u>GENERAL FUND</u>									
EDUCATIONALLY DEPRIVED E.S.E.A. TITLE I	84.010	\$ 46,790	\$13,596	\$ 60,386	\$ 51,028	\$ --	\$ 8,698	\$ 42,330	\$ 42,330
INNOVATIVE EDUCATION PROGRAM E.S.E.A. TITLE VI	84.298A	19,076	16,047	35,123	31,307	3,816	--	35,123	35,123
PL94-142 EDUCATION STATE GRANT-DISCRETIONARY	84.027	117,820	--	117,820	77,227	40,593	--	117,820	113,646
PL94-142 SPECIAL EDUCATION STATE GRANT	84.027	142,379	--	142,379	107,354	35,025	--	142,379	142,379
E.E.S.A. EISENHOWER MATH AND SCIENCE	84.164	10,401	--	10,401	10,401	--	--	10,401	10,401
SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES	84.186	22,523	--	22,523	18,018	2,815	--	20,833	20,833
FEMA HAZARD MITIGATION GRANT	83.516	284,021	--	284,021	--	2,167	--	2,167	2,167
VOCATIONAL EDUCATION II - BASIC GRANTS TO STATES	84.048	11,737	--	11,737	10,873	788	--	11,661	11,661
VOCATIONAL EDUCATION III - BASIC GRANTS TO STATES	84.048	<u>30,000</u>	--	<u>30,000</u>	<u>22,534</u>	<u>7,466</u>	--	<u>30,000</u>	<u>30,000</u>
TOTAL GENERAL FUND		<u>\$684,747</u>	<u>\$29,643</u>	<u>\$714,390</u>	<u>\$328,742</u>	<u>\$ 92,670</u>	<u>\$ 8,698</u>	<u>\$412,714</u>	<u>\$408,540</u>
<u>CAFETERIA FUND</u>									
NATIONAL SCHOOL LUNCH PROGRAM	10.555	\$ N/A	\$ N/A	\$ N/A	\$101,969	\$ 26,337	\$ --	\$128,306	\$128,306
SCHOOL BREAKFAST PROGRAM	10.553	N/A	N/A	N/A	14,352	--	--	14,352	14,352
FOOD DISTRIBUTION	10.550	<u>34,037</u>	<u>N/A</u>	<u>34,037</u>	<u>29,559</u>	<u>--</u>	<u>--</u>	<u>29,559</u>	<u>29,559</u>
TOTAL CAFETERIA FUND		<u>\$ 34,037</u>	<u>\$ --</u>	<u>\$ 34,037</u>	<u>\$145,880</u>	<u>\$ 26,337</u>	<u>\$ --</u>	<u>\$172,217</u>	<u>\$172,217</u>
TOTAL FEDERAL PROGRAMS		<u>\$718,784</u>	<u>\$29,643</u>	<u>\$748,427</u>	<u>\$474,622</u>	<u>\$119,007</u>	<u>\$ 8,698</u>	<u>\$584,931</u>	<u>\$580,757</u>

See the Accompanying Notes to Supplementary Information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
 STATE PROGRAMS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

PROGRAM NAME	FEDERAL CATALOG NUMBER	PROGRAM ENTITLEMENTS			PROGRAM REVENUE			TOTAL REVENUE	TOTAL EXPENDITURES
		CURRENT YEAR	PRIOR YEAR CARRY OVER	TOTAL	CASH RECEIVED	ACCOUNTS RECEIVABLE	DEFERRED INCOME		
<u>STATE FINANCIAL ASSISTANCE</u>									
<u>GENERAL FUND</u>									
SPECIAL EDUCATION MASTER PLAN	N/A	\$1,286,304	\$ --	\$1,286,304	\$1,286,304	\$ --	\$ --	\$1,286,304	\$1,286,304
GIFTED AND TALENTED EDUCATION	N/A	53,609	--	53,609	53,609	--	--	53,609	53,609
SCHOOL IMPROVEMENT PROGRAM	N/A	241,229	57,475	298,704	298,704	--	22,666	276,038	276,038
ECONOMIC IMPACT AID	N/A	91,539	--	91,539	41,540	49,999	--	91,539	91,539
INSTRUCTIONAL MATERIALS K-8	N/A	72,566	--	72,566	76,724	--	--	76,724	79,109
INSTRUCTIONAL MATERIALS 9-12	N/A	76,724	--	76,724	32,087	--	--	32,087	53,609
MENTOR TEACHER	N/A	64,206	--	98,505	96,665	--	12,864	83,801	83,801
TOBACCO USE PREVENTION EDUCATION ACT	N/A	7,432	34,299	12,456	12,456	--	72	12,384	12,384
SPECIAL EDUCATION - HOME TO SCHOOL TRANSPORTATION	N/A	44,313	5,024	44,313	44,313	--	--	44,313	93,743
PROGRAM SPECIALIST REGIONALIZED SERVICES	N/A	39,603	--	39,603	1,861	37,742	--	39,603	39,603
TENTH GRADE COUNSELING	N/A	9,994	7,083	17,077	17,077	--	6,515	10,562	10,562
STAFF DEVELOPMENT	N/A	22,519	1,535	24,054	24,054	--	6,742	17,312	17,312
SPECIAL EDUCATION - TRANSPORTATION	N/A	<u>94,644</u>	<u>--</u>	<u>94,644</u>	<u>94,644</u>	<u>--</u>	<u>--</u>	<u>94,644</u>	<u>94,644</u>
TOTAL STATE PROGRAMS - GENERAL FUND		<u>\$2,064,203</u>	<u>\$105,416</u>	<u>\$2,169,619</u>	<u>\$2,080,038</u>	<u>\$87,741</u>	<u>\$48,859</u>	<u>\$2,118,920</u>	<u>\$2,192,257</u>
<u>CAFETERIA FUND</u>									
CHILD NUTRITION PROGRAMS	<u>N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$6,228</u>	<u>\$1,373</u>	<u>\$ --</u>	<u>\$7,601</u>	<u>\$7,601</u>
TOTAL STATE PROGRAMS		<u>\$2,064,203</u>	<u>\$105,416</u>	<u>\$2,169,619</u>	<u>\$2,086,266</u>	<u>\$89,114</u>	<u>\$48,859</u>	<u>\$2,126,521</u>	<u>\$2,199,858</u>

See the Accompanying Notes to Supplementary Information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
 SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1996

	BUDGETED <u>1996-1997</u>	BUDGET <u>1995-1996</u>	<u>1994-1995</u>	<u>1993-1994</u>
GENERAL FUND				
REVENUE	\$ 27,272,319	\$24,462,596	\$22,053,906	19,766,086
OTHER SOURCES	<u>970,900</u>	<u>1,191,756</u>	<u>1,147,027</u>	<u>1,746,000</u>
TOTAL REVENUE AND OTHER SOURCES	<u>28,243,219</u>	<u>25,654,352</u>	<u>23,200,933</u>	<u>21,512,086</u>
EXPENDITURES	28,243,084	25,236,897	22,510,482	20,897,572
OTHER OUTGO	<u>--</u>	<u>226,756</u>	<u>517,743</u>	<u>500,006</u>
TOTAL EXPENDITURES AND OTHER OUTGO	<u>28,243,084</u>	<u>25,503,653</u>	<u>23,028,225</u>	<u>21,397,578</u>
CHANGE IN FUND BALANCE \$	<u>135</u>	<u>\$ 150,699</u>	<u>\$ 172,708</u>	<u>\$ 114,508</u>
ENDING FUND BALANCE	<u>873,735</u>	<u>\$ 877,144</u>	<u>\$ 726,445</u>	<u>\$ 553,737</u>
AVAILABLE RESERVES		<u>19,236,400</u>	<u>\$19,854,304</u>	<u>\$19,696,948</u>
AVAILABLE RESERVES AS A PERCENTAGE OF TOTAL OUTGO		<u>75.43%</u>	<u>86.22%</u>	<u>92.05%</u>
TOTAL LONG-TERM DEBT		<u>37,365,347</u>	<u>\$ 1,223,401</u>	<u>\$ 215,050</u>
AVERAGE DAILY ATTENDANCE AT P.2		5,020.84	4,704.23	4,377.15

The general fund balance has increased by \$ 150,699 due to fund operations over the past year. For a district this size, the state recommends available reserves of at least three percent (3%) of total general fund expenditures, transfers out, and other uses (total outgo).

The District has not incurred operating deficits in the past year. Total long-term debt has increased during the past year.

Additional growth of 222 ADA is anticipated during fiscal year 1996-1997.

See the Accompanying Notes to Supplementary Information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT
(J200) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1996

	Special Reserve Fund	Child Development Fund	Cafeteria Fund	Retiree Benefit Fund	Capital Projects Fund
JUNE 30, 1996 ANNUAL FINANCIAL AND BUDGET REPORT (FORM J200) FUND BALANCES	\$ 19,026,400	\$ 5	\$ 95,391	\$ 1,466,779	\$ --
ADJUSTMENT AND RECLASSIFICATIONS:					
INCREASING (DECREASING) THE FUND FUND BALANCE:					
ACCRUALS					
INTEREST ACCRUAL	--	6	(7,771)	--	--
SERVICE EXPENDITURES	(3,544)	--	--	--	--
RETIREE BENEFITS OBLIGATION	--	--	--	(550,041)	--
CERTIFICATES OF PARTICIPATION	--	--	--	--	6,685,798
RETIREE BENEFITS OBLIGATION ADMINISTERED ON BEHALF OF ANOTHER DISTRICT	--	--	--	(936,555)	--
NET ADJUSTMENTS AND RECLASSIFICATIONS:	<u>(3,544)</u>	<u>6</u>	<u>(7,771)</u>	<u>(1,486,596)</u>	<u>6,685,798</u>
JUNE 30, 1996 AUDITED FINANCIAL STATEMENT FUND BALANCES	<u>\$ 19,022,856</u>	<u>\$ 11</u>	<u>\$ 87,620</u>	<u>\$ (19,817)</u>	<u>\$ 6,685,798</u>
			GENERAL LONG TERM DEBT GROUP		
JUNE 30, 1996 ANNUAL FINANCIAL AND BUDGET REPORT (FORM J200) FUND BALANCES			\$ 36,738,481		
ADJUSTMENT AND RECLASSIFICATIONS:					
INCREASING (DECREASING) TOTAL LIABILITIES					
COMPENSATED ABSENCE ADJUSTMENT			--		
CERTIFICATE OF PARTICIPATION			146,055		
EARLY RETIREMENT INCENTIVE			512,626		
MUNICIPAL LEASE OBLIGATION ADJUSTMENT			(31,815)		
NET ADJUSTMENT AND RECLASSIFICATIONS:			<u>626,866</u>		
JUNE 30, 1996 AUDITED FINANCIAL STATEMENT FUND BALANCES			<u>\$ 37,365,347</u>		

The accompanying notes to the supplemental information are an integral part of this statement.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 1996**

NOTE 1 - PURPOSE OF SCHEDULES

A. Schedule of Average Daily Attendance

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

B. Schedule of Instructional Time

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

C. Schedule of Financial Trends and Analysis

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

D. Schedule of 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.

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

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liabilities balance of the general long-term debt account

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INDEPENDENT AUDITORS' COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of and for the year ended June 30, 1996, and have issued our report thereon dated December 3, 1996. We have also audited the District's compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated November 22, 1995.

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, non-compliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended June 30, 1995, 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 on its compliance with requirements applicable to major federal financial assistance programs, and not to provide assurance on the internal control structure.

INDEPENDENT AUDITORS' COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE - Continued

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 general purpose 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 non-compliance 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 into 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

INDEPENDENT AUDITORS' COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE - Continued

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 the relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended June 30, 1996, the district had no major federal financial assistance programs and expended 57.49% of its total federal financial assistance under the following non-major federal financial assistance programs:

SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES	\$ 20,833
PUBLIC LAW 94-142	\$256,025
VOCATIONAL EDUCATION III-BASIC	
GRANTS TO STATES	50,000
FOOD DISTRIBUTION	29,599

INDEPENDENT AUDITORS' COMBINED REPORT
ON INTERNAL CONTROL STRUCTURE - Continued

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 non-compliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the district's major federal financial assistance programs, which are identified in the accompanying schedule of federal financial assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure, policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the specific 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 general purpose financial statements being audited or that non-compliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

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.

Smith & Granstrom
SMITH & GRANSTROM,
CERTIFIED PUBLIC ACCOUNTANTS

Torrance, California
December 3, 1996

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of and for the year ended June 30, 1996, and have issued our report thereon dated December 3, 1996. Our audit was made in accordance with generally accepted auditing standards and 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 items:

INDEPENDENT AUDITORS' REPORT
ON STATE COMPLIANCE -continued

<u>Description:</u>	Procedures	
	<u>In Controller's</u> <u>Audit Guide</u>	<u>Procedures</u> <u>Perfomed</u>
Attendance Accounting		
Attendance reporting	3	Yes
Excused/unexcused	2	Yes
Staff development days	3	Yes
Kindergarten Enrollment	4	Yes
Independent Study	17	No
Continuation Study	14	No
Adult Education	8	No
Regional occupational center/programs	5	Yes
County office of Education programs	4	Not applicable
Concurrent Enrollment in Public Higher Education	3	Not applicable
Incentive for longer instructional day:		
School districts	3	Yes
County offices of education	3	Not applicable
Incentive for Longer Year	2	
GANN limit calculation	2	Yes
Categorial programs mega-item	5	Yes
School improvement program and economic impact aid	2	Yes
Early retirement incentive program	5	Yes
State residency	3	Yes

We did not perform testing for independent study, continuation education, and adult education because their ADA was under the level which requires testing.

Based on our audit, we found that, for the items tested, the Manhattan Beach Unified 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 Unified School District had not complied with the state laws and regulations, except as described in the Findings and Recommendations section of this report.

SMITH & GRANSTROM

SMITH & GRANSTROM,
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Torrance, California
 December 3, 1996

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
FEDERAL LAWS AND REGULATIONS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS ISSUED BY THE G.A.O.

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of and for the year ended June 30, 1996, and have issued our report thereon dated December 3, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
FEDERAL LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENTAL AUDITING STANDARDS ISSUES BY THE G.A.O.-continued

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 the public record and its distribution is not limited.

Smith & Granstrom

SMITH & GRANSTROM,
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Torrance, California
December 3, 1996

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

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of and for the year ended June 30, 1996, and have issued our report thereon dated December 3, 1996.

We have applied procedures to test the District's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the schedule of federal financial assistance for the year ended June 30, 1996.

- Political Activity
- 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.

INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH GENERAL REQUIREMENTS
APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE
PROGRAMS-continued

With respect to the items tested the results of those procedures disclosed no material instances of non-compliance 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 Unified School District had not complied in all material respects, with those requirements.

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.

Smith & Granstrom

SMITH & GRANSTROM,
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Torrance, California
December 3, 1996

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

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

We have audited the combined and combining financial statements of the Manhattan Beach Unified School District as of and for the year ended June 30 1996, and have issued our report thereon dated December 3, 1996.

In connection with our audit of the June 30 1996 combined and combining financial statements of the Manhattan Beach Unified School District, and with our study and evaluation of the district's control structure used to administer federal financial assistance programs, as required by the Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain non-major Federal financial assistance programs for the year ended June 30, 1996.

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.

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

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with 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 Unified School District had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which are described in the accompanying of Findings and Recommendations section.

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.

Smith & Granstrom

SMITH & GRANSTROM,
CERTIFIED PUBLIC ACCOUNTANTS

Torrance, California
December 3, 1996

FINDINGS AND RECOMMENDATIONS SECTION

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1996**

**FINDING #1
(TYPE #40000)**

SCHOOL IMPROVEMENT PROGRAM

Each School receiving consolidated application funds under the School Improvement Program (SIP) must develop a school site plan which contains a SIP budget. The district may only expend funds for the activities and services contained in the SIP budget. It was noted in the review of the school sites expenditures attributed to Sip that some were not contained within the school site budget.

RECOMMENDATION:

The district should develop procedures to reconcile the SIP school site budgets to expenditures incurred, thereby insuring expenditures by site are only made for site budgeted items.

DISTRICT RESPONSE:

The district will develop appropriate procedures to insure that expenditures incurred at school sites for the School Improvement Program are only made for site budgeted items.

**FINDING #2
(TYPE #40000)
SCHOOL IMPROVEMENT PROGRAM
AND
ECONOMIC IMPACT AID**

The school improvement program (SIP) and the Economic Impact Aid (EIA) require multi-funded employees to be supported by employee time reports. Although the district has multi funded employees no employee time reports or records were available to support the percentage used for allocation.

RECOMMENDATION:

The district should develop procedures for multi-funded employees to require retention by the district of their time records and these procedures should incorporate a method to summarize the records to develop percentages to allocate the salaries of multi-funded employees.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1996**

FINDING #2-continued:

DISTRICT RESPONSE:

The district will develop a method to ensure that appropriate time records and allocation summaries at the district office.

**FINDING #3
GENERAL LEDGER SUBSIDIARY REVENUE
RECONCILIATION
(TYPE #60000)**

As in prior years, the district reports program revenue, expenditures, accounts receivable, and deferred revenue to the County of Los Angeles Office of Education annually on Form J-390. The information being reported on the J-390 is not being properly reconciled to the districts general ledger for all programs. Consequently, this condition can result in either incorrect general ledger program revenue, expenditure accounts receivable, or deferred revenue, or in erroneous information being reported to the County Office of Education on Form J-390.

RECOMMENDATION:

All subsidiary general ledger reportings, such as the Form J390, should be reconciled to the district's general ledger.

DISTRICT RESPONSE:

The district has improved their reportings and reconciliations from the prior year, and are continuing their efforts to ensure that all reportings, in particular the J-390, subsequent to June 30, 1996, will be reconciled to the general ledger.

**MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1996**

**FINDING # 1
PAYROLL CLEARANCE FUND
(TYPE #60000)**

The district in common with most school districts maintains a payroll clearance fund. The Payroll clearance fund should be reconciled monthly. It was noted during the course of our prior year audit the payroll clearance fund was not being reconciled on a monthly basis.

Recommendation:

Reconciliations of the payroll clearance fund should be done monthly to ensure liabilities and cash balances are properly stated.

Status:

The district began reconciling the payroll clearance fund monthly subsequent to June 30, 1995.

**FINDING # 2
GENERAL LEDGER SUBSIDIARY REVENUE
RECONCILIATION
(TYPE #60000)**

Periodically the district reports revenue on federal and state categorical programs to other governmental entities such as to the County of Los Angeles Offices of Education annually on Form J390. The periodic reportings are not reconciled to the districts general ledger and can result in erroneous program revenue disclosure or in an improperly adjusted general ledger.

Recommendation:

All subsidiary general ledger reportings, such as the Form J390, should be reconciled to the district's general ledger.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 1996

Status:

Although the district has improved their reportings and reconciliations, the district has not yet reconciled all subsidiary revenue reportings, subsequent to June 30, 1995.

District Explanation if not Implemented:

The district is continuing to take the necessary steps to ensure that all future subsidiary reportings are reconciled to the general ledger.