

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

AUDIT REPORT
June 30, 2022

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

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June 30, 2022

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FINANCIAL SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVENUE, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

Governing Board
Manhattan Beach Unified School District
Manhattan Beach, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Manhattan Beach Unified School District ("the District") as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *2021-2022 Guide for Annual Audits of California K-12 Local Educational Agencies and State Compliance Reporting, prescribed by title 5, California Code of Regulations, Section 1980*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2021, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, the Budgetary Comparison Schedule – General Fund on page 67, the Schedule of Changes in Net OPEB Liability and the Related Ratios on page 68, the Schedule of the District's Proportionate Share of the Net OPEB Liability on page 69, the Schedule of OPEB Contributions on page 70, the Schedule of Proportionate Share of Net Pension Liability on pages 71 and 72, and the Schedule of Pension Contributions on pages 73 and 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2, U.S. Code of Federal Regulator (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Require of Federal Awards, and is also not a required part of the basic financial statements of the District.

The supplementary information section, as listed in the table of contents, including the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section, as listed in the table of contents, including the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
February 10, 2023

John Bowes, Ed.D.
Superintendent
Dawnalyn Murakawa-Leopard, Ed.D.
Deputy Superintendent
(310) 318-7345, Ext. 5943
FAX: (310) 303-3823



Board of Trustees
Cathy Graves
Jen Fenton
Wysh Weinstein
Tina Shivpuri

**Manhattan Beach
Unified School District**

325 South Peck Avenue • Manhattan Beach • California 90266 • (310) 318-7345 • FAX (310) 303-3822

This section of Manhattan Beach Unified School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the District (including capital assets), as well as all liabilities (including long-term obligations). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the three categories of activities: governmental, business-type, and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The *Business-Type Activities* are prepared using the economic resources measurement focus and the accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Primary unit of the government is the Manhattan Beach Unified School District.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

REPORTING THE DISTRICT AS A WHOLE

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets/deferred outflows and liabilities/deferred inflows of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current fiscal year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets/deferred outflows and liabilities/deferred inflows, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether *its financial health* is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's *operating results*. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, we present the District activities as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

Business-Type Activities - The District's preschool services are reported in this category. The Manhattan Beach Extended Day Program provides a learning environment that encourages and challenges children to develop cognitive, social, physical, and self-help skills that will form a foundation for learning during the elementary school years and beyond. Service fee is charged to external users for these goods or services.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

Proprietary Funds - When the District charges users for the services it provides, whether to outside customers or to other departments within the District, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Revenues, Expenses, and Changes in Fund Net Position*. In fact, the District's enterprise funds are the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows, for proprietary funds. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, such as the District's Self-Insurance Fund. The internal service funds are reported with governmental activities in the government-wide financial statements.

FINANCIAL HIGHLIGHTS

The Board of Trustees has increased the District's reserve in prior fiscal years for economic uncertainty (REU) from three percent to five percent. As a result, the District exceeds all State Department of Education requirements for maintenance of the REU.

The District has maintained a conservative approach to budgeting expenditures.

The District has expended approximately \$30.5 million on construction during fiscal year 2021-2022.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

THE DISTRICT AS A WHOLE

Net Position

The District's net position (deficit) was \$(22,807,434) for the fiscal year ended June 30, 2022. Of this amount, \$5,661,168 was restricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. Our analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental and business-type activities.

Table 1

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 85,144,718	\$ 118,873,203	\$ 3,324,447	\$ 1,409,823	\$ 88,469,165	\$ 120,283,026
Capital assets	241,714,347	215,506,314	-	-	241,714,347	215,506,314
Total Assets	326,859,065	334,379,517	3,324,447	1,409,823	330,183,512	335,789,340
Total Deferred Outflows of Resources	19,633,299	26,763,507	752,224	779,394	20,385,523	27,542,901
Liabilities						
Current liabilities	17,892,739	22,046,668	519,907	537,822	18,412,646	22,584,490
Non-current long-term obligations	309,655,011	371,709,821	2,472,497	3,218,996	312,127,508	374,928,817
Total Liabilities	327,547,750	393,756,489	2,992,404	3,756,818	330,540,154	397,513,307
Total Deferred Inflows of Resources	41,297,726	6,224,235	1,538,589	87,100	42,836,315	6,311,335
Net Position						
Net investment in capital assets	67,952,135	78,562,476	-	-	67,952,135	78,562,476
Restricted	5,661,168	36,472,730	-	-	5,661,168	36,472,730
Unrestricted	(95,966,415)	(153,872,906)	(454,322)	(1,654,701)	(96,420,737)	(155,527,607)
Total Net Position (Deficit)	\$ (22,353,112)	\$ (38,837,700)	\$ (454,322)	\$ (1,654,701)	\$ (22,807,434)	\$ (40,492,401)

The \$(96,420,737) in unrestricted net position (deficit) of governmental and business-type activities represents the accumulated results of all past fiscal years' operations.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Changes in Net Position

The results of this fiscal year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so you can see total revenues for the fiscal year.

Table 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 4,086,783	\$ 3,469,670	\$ -	\$ -	\$ 4,086,783	\$ 3,469,670
Operating grants and contributions	20,566,407	24,581,427	78,842	63,166	20,645,249	24,644,593
General revenues:						
Property taxes	71,582,296	69,539,037	-	-	71,582,296	69,539,037
Federal and State aid not restricted	11,396,506	9,932,445	-	-	11,396,506	9,932,445
Other general revenues	851,293	3,673,931	5,260,910	2,168,020	6,112,203	5,841,951
Total Revenues	108,483,285	111,196,510	5,339,752	2,231,186	113,823,037	113,427,696
Expenses						
Instructional	53,480,580	67,060,865	-	-	53,480,580	67,060,865
Student support services	8,717,924	8,452,399	-	-	8,717,924	8,452,399
Administration	5,633,076	8,534,065	-	-	5,633,076	8,534,065
Maintenance and operations	8,469,152	7,456,616	-	-	8,469,152	7,456,616
Other	16,264,990	16,622,345	4,139,373	1,701,446	20,404,363	18,323,791
Total Expenses	92,565,722	108,126,290	4,139,373	1,701,446	96,705,095	109,827,736
Change in Net Position	\$ 15,917,563	\$ 3,070,220	\$ 1,200,379	\$ 529,740	\$ 17,117,942	\$ 3,599,960

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of governmental activities this fiscal year was \$92,565,722. However, the amount that taxpayers ultimately financed for these activities through local taxes was only \$71,582,296. Because the cost was paid by those who benefited from the programs (\$4,086,783) or by other governments and organizations who subsidized certain programs with grants and contributions (\$20,566,407), the District paid for the remaining "public benefit" portion of its governmental activities with \$12,247,779 in Federal and State funds, and with other revenues, like interest and general entitlements.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

In Table 3, we have presented the cost and net cost of each of the District's largest functions: regular program instruction, pupil transportation services, other pupil services, administration, maintenance and operations, and other outgo. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

	Governmental Activities			
	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$ 53,480,580	\$ 67,060,865	\$ 37,559,454	\$ 44,370,489
Pupil transportation	360,876	27,833	198,509	16,770
Other pupil services	8,357,048	8,424,566	2,435,532	5,871,205
Administration	5,633,076	8,534,065	4,225,346	7,705,080
Maintenance and operations	8,469,152	7,456,616	7,947,580	5,996,904
Other outgo	16,264,990	16,622,345	15,546,111	16,114,745
Total	\$ 92,565,722	\$ 108,126,290	\$ 67,912,532	\$ 80,075,193

THE DISTRICT'S FUNDS

As the District completed this fiscal year, governmental funds reported a combined fund balance of \$68,516,175, which is a decrease of \$30,789,656 from last fiscal year (Table 4).

Table 4

	Fund Balances and Activity			
	July 1, 2021	Revenues and	Expenditures and	June 30, 2022
	(Restated)	Other Financing	Other Financing	
	Sources	Uses		
General Fund	\$ 12,057,669	\$ 91,295,162	\$ 89,536,948	\$ 13,815,883
Building Fund	51,857,515	(1,136,655)	24,666,072	26,054,788
Bond Interest and Redemption Fund	28,194,237	20,427,467	22,987,012	25,634,692
Cafeteria Fund	373,163	2,990,229	2,290,104	1,073,288
Student Activity Fund	220,780	576,529	552,470	244,839
Capital Facilities Fund	6,329,863	742,611	5,850,102	1,222,372
Special Reserve Fund for Capital Outlay Projects	272,604	201,237	3,528	470,313
Total	\$ 99,305,831	\$ 115,096,580	\$ 145,886,236	\$ 68,516,175

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

GENERAL FUND BUDGETARY HIGHLIGHTS

While the District's final budget for the General Fund anticipated expenditures in excess of revenues by about (\$2,093,885), the actual results for the fiscal year show revenues in excess of expenditures by \$1,729,683. Actual revenues were \$3,823,566 more than anticipated and expenditures were \$2 less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2022, the District had \$241,714,347, in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of \$26,208,033, or 12.16 percent, from last fiscal year (Table 5).

Table 5

	Governmental Activities	
	2022	2021
Land and construction in progress	\$ 100,331,867	\$ 83,537,048
Land improvement and Buildings and improvements, net of accumulated depreciation	140,726,004	131,238,355
Furniture and equipment, net of accumulated depreciation	656,476	730,911
Total	\$ 241,714,347	\$ 215,506,314

This fiscal year's additions included ovens for roofing projects, school sites modernization, and fencing projects.

Long-Term Obligations

At the end of this fiscal year, the District had \$237,116,902 in bonds outstanding versus \$248,367,864 last fiscal year, a decrease of \$11,250,962 or 4.53 percent.

Table 6

	Governmental Activities	
	2022	2021
General obligation bonds	\$ 177,719,451	\$ 188,696,413
Premium on bonds	22,110,248	23,280,017
Accreted interest on bonds	59,397,451	59,671,451
Lease payable	153,048	-
Compensated absences	387,396	369,289
Net OPEB liability	3,003,094	3,050,048
Net pension liability	46,884,323	96,642,603
Total	\$ 309,655,011	\$ 371,709,821

Other obligations include compensated absences payable, and other long-term obligations. We present more detailed information regarding the long-term obligations in the notes of the financial statements.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In considering the District Budget for the 2022-23 fiscal year, the governing board and management used the State's Enacted Budget, plus the following criteria:

The key Average Daily Attendance (ADA) assumptions in 2022-23 revenue forecast under the new Local Control Funding Formula (LCFF) are: ADA or the number of students used to calculate revenue was 6,093. LCFF Entitlement/Target revenue projection was \$64,280,737. Unrestricted lottery revenue is projected at \$170 per ADA, with restricted lottery at \$67 per ADA.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Deputy Superintendent, at Manhattan Beach Unified School District, 325 South Peck Avenue, Manhattan Beach, California 90266.

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MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets			
Cash in County Treasury	\$ 72,054,964	\$ 3,322,855	\$ 75,377,819
Revolving cash fund	12,452	-	12,452
Cash in bank and on hand	1,235,498	-	1,235,498
Accounts receivable	11,122,175	1,592	11,123,767
Lease receivable	235,634	-	235,634
Inventories, at cost	47,627	-	47,627
Earned salary advance	270,621	-	270,621
Right to use leased asset	208,531	-	208,531
Less accumulated amortization	(42,784)	-	(42,784)
Non depreciable:			
Land	3,909,383	-	3,909,383
Construction in progress	96,422,484	-	96,422,484
Depreciable:			
Land improvements	23,554,214	-	23,554,214
Buildings and improvements	182,256,386	-	182,256,386
Equipment	5,182,728	-	5,182,728
Less accumulated depreciation	(69,610,848)	-	(69,610,848)
Total assets	326,859,065	3,324,447	330,183,512
Deferred Outflows of Resources			
Deferred outflows related to net pension liability	19,199,368	752,224	19,951,592
Deferred outflows related to OPEB	433,931	-	433,931
Total Deferred Outflows of Resources	19,633,299	752,224	20,385,523
Liabilities			
Accounts payable	14,146,499	278,844	14,425,343
Interest payable	1,922,800	-	1,922,800
Unearned revenue	1,823,440	241,063	2,064,503
Compensated absences, due within one year	193,698	-	193,698
Long-term liabilities:			
Long-term liabilities other than OPEB and pensions due within one year	18,480,083	-	18,480,083
Long-term liabilities other than OPEB and pensions due in more than a year	240,900,115	-	240,900,115
Compensated absences, due in more than one year	193,698	-	193,698
Net OPEB liability	3,003,094	-	3,003,094
Net pension liability	46,884,323	2,472,497	49,356,820
Total liabilities	327,547,750	2,992,404	330,540,154
Deferred Inflows of Resources			
Lease	228,955	-	228,955
Deferred inflows related to net pension liability	39,695,621	1,538,589	41,234,210
Deferred inflows related to OPEB	1,373,150	-	1,373,150
Total Deferred Inflows of Resources	41,297,726	1,538,589	42,836,315
Net Position			
Net investment in capital assets	67,952,135	-	67,952,135
Restricted for:			
Education programs	2,694,099	-	2,694,099
Nutrition	1,029,545	-	1,029,545
Student activities	244,839	-	244,839
Capital projects	1,692,685	-	1,692,685
Unrestricted	(95,966,415)	(454,322)	(96,420,737)
Total net position (deficit)	\$ (22,353,112)	\$ (454,322)	\$ (22,807,434)

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental activities:			
Instruction	\$ 47,612,233	\$ 1,830,570	\$ 12,823,930
Instruction-related services:			
Instructional supervision and administration	1,078,557	111,690	451,991
Instructional library, media, and technology	1,365,036	10,614	125,258
School site administration	3,424,754	4,316	562,757
Pupil services:			
Home-to-school transportation	360,876	61,366	101,001
Food services	2,068,035	149,444	2,767,573
All other pupil services	6,289,013	543,044	2,461,455
General administration:			
Centralized data processing	1,008,398	-	-
All other general administration	4,624,678	789,020	618,710
Plant services	8,469,152	5,965	515,607
Ancillary services	998,960	534,041	61,241
Interest on long-term debt	10,489,832	-	-
Other outgo	442,545	46,713	76,884
Amortization (unallocated)	42,784	-	-
Depreciation (unallocated)	4,290,869	-	-
Total Governmental activities	<u>92,565,722</u>	<u>4,086,783</u>	<u>20,566,407</u>
Business-type activities			
Preschool activities	<u>4,139,373</u>	<u>-</u>	<u>78,842</u>
Total business-type activities	<u>4,139,373</u>	<u>-</u>	<u>78,842</u>
Total government	<u>\$ 96,705,095</u>	<u>\$ 4,086,783</u>	<u>\$ 20,645,249</u>

General revenues:

Taxes and subventions:

 Taxes levied for general purposes

 Taxes levied for debt service

 Taxes levied for other specific purposes

Federal and state aid not restricted to specific purposes

Interest and investment earnings

Interagency revenues

Miscellaneous

Total general revenues

Change in net position

Net position (deficit) beginning of fiscal year

Restatements

Net position (deficit), beginning of fiscal year - restated

Net position (deficit), end of fiscal year

See notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (32,957,733)	\$ -	\$ (32,957,733)
(514,876)	-	(514,876)
(1,229,164)	-	(1,229,164)
(2,857,681)	-	(2,857,681)
(198,509)	-	(198,509)
848,982	-	848,982
(3,284,514)	-	(3,284,514)
(1,008,398)	-	(1,008,398)
(3,216,948)	-	(3,216,948)
(7,947,580)	-	(7,947,580)
(403,678)	-	(403,678)
(10,489,832)	-	(10,489,832)
(318,948)	-	(318,948)
(42,784)	-	(42,784)
(4,290,869)	-	(4,290,869)
(67,912,532)	-	(67,912,532)
-	(4,060,531)	(4,060,531)
-	(4,060,531)	(4,060,531)
(67,912,532)	(4,060,531)	(71,973,063)
48,794,557	-	48,794,557
20,284,635	-	20,284,635
2,503,104	-	2,503,104
11,396,506	-	11,396,506
(1,613,392)	(137,463)	(1,750,855)
62,936	-	62,936
2,401,749	5,398,373	7,800,122
83,830,095	5,260,910	89,091,005
15,917,563	1,200,379	17,117,942
(38,837,700)	(1,654,701)	(40,492,401)
567,025	-	567,025
(38,270,675)	(1,654,701)	(39,925,376)
\$ (22,353,112)	\$ (454,322)	\$ (22,807,434)

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total
Assets					
Cash in County Treasury	\$ 13,563,884	\$ 31,794,159	\$ 25,634,692	\$ 978,566	\$ 71,971,301
Cash in bank and on hand	-	-	-	1,235,498	1,235,498
Revolving cash fund	10,000	-	-	2,452	12,452
Accounts receivable	9,973,965	86,517	-	1,061,454	11,121,936
Lease receivable	235,634	-	-	-	235,634
Due from other funds	-	-	-	650,000	650,000
Stores inventories	15,108	-	-	32,519	47,627
Other current assets	265,621	-	-	5,000	270,621
Total assets	\$ 24,064,212	\$ 31,880,676	\$ 25,634,692	\$ 3,965,489	\$ 85,545,069
Liabilities, Deferred inflows of resources, and Fund balances					
Liabilities:					
Accounts payable	\$ 8,234,766	\$ 5,825,888	\$ -	\$ 85,845	\$ 14,146,499
Due to other funds	-	-	-	650,000	650,000
Unearned revenue	1,604,608	-	-	218,832	1,823,440
Total liabilities	9,839,374	5,825,888	-	954,677	16,619,939
Deferred inflows of resources:					
Lease	228,955	-	-	-	228,955
Total deferred inflows of resources	228,955	-	-	-	228,955
Fund balances:					
Nonspendable					
Revolving cash	10,000	-	-	2,452	12,452
Store inventories	15,108	-	-	32,519	47,627
Restricted					
Lottery: instructional materials	242,930	-	-	-	242,930
Special Ed: mental health services	498,089	-	-	-	498,089
Special Ed: early intervention preschool grant	295,439	-	-	-	295,439
Classified school employee professional development block grant	29,958	-	-	-	29,958
College readiness block grant	34,636	-	-	-	34,636
A-G access/success grant	77,906	-	-	-	77,906
A-G learning loss mitigation grant	11,699	-	-	-	11,699
State learning loss mitigation funds	7,659	-	-	-	7,659
SB117 COVID-19 LEA Response Funds	2,516	-	-	-	2,516
Expanded learning opportunities (ELO) Grant	135,909	-	-	-	135,909
ELO Grant: Paraprofessional staff	163,487	-	-	-	163,487
Educator effectiveness, FY 2021-22	1,110,786	-	-	-	1,110,786
Low-Performing students block grant	83,085	-	-	-	83,085
Nutrition	13,005	-	-	994,574	1,007,579
Capital projects	-	26,054,788	-	1,350,539	27,405,327
Debt service	-	-	25,634,692	-	25,634,692
Student activities	-	-	-	244,839	244,839
Assigned					
Nutrition	-	-	-	43,743	43,743
Capital projects	-	-	-	342,146	342,146
Unassigned					
Unassigned	11,263,671	-	-	-	11,263,671
Total fund balances	13,995,883	26,054,788	25,634,692	3,010,812	68,696,175
Total liabilities and fund balances	\$ 24,064,212	\$ 31,880,676	\$ 25,634,692	\$ 3,965,489	\$ 85,545,069

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022**

Total fund balances - governmental funds \$ 68,696,175

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	311,325,195	
Accumulated depreciation		(69,610,848)	
Leased assets at historical cost		208,531	
Accumulated amortization		(42,784)	
Net			241,880,094

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of net position, it is recognized in the period that it is incurred. (1,922,800)

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

General obligation bonds payable	\$	(177,719,451)	
Accreted bond interest payable		(59,397,451)	
Bond premiums		(22,110,248)	
Lease payable		(153,048)	
Compensated absences payable		(387,396)	
Net OPEB obligation		(3,003,094)	
Net pension liability		(46,884,323)	
Total			(309,655,011)

In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred outflows of resources	\$	19,633,299	
Deferred inflows of resources		(41,068,771)	(21,435,472)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is:

83,902

Total net position (deficit), governmental activities \$ (22,353,112)

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Fiscal Year Ended June 30, 2022

	General Fund	Building Fund	Bond Interest and Redemption Fund	Other Governmental Funds	Total
Revenues:					
LCFF Sources:					
State apportionments	\$ 8,437,506	\$ -	\$ -	\$ -	\$ 8,437,506
Education protection state aid	1,258,744	-	-	-	1,258,744
Local sources	48,794,557	-	-	-	48,794,557
Federal	4,458,314	-	-	2,651,424	7,109,738
Other state	13,954,172	-	41,965	159,724	14,155,861
Other local	14,363,338	(1,136,655)	20,385,502	1,699,458	35,311,643
Total revenues	91,266,631	(1,136,655)	20,427,467	4,510,606	115,068,049
Expenditures:					
Certificated salaries	36,940,470	-	-	-	36,940,470
Classified salaries	14,969,121	1,819	-	923,596	15,894,536
Employee benefits	22,740,731	207	-	406,120	23,147,058
Books and supplies	2,991,481	143,905	-	964,455	4,099,841
Contracted services and other operating expenditures	11,612,492	211,663	-	464,018	12,288,173
Capital outlay	-	24,308,478	-	5,828,672	30,137,150
Other outgo	222,687	-	-	109,343	332,030
Debt service					
Principal	55,483	-	10,976,962	-	11,032,445
Interest	4,483	-	12,010,050	-	12,014,533
Total expenditures	89,536,948	24,666,072	22,987,012	8,696,204	145,886,236
Excess of revenues over (under) expenditures	1,729,683	(25,802,727)	(2,559,545)	(4,185,598)	(30,818,187)
Other Financing Sources:					
Proceeds from lease	208,531	-	-	-	208,531
Total other financing sources	208,531	-	-	-	208,531
Net change in fund balances	1,938,214	(25,802,727)	(2,559,545)	(4,185,598)	(30,609,656)
Fund balances - beginning	11,595,584	51,752,575	28,194,237	7,196,410	98,738,806
Restatements	462,085	104,940	-	-	567,025
Fund balance - beginning - restated	12,057,669	51,857,515	28,194,237	7,196,410	99,305,831
Fund balances - ending	\$ 13,995,883	\$ 26,054,788	\$ 25,634,692	\$ 3,010,812	\$ 68,696,175

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2022

Total net change in fund balances - governmental funds \$ (30,609,656)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

	Capital asset additions	\$ 30,498,902	
	Depreciation expense	<u>(4,290,869)</u>	26,208,033

Right to use assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the length of the lease. This is the amount by which additions to right to use assets of \$208,531 is greater than amortization expense of \$(42,784). 165,747

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. For the fiscal year ended June 30, 2022, the District has following repayments of long-term debt:

	General obligation bonds:		
	Principal	\$ <u>10,976,962</u>	10,976,962

The issuance of leases payable provides current financial resources to governmental funds, while the repayment of the principal of lease payable consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of lease payable and related items.

	New lease payable issued	(208,531)	
	Principal payments on lease payable	<u>55,483</u>	(153,048)

In government funds, if debt is issued at a premium, the premium is recognized as an other financing source in the period it is incurred. In the government-wide statements, the premium is amortized as interest over the life of the debt. Amortization of the debt issue premium for the period is: 1,169,769

In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period that it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period was: 350,449

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). (18,107)

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis OPEB costs and actual employer contributions was: 31,949

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was: 7,798,541

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (3,076)

Changes in net position of governmental activities \$ 15,917,563

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2022

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Community Preschool	
Assets		
Cash in County Treasury	\$ 3,322,855	\$ 83,663
Accounts receivable	1,592	239
Total assets	<u>3,324,447</u>	<u>83,902</u>
Deferred Outflows of Resources		
Deferred outflows related to net pension liability	<u>752,224</u>	-
Liabilities		
Accounts payable	278,844	-
Unearned revenue	241,063	-
Long-term liabilities:		
Net pension liability	<u>2,472,497</u>	-
Total liabilities	<u>2,992,404</u>	-
Deferred Inflows of Resources		
Deferred inflows related to net pension liability	<u>1,538,589</u>	-
Net position (Deficit)		
Unrestricted	<u>(454,322)</u>	<u>83,902</u>
Total net position (deficit)	<u>\$ (454,322)</u>	<u>\$ 83,902</u>

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS

For the Fiscal Year Ended June 30, 2022

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Community Preschool	
Operating Revenues:		
Other local revenue	\$ 5,398,373	\$ -
Total revenues	<u>5,398,373</u>	<u>-</u>
Operating Expenses:		
Certificated salaries	1,338,170	-
Classified salaries	906,202	-
Employee benefits	1,802,264	-
Books and supplies	84,458	-
Contracted services and other operating expenses	<u>8,279</u>	<u>-</u>
Total expenses	<u>4,139,373</u>	<u>-</u>
Operating income (loss)	<u>1,259,000</u>	<u>-</u>
Non-Operating Revenues (Expenses):		
Other state revenue	78,842	-
Investment income (loss)	<u>(137,463)</u>	<u>(3,076)</u>
Total non-operating revenues	<u>(58,621)</u>	<u>(3,076)</u>
Change in net position	1,200,379	(3,076)
Net position (deficit) - beginning	<u>(1,654,701)</u>	<u>86,978</u>
Net position (deficit) - ending	<u>\$ (454,322)</u>	<u>\$ 83,902</u>
See notes to basic financial statements		

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Fiscal Year Ended June 30, 2022

	Business-Type Activities	Governmental Activities
	Enterprise Fund	Internal Service Fund
	Community Preschool	
Cash flows from operating activities:		
Cash received from customers	\$ 5,311,043	\$ -
Cash paid for salaries and benefits	(3,245,061)	-
Cash paid for other goods and services	(92,737)	-
Net cash provided (used) by operating activities	<u>1,973,245</u>	<u>-</u>
Cash flow from noncapital financing activities:		
Nonoperating State contribution received	78,842	-
Net cash provided by noncapital financing activities	<u>78,842</u>	<u>-</u>
Cash flows from investing activities:		
Investment income (loss)	(137,194)	(3,130)
Net cash provided by investing activities	<u>(137,194)</u>	<u>(3,130)</u>
Net increase in cash and cash equivalents	1,914,893	(3,130)
Cash and cash equivalents - beginning	<u>1,407,962</u>	<u>86,793</u>
Cash and cash equivalents - ending	<u>\$ 3,322,855</u>	<u>\$ 83,663</u>
Reconciliation to Statement of Net Position:		
Cash in County Treasury	\$ 3,322,855	\$ 83,663
Cash and cash equivalents at June 30, 2022	<u>\$ 3,322,855</u>	<u>\$ 83,663</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 1,259,000	\$ -
(Increase) decrease in operating assets and deferred outflows of resources:		
Deferred outflows of resources	27,170	-
Increase (decrease) in operating liabilities and deferred inflows of resources:		
Accounts payable	27,534	-
Deferred revenue	(45,449)	-
Net pension liability	(746,499)	-
Deferred inflows of resources	1,451,489	-
Net cash provided (used) by operating activities	<u>\$ 1,973,245</u>	<u>\$ -</u>

See notes to basic financial statements

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Manhattan Beach Unified School District (the District) was established in 1912 and unified in 1993 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the State and/or Federal agencies. The District operates five elementary schools, one middle school, one high school, and one preschool.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Manhattan Beach Unified School District, this includes general operations, food service, and student related activities of the District.

Related Entity

The Manhattan Beach Education Foundation Inc. (the Foundation) is a legally separate, tax-exempt entity. The Foundation's sole purpose is to provide financial support for Manhattan Beach Unified School District. Although the District does not control the timing or the amount of receipts of the Foundation, the majority of the resources held by the Foundation can only be used by, or for the benefit, of the District. The Foundation is not considered a component unit of the District. During the fiscal year ended June 30, 2022, the Foundation contributed approximately \$5,147,738 to the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

Bond Interest and Redemption Fund The Bond Interest and Redemption Fund is used for the repayment of bonds issued for a district (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Cafeteria Fund The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

Student Activity Fund The Student Activity Fund is used to direct and account for monies used to support cocurricular and extracurricular student activities (*Education Code* Sections 48930-48938).

Capital Project Funds The Capital Project funds are used to account for and report financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

Special Reserve Fund for Capital Outlay Projects The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The District has the following proprietary funds:

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for the financial transactions related to the Community Preschool of the District.

Internal Service Fund Internal service funds may be used to account for any activity for which goods or services are provided to other funds of the District on a cost-reimbursement basis. The District operates a Self-Insurance Fund that is accounted for in an internal service fund.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide *Statement of Activities* presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the District and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the *Statement of Activities*, except for depreciation. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The *Statement of Revenues, Expenditures, and Changes in Fund Balances* reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

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JUNE 30, 2022

Proprietary Funds Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the *Statement of Net Position*. The *Statement of Changes in Fund Net Position* presents increases (revenues) and decreases (expenses) in net total assets. The *Statement of Cash Flows* provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received before the eligibility requirements are met are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, and typically paid within 90 days. Principal and interest on long-term obligations, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the *Statement of Cash Flows*.

Investments

Investments held at June 30, 2022, with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in County and State investment pools are determined by the program sponsor.

Lease Receivable

The District's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Stores Inventories and Prepaid Items

Inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds and expenses in the proprietary fund when used.

The District has the option of reporting expenditures in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditure when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide *Statement of Net Position*. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at estimated fair value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 20 years.

Right to Use Leased Assets

The District has recorded right to use leased assets as a result of implementing GASB Statement No. 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets is amortized on a straight-line basis over the life of the related lease.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide *Statement of Net Position*. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to fiscal year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, capital leases, and other long-term obligations are recognized as liabilities in the governmental fund financial statements when due.

Premiums

In the government-wide financial statements and in the proprietary fund type financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts are amortized over the life of the bonds using the straight-line method.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the current period. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension and OPEB related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension, OPEB related items and lease.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board is the highest level of decision-making authority for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the District against revenue shortfalls or unpredicted one-time expenditures. The policy requires a Reserve for Economic Uncertainties consisting of unassigned amounts equal to no less than three percent of General Fund expenditures and other financing uses.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$5,661,168 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the *Statement of Activities*, except for the net residual amounts transferred between governmental and business-type activities.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgetary Data

The budgetary process is prescribed by provisions of the California *Education Code* and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For budget purposes, on behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 87

For the fiscal year ended July 1, 2021, the District implemented Governmental Accounting Standard Board (GASB) Statement 87, "Leases". This Statement is effective for periods beginning after June 15, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Implementation of the GASB Statement No. 87 did have an impact on the District's financial statements for the fiscal year ended June 30, 2022, see Note 1 and Note 5 – lease receivable, Note 8 – Right to use leased asset, and Note 12 – Lease payable.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements:

Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	"Omnibus 2022"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 100	"Accounting Changes and Error Corrections- and amendment of GASB Statement No. 62"	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

NOTE 2 – DEPOSITS AND INVESTMENTS

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 73,302,914
Business-type activities	3,322,855
Total Deposits and Investments	<u>\$ 76,625,769</u>

Deposits and investments as of June 30, 2022, consist of the following:

Cash in bank and on hand	\$ 1,235,498
Cash in revolving	12,452
Investments	75,377,819
Total Deposits and Investments	<u>\$ 76,625,769</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Policies and Practices

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 Million
Joint Powers Authority Pools	N/A	None	None

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the county pool longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Specific Identification

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Days to Maturity</u>
Los Angeles County Investment Pool	<u>\$ 75,377,819</u>	933

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Los Angeles County Investment Pool is not required to be rated, nor has it been rated as of June 30, 2022.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2022, the District's bank balance of \$14,446,052 was exposed to custodial credit risk because it was uninsured, but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 3 – FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Los Angeles County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2022:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Uncategorized</u>
Los Angeles County Investment Pool	<u>\$ 75,377,819</u>	<u>\$ 75,377,819</u>

All assets have been valued using a market approach, with quoted market prices.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest, and other local sources. All receivables are considered collectible in full.

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Internal Service Fund</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities</u>
Federal Government						
Categorical aid	\$ 3,495,458	\$ -	\$ 936,179	\$ -	\$ 4,431,637	\$ -
State Government						
LCFF	930,734	-	-	-	930,734	-
Categorical aid	3,159,931	-	59,623	-	3,219,554	-
Lottery	451,305	-	-	-	451,305	-
Local Government						
Interest	3,037	86,517	18,536	239	108,329	1,592
Other local	1,933,500	-	47,116	-	1,980,616	-
	<u>\$ 9,973,965</u>	<u>\$ 86,517</u>	<u>\$ 1,061,454</u>	<u>\$ 239</u>	<u>\$ 11,122,175</u>	<u>\$ 1,592</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 5 – LEASE RECEIVABLE

Beach Cities Learning Center

In July 2021, the District entered into a lease with Beach Cities Learning Center to allow a portion of their transition school rooms to be utilized for education/instruction classroom. The lease term is 3 years, either the District or Beach Cities Learning Center shall have the right to cancel or terminate the lease prior to the expiration of its term by giving the other party hereto 180 days' prior written notice of its intention to so terminate. Payments received during the current fiscal year were \$114,478. The current 3 year term will expire on June 1, 2024.

In accordance with GASB Statement No. 87, at July 1, 2021 the District reported leases receivable and deferred inflows of resources related to leases of \$343,433. During the fiscal year ended June 30, 2022, the District recognized lease revenue of \$114,478 and interest revenue related to leases of \$7,958. Lease receivables and related deferred inflows of resources at June 30, 2022 were \$235,634 and \$228,955 respectively.

NOTE 6 – INTERFUND TRANSACTIONS

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

Transfers

For the fiscal year ended June 30, 2022, there were no transfers made between funds.

Due to / from other funds

The loans made between funds for the fiscal year ended June 30, 2022 consisted of the following:

<u>Funds</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Non-major Governmental Funds:		
Capital Facilities Fund	\$ 650,000	\$ -
Cafeteria Fund	-	650,000
Totals	<u>\$ 650,000</u>	<u>\$ 650,000</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Transfers/ Adjustments	Balance June 30, 2022
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 3,909,383	\$ -	\$ -	\$ -	\$ 3,909,383
Construction in progress	79,627,665	30,498,902	-	(13,704,083)	96,422,484
Total Capital Assets, Not Being Depreciated	<u>83,537,048</u>	<u>30,498,902</u>	<u>-</u>	<u>(13,704,083)</u>	<u>100,331,867</u>
Capital Assets Being Depreciated:					
Land improvements	9,850,131	-	-	13,704,083	23,554,214
Buildings and improvements	182,256,386	-	-	-	182,256,386
Furniture and equipment	5,182,728	-	-	-	5,182,728
Total Capital Assets Being Depreciated	<u>197,289,245</u>	<u>-</u>	<u>-</u>	<u>13,704,083</u>	<u>210,993,328</u>
Total Capital Assets	<u>280,826,293</u>	<u>30,498,902</u>	<u>-</u>	<u>-</u>	<u>311,325,195</u>
Less Accumulated Depreciation:					
Land improvements	3,888,775	359,936	-	-	4,248,711
Buildings and improvements	56,979,387	3,856,498	-	-	60,835,885
Furniture and equipment	4,451,817	74,435	-	-	4,526,252
Total Accumulated Depreciation	<u>65,319,979</u>	<u>4,290,869</u>	<u>-</u>	<u>-</u>	<u>69,610,848</u>
Governmental Activities Capital Assets, Net	<u>\$ 215,506,314</u>	<u>\$ 26,208,033</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,714,347</u>

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities

Unallocated \$ 4,290,869

NOTE 8 – RIGHT TO USE LEASED ASSET

Right to use leased asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Right to use leased assets				
Leased equipments	\$ -	\$ 208,531	\$ -	\$ 208,531
Total right to use leased assets	<u>-</u>	<u>208,531</u>	<u>-</u>	<u>208,531</u>
Less accumulated amortization for:				
Leased equipments	-	(42,784)	-	(42,784)
Total accumulated amortization	<u>-</u>	<u>(42,784)</u>	<u>-</u>	<u>(42,784)</u>
Right to use leased assets, net	<u>\$ -</u>	<u>\$ 165,747</u>	<u>\$ -</u>	<u>\$ 165,747</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2022, consisted of the following:

	<u>General Fund</u>	<u>Building Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities</u>
Salaries and benefits	\$ 6,903,192	\$ 974	\$ 65,119	\$ 6,969,285	\$ 217,490
Vendors payable	<u>1,331,574</u>	<u>5,824,914</u>	<u>20,726</u>	<u>7,177,214</u>	<u>61,354</u>
Totals accounts payable	<u>\$ 8,234,766</u>	<u>\$ 5,825,888</u>	<u>\$ 85,845</u>	<u>\$ 14,146,499</u>	<u>\$ 278,844</u>

NOTE 10 – UNEARNED REVENUE

Unearned revenue at June 30, 2022, consisted of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Business-Type Activities</u>
Federal categorical sources	\$ 167,026	\$ -	\$ 167,026	\$ -
State categorical sources	249,616	-	249,616	-
Local sources	<u>1,187,966</u>	<u>218,832</u>	<u>1,406,798</u>	<u>241,063</u>
Total unearned revenue	<u>\$ 1,604,608</u>	<u>\$ 218,832</u>	<u>\$ 1,823,440</u>	<u>\$ 241,063</u>

NOTE 11 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the fiscal year consisted of the following:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>	<u>Due within One Year</u>
Governmental Activities					
General obligation bonds	\$ 188,696,413	\$ -	\$(10,976,962)	\$ 177,719,451	\$ 10,714,470
Premium on bonds	23,280,017	-	(1,169,769)	22,110,248	1,169,769
Accreted interest on bonds	59,671,451	5,771,941	(6,045,941)	59,397,451	6,530,913
Lease payable	-	208,531	(55,483)	153,048	64,931
Totals Governmental Activities	<u>\$ 271,647,881</u>	<u>\$ 5,980,472</u>	<u>\$(18,248,155)</u>	<u>\$ 259,380,198</u>	<u>\$ 18,480,083</u>

- Payments for General Obligation Bonds are made in the Bond Interest and Redemption Fund.
- Payments for Compensated Absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for Net OPEB liability are typically made in the General Fund.
- Payments for pension liability are typically liquidated in the General Fund, the Non-Major Governmental Funds and the Proprietary Funds.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Bond Issue	Maturity Date	Interest Rate %	Amount of Original Issue	Balance Outstanding July 1, 2021	Accreted	Redeemed	Balance Outstanding June 30, 2022	Due Within One Year
95 - 1998B	9/1/2023	4.50 - 5.25%	\$ 6,000,501	\$ 3,670,371	\$ -	\$ (1,456,061)	\$ 2,214,310	\$ 1,523,294
95 - 1998B*				9,188,065	496,671	(3,453,940)	6,230,796	3,840,545
95 - 1999C	9/1/2024	3.50 - 5.87%	5,000,040	1,917,600	-	(37,224)	1,880,376	34,968
95 - 1999C*				5,116,716	534,178	(100,678)	5,550,216	102,560
95 - 2001D	9/1/2025	3.00 - 5.33%	5,148,769	2,463,228	-	(144,785)	2,318,443	86,265
95 - 2001D*				5,039,583	417,306	(300,215)	5,156,674	191,223
00 - 2001A	9/1/2026	4.00 - 5.69%	21,513,829	3,812,700	-	(701,274)	3,111,426	697,601
00 - 2001A*				9,266,131	698,656	(1,728,726)	8,236,061	1,846,554
00 - 2002B	9/1/2026	3.00 - 5.57%	4,485,101	1,489,542	-	(183,086)	1,306,456	180,198
00 - 2002B*				3,149,255	250,727	(391,914)	3,008,068	414,042
95 - 2002E	9/1/2026	3.10 - 5.57%	5,940,925	4,057,506	-	(34,532)	4,022,974	62,144
95 - 2002E*				8,186,774	827,192	(70,468)	8,943,498	135,989
08 - 2009A	9/1/2031	6.39 - 6.73%	7,651,589	7,651,589	-	-	7,651,589	-
08 - 2009A*				9,452,275	1,190,293	-	10,642,568	-
08 - 2010B	9/1/2045	6.33 - 6.71%	9,738,877	9,738,877	-	-	9,738,877	-
08 - 2010B*				10,272,652	1,356,918	-	11,629,570	-
08 - 2011C	9/1/2024	2.00 - 5.00%	12,270,000	4,690,000	-	(1,185,000)	3,505,000	1,295,000
08 - 2012E	9/1/2024	2.00 - 4.50%	9,930,000	6,485,000	-	(1,425,000)	5,060,000	1,370,000
08 - 2013F	9/1/2024	2.00 - 4.00%	22,625,000	10,385,000	-	(2,245,000)	8,140,000	2,490,000
16 - 2018A (Measure C)	9/1/2043	1.70-5.00%	42,000,000	30,550,000	-	(660,000)	29,890,000	175,000
16 - 2018A (Measure EE)	9/1/2046	1.70-5.00%	39,000,000	34,855,000	-	(180,000)	34,675,000	-
2020 Series B (Measure C)	9/1/2045	0.20%-4.00%	72,000,000	66,930,000	-	(2,725,000)	64,205,000	2,800,000
				<u>\$ 248,367,864</u>	<u>\$ 5,771,941</u>	<u>\$ (17,022,903)</u>	<u>\$ 237,116,902</u>	<u>\$ 17,245,383</u>

* Balance represents accreted interest.

1995 Election, 1998 Series B Capital Appreciation Bonds

On February 27, 1998, the District issued \$6,000,501, Series B Capital Appreciation Bonds. Proceeds from the bonds will be used for the purpose to modernize facilities within the District. The bonds mature on September 1, 2023 and yield an interest rate of 4.50 percent to 5.25 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$2,214,310 and \$6,230,796, respectively.

The bonds mature through 2024 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2023	\$ 5,363,839	\$ 46,161	\$ 5,410,000
2024	3,081,267	128,733	3,210,000
Total	<u>\$ 8,445,106</u>	<u>\$ 174,894</u>	<u>\$ 8,620,000</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1995 Election, 1999 Series C Current Interest, and Capital Appreciation Bonds

On September 23, 1999, the District issued \$990,000, Series C Current Interest Bonds, and \$4,010,040, Series C Capital Appreciation Bonds. Proceeds from the bonds will be used for the purpose to modernize facilities within the District. The bonds mature on September 1, 2024 and yield an interest rate of 3.50 percent to 5.87 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$1,880,376 and \$5,550,216, respectively.

The bonds mature through 2025 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2023	\$ 137,528	\$ -	\$ 137,528
2024	2,449,070	-	2,449,070
2025	4,843,994	3,656,006	8,500,000
Total	<u>\$ 7,430,592</u>	<u>\$ 3,656,006</u>	<u>\$ 11,086,598</u>

1995 Election, 2001 Series D Current Interest, and Capital Appreciation Bonds

On January 23, 2001, the District issued \$885,000, Series D Current Interest Bonds, and \$4,263,769, Series D Capital Appreciation Bonds. Proceeds from the bonds will be used for the purpose to modernize facilities within the District. The bonds mature on September 1, 2025 and yield an interest rate of 3.00 percent to 5.33 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$2,318,443 and \$5,156,674, respectively.

The bonds mature through 2026 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2023	\$ 277,488	\$ 2,512	\$ 280,000
2024	483,285	31,715	515,000
2025	874,866	90,134	965,000
2026	5,839,478	1,100,522	6,940,000
Total	<u>\$ 7,475,117</u>	<u>\$ 1,224,883</u>	<u>\$ 8,700,000</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

2000 Election, Series A Current Interest and Capital Appreciation Bonds

On May 3, 2001, the District issued \$16,885,000, Series A Current Interest Bonds, and \$4,628,829, Series A Capital Appreciation Bonds. Proceeds from the bonds were used for the purpose to modernize the high school within the District. The bonds have a final maturity date of September 1, 2026 and yield an interest rate of 4.00 percent to 5.69 percent. On March 2004, the District issued \$18,400,000 of General Obligation Refunding Bonds to advance refund the \$16,885,000 Current Interest Bonds. As a result, the \$16,885,000 Series A Current Interest Bonds are considered to be defeased and the liability for these bonds has been removed from the accompanying financial statements. At June 30, 2022, the principal and accreted interest balance outstanding for the Bonds were \$3,111,426 and \$8,236,061, respectively.

The bonds mature through 2027 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2023	\$ 2,544,155	\$ 25,845	\$ 2,570,000
2024	2,528,000	187,000	2,715,000
2025	2,509,177	355,823	2,865,000
2026	2,491,884	533,116	3,025,000
2027	1,274,271	320,729	1,595,000
Total	\$ 11,347,487	\$ 1,422,513	\$ 12,770,000

2000 Election, 2002 Series B Current Interest and Capital Appreciation Bonds

On January 23, 2002, the District issued \$2,545,000, Series B Current Interest Bonds, and \$1,940,101, Series B Capital Appreciation Bonds. Proceeds from the bonds will be used for the purpose to modernize one of the elementary schools within the District. The bonds mature on September 1, 2026 and yield an interest rate of 3.00 percent to 5.57 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$1,306,456 and \$3,008,068, respectively.

The bonds mature through 2027 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2023	\$ 594,240	\$ 5,760	\$ 600,000
2024	583,860	41,140	625,000
2025	577,033	77,967	655,000
2026	83,088	16,912	100,000
2027	2,476,303	683,697	3,160,000
Total	\$ 4,314,524	\$ 825,476	\$ 5,140,000

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

1995 Election, 2002 Series E Current Interest, and Capital Appreciation Bonds

On January 23, 2002, the District issued \$1,415,000, Series E Current Interest Bonds, and \$4,525,925, Series E Capital Appreciation Bonds. Proceeds from the bonds will be used to modernize one of the elementary schools within the District. The bonds mature on September 1, 2026 and yield an interest rate of 3.10 percent to 5.57 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$4,022,974 and \$8,943,498, respectively.

The bonds mature through 2027 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2023	\$ 198,133	\$ 1,867	\$ 200,000
2024	187,195	12,805	200,000
2025	292,547	(92,547)	200,000
2026	6,264,225	1,235,775	7,500,000
2027	6,024,372	1,610,628	7,635,000
Total	<u>\$ 12,966,472</u>	<u>\$ 2,768,528</u>	<u>\$ 15,735,000</u>

2008 Election, 2009 Series A Capital Appreciation Bonds

On June 23, 2009, the District issued \$7,651,589 in 2009 Series A, Capital Appreciation Bonds. Proceeds from the bonds will be used for the purpose to finance the rehabilitation of District buildings, and prepayment of certain lease payments related to Certificates of Participation. The bonds mature on September 1, 2031 and yield an interest rate of 6.39 percent to 6.73 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$7,651,589 and \$10,642,568, respectively.

The bonds mature through 2032 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Accreted Interest	Total
2028-2032	\$ 18,294,157	\$ 4,785,843	\$ 23,080,000
Total	<u>\$ 18,294,157</u>	<u>\$ 4,785,843</u>	<u>\$ 23,080,000</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

2008 Election, 2010 Series B Capital Appreciation Bonds

On June 23, 2010, the District issued \$9,738,877 in 2010 Series B, Capital Appreciation Bonds. Proceeds from the bonds will be used for the purpose to finance the rehabilitation of District buildings and prepayment of certain lease payments related to Certificates of Participation. The bonds mature on September 1, 2045 and yield an interest rate of 6.33 percent to 6.71 percent. At June 30, 2022, the principal and accreted interest balance outstanding were \$9,738,877 and \$11,629,570, respectively.

The bonds mature through 2046 as follows:

Fiscal Year	Principal Including Accreted Interest to Date	Current Interest to Maturity	Accreted Interest	Total
2028-2032	\$ 2,861,831	\$ 5,232,500	\$ 3,048,169	\$ 11,142,500
2033-2037	4,430,786	5,232,500	8,209,214	17,872,500
2038-2042	1,741,352	5,232,500	4,638,648	11,612,500
2043-2046	12,334,478	2,774,525	3,765,522	18,874,525
Total	\$ 21,368,447	\$ 18,472,025	\$ 19,661,553	\$ 59,502,025

2008 Election, 2011 Series C Current Interest Bonds

On June 30, 2011, the District issued \$12,270,000, Series C Current Interest Bonds. Proceeds from the bonds will be used for the purpose to finance the rehabilitation of District’s High School and the payment of certain lease payments to the Certificate of Participation Series A of 2011. The bonds mature on September 1, 2024 and yield an interest rate of 2.00 percent to 5.00 percent. At June 30, 2022 the principal balance outstanding was \$3,505,000.

The bonds mature through 2025 as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,295,000	\$ 120,631	\$ 1,415,631
2024	1,415,000	68,050	1,483,050
2025	795,000	19,875	814,875
Total	\$ 3,505,000	\$ 208,556	\$ 3,713,556

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

2008 Election, 2012 Series E Current Interest Bonds

On February 29, 2012, the District issued \$9,930,000, Series E Current Interest Bonds. Proceeds from the bonds will be used for the purpose to finance improvements to the District's high school and to defease the District's outstanding Certificate of Participation Series A of 2011. The bonds mature on September 1, 2024 and yield an interest rate of 2.00 percent to 4.50 percent. At June 30, 2022, the principal balance outstanding was \$5,060,000.

The bonds mature through 2025 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,370,000	\$ 152,700	\$ 1,522,700
2024	1,430,000	99,975	1,529,975
2025	<u>2,260,000</u>	<u>33,900</u>	<u>2,293,900</u>
Total	<u>\$ 5,060,000</u>	<u>\$ 286,575</u>	<u>\$ 5,346,575</u>

2008 Election, Series F Current Interest Bonds

On May 23, 2013, the District issued \$22,625,000, Series F Current Interest Bonds. Proceeds from the bonds will be used for the purpose to finance improvements to the District's high school. The bonds mature on September 1, 2024 and yield an interest rate of 2.00 percent to 4.00 percent. At June 30, 2022, the principal balance outstanding was \$8,140,000.

The bonds mature through 2025 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,490,000	\$ 203,900	\$ 2,693,900
2024	2,695,000	131,838	2,826,838
2025	<u>2,955,000</u>	<u>42,338</u>	<u>2,997,338</u>
Total	<u>\$ 8,140,000</u>	<u>\$ 378,076</u>	<u>\$ 8,518,076</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

2016 Election, Series A (Measure C) General Obligation Bonds

On May 9, 2018, the District issued \$42,000,000, Series A General Obligation Bonds. Proceeds from the bonds will be used for the purpose to finance improvements to and the acquisition of equipment for one or more schools within the District and the repayment of a prior loan that financed energy improvements. The bonds mature on September 1, 2043 and yield an interest rate of 1.70 percent to 5.00 percent. At June 30, 2022, the principal balance outstanding was \$29,890,000.

The bonds mature through 2043 as follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 175,000	\$ 1,334,294	\$ 1,509,294
2024	240,000	1,329,106	1,569,106
2025	310,000	1,322,231	1,632,231
2026	385,000	1,313,544	1,698,544
2027	460,000	1,301,832	1,761,832
2028-2032	3,725,000	6,155,535	9,880,535
2033-2037	6,920,000	5,071,116	11,991,116
2038-2042	11,390,000	3,095,450	14,485,450
2043-2044	6,285,000	321,375	6,606,375
Total	<u>\$ 29,890,000</u>	<u>\$ 21,244,483</u>	<u>\$ 51,134,483</u>

2016 Election, Series A (Measure EE) General Obligation Bonds

On May 9, 2018, the District issued \$39,000,000, Series A General Obligation Bonds. Proceeds from the bonds will be used for the replacement of Mira Costa High School gymnasium, by constructing and equipping a new gymnasium, physical education and activities center, including adding instructional space and bathrooms, air conditioning, heating, electrical, and plumbing systems. The bonds mature on September 1, 2046 and yield an interest rate of 1.70 percent to 5.00 percent. At June 30, 2022, the principal balance outstanding was \$34,675,000.

The bonds mature through 2047 as follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 1,548,762	\$ 1,548,762
2024	35,000	1,548,325	1,583,325
2025	100,000	1,545,388	1,645,388
2026	170,000	1,538,638	1,708,638
2027	250,000	1,528,138	1,778,138
2028-2032	2,655,000	7,328,815	9,983,815
2033-2037	5,650,000	6,469,544	12,119,544
2038-2042	9,835,000	4,798,000	14,633,000
2043-2047	15,980,000	1,766,475	17,746,475
Total	<u>\$ 34,675,000</u>	<u>\$ 28,072,085</u>	<u>\$ 62,747,085</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

2016 Election, Series B (Measure C) General Obligation Bonds

On August 26, 2020, the District issued \$72,000,000, Series B General Obligation Bonds. Proceeds from the bonds will be used for the purpose to finance improvements to and the acquisition of equipment for one or more schools within the District and the repayment of a prior loan that financed energy improvements. The bonds mature on September 1, 2045 and yield an interest rate of 0.20 percent to 4.00 percent. At June 30, 2022, the principal balance outstanding was \$64,205,000.

The bonds mature through 2046 as follow:

Fiscal Year	Principal	Interest	Total
2023	\$ 2,800,000	\$ 2,373,650	\$ 5,173,650
2024	2,870,000	2,288,600	5,158,600
2025	2,900,000	2,202,050	5,102,050
2026	850,000	2,145,800	2,995,800
2027	950,000	2,118,800	3,068,800
2028-2032	6,400,000	10,069,825	16,469,825
2033-2037	9,880,000	8,564,000	18,444,000
2038-2042	14,465,000	6,147,500	20,612,500
2043-2046	23,090,000	2,200,600	25,290,600
Total	<u>\$ 64,205,000</u>	<u>\$ 38,110,825</u>	<u>\$ 102,315,825</u>

Accumulated Unpaid Employee Vacation

The long-term portion of accumulated unpaid employee vacation for the District at June 30, 2022, amounted to \$387,396.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The District follows GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. The ending net OPEB liability balance at June 30, 2022 was \$3,003,094. See Notes 14 and 15 for additional information regarding the net OPEB Obligation and the postemployment benefit plan.

PENSION LIABILITY

The District's beginning net pension liability was \$99,861,599 and decreased by \$50,504,779 during the fiscal year ended June 30, 2022. The ending net pension liability at June 30, 2022 was \$49,356,820. See Note 17 for additional information regarding the net pension liability.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 12 – LEASE PAYABLE

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The agreements were executed from January 2018 to April 2022 to lease 18 copy machines and requires 60 monthly payments of \$3,690. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.25%, which is prime bank loan rate. As a result of the lease, the District has recorded a right to use leased asset with a net book value of \$208,531 at June 30, 2022. The right to use leased asset is discussed in more detail in Note 1 and Note 8.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Fiscal Year Ending June 30,	Lease Payable		
	Principal	Interest	Total
2023	\$ 64,931	\$ 3,983	\$ 68,914
2024	36,747	2,203	38,950
2025	20,141	1,362	21,503
2026	19,866	721	20,587
2027	11,363	122	11,485
	<u>\$ 153,048</u>	<u>\$ 8,391</u>	<u>\$ 161,439</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 13- FUND BALANCES

Fund balances are composed of the following elements:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 10,000	\$ -	\$ -	\$ 2,452	\$ 12,452
Stores inventories	15,108	-	-	32,519	47,627
Total Nonspendable	<u>25,108</u>	<u>-</u>	<u>-</u>	<u>34,971</u>	<u>60,079</u>
Restricted					
Legally restricted programs	2,707,104	-	-	-	2,707,104
Capital projects	-	26,054,788	-	1,350,539	27,405,327
Nutrition	-	-	-	994,574	994,574
Debt service	-	-	25,634,692	-	25,634,692
Student activity	-	-	-	244,839	244,839
Total Restricted	<u>2,707,104</u>	<u>26,054,788</u>	<u>25,634,692</u>	<u>2,589,952</u>	<u>56,986,536</u>
Assigned					
Nutrition	-	-	-	43,743	43,743
Capital projects	-	-	-	342,146	342,146
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,889</u>	<u>385,889</u>
Unassigned					
Unassigned	11,263,671	-	-	-	11,263,671
Total Unassigned	<u>11,263,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,263,671</u>
Total	<u>\$ 13,995,883</u>	<u>\$ 26,054,788</u>	<u>\$ 25,634,692</u>	<u>\$ 3,010,812</u>	<u>\$ 68,696,175</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 14 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

At June 30, 2022, net OPEB liability and related deferred outflows of resources are as follows:

	District OPEB Plan	MPP Program OPEB Plan	Total
Deferred outflows of resources:			
Contribution made subsequent to the measurement date	\$ 85,711	\$ -	\$ 85,711
Changes of assumptions	348,220	-	348,220
Total deferred outflows of resources	<u>\$ 433,931</u>	<u>\$ -</u>	<u>\$ 433,931</u>
Net OPEB liabilities:	\$ 2,628,808	\$ 374,286	\$ 3,003,094
Total net OPEB liabilities	<u>\$ 2,628,808</u>	<u>\$ 374,286</u>	<u>\$ 3,003,094</u>
Deferred inflows of Resources:			
Changes of assumptions	\$ 1,023,511	\$ -	\$ 1,023,511
Difference between expected and actual experience	349,639	-	349,639
Total deferred inflows of resources	<u>\$ 1,373,150</u>	<u>\$ -</u>	<u>\$ 1,373,150</u>

Plan Description

OPEB provided: The District reports offering the following OPEB: retiree medical, dental, and vision.

Access to coverage: This coverage is available for employees who retire from the District with PERS or STRS at age 55 or older having completed at least 15 years of District service. If a retiree does not meet these requirements, he or she is not eligible for continuation of healthcare through the District beyond what COBRA or Cal-COBRA offers. Upon eligibility for Medicare, coverage under the plans available to active employees and pre-Medicare retirees ends and, instead, retirees have the option to join a Secure Horizons plan made available through the District. Dependents and/or survivors of eligible retirees are also eligible for coverage.

Benefits provided: The District provides an annual contribution of \$400 to eligible retirees who elect coverage on the District’s medical plan. The benefit continues for 5 years, but not beyond the earlier of the retiree’s death or age 65. When the subsidy ends, the retiree may elect to continue his or her medical coverage as described under “Access to Coverage”.

There are 9 current retirees entitled to a different subsidy from the District:

- 9 retirees from South Bay Union High School receive lifetime benefits of (a) fully paid District dental and/or vision coverage and (b) up to \$3,186.50 per year toward medical coverage.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Employees Covered

As of June 30, 2021, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's Plan:

Active plan members	610
Inactive employees or beneficiaries currently receiving benefit payments	<u>18</u>
Total	<u><u>628</u></u>

Contribution Information

The District does not have an actuarially determined contribution. Contributions to the OPEB plan are determined by the Board of Trustees and District's, management. For the fiscal year ended June 30, 2022, the District contributed \$182,587 using the pay-as-you-go method of funding, all of which was used for current premiums and no prefunded benefits have been made.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions.

Valuation Date	June 30, 2021
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets (\$0; no OPEB trust has been established)
Discount Rate	1.92% as of June 30, 2021 2.45% as of June 30, 2020
Participants Valued	Only current active employees and retired participants and covered dependents are valued. No future entrants are considered in this valuation.
Salary Increase	3.0% per year, used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.25% per year; used to determine amortization payments if developed on a level percent of pay basis
General Inflation Rate	2.50% per year

Except for mortality, the demographic actuarial assumptions used in this valuation are the same as those used for the most recent valuations of the retirement plans covering District employees.

Mortality (pre and post retirement):	MacLeod Watts Scale 2022 applied generationally, from 2015 for CalPERS members and from 2019 for CalSTRS members.
Healthcare Trend	Medical plan premiums and claims costs by age are assumed to increase once each year. 5.8% initially reduced by decrements to an ultimate of 3.9%.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Discount Rate

The District is currently financing its OPEB liability on pay-as-you-go basis. The discount rates used in the valuation are based on the Fidelity Municipal Bond AA 20 Year Maturity Yield Index. As of beginning and end of the measurement period, this index requires use of discount rates of 2.45% as of June 30, 2020 and 1.92% as of June 30, 2021.

Changes in the OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at fiscal year ending 6/30/21			
Measurement date 6/30/20	\$ 2,614,075	\$ -	\$ 2,614,075
Changes recognized for the measurement period:			
Service Cost	160,441	-	160,441
Interest on the total OPEB liability	65,739	-	65,739
Difference between expected and actual experience	(290,935)	-	(290,935)
Changes of assumptions	262,075	-	262,075
Contributions from the employer	(182,587)	182,587	-
Benefit payments	-	(182,587)	(182,587)
Net Changes in fiscal year 2021-2022	14,733	-	14,733
Balance at fiscal year ending 6/30/22			
Measurement date 6/30/21	\$ 2,628,808	\$ -	\$ 2,628,808

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.92 percent) or 1-percentage-point higher (2.92 percent) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Current Discount Rate - 1%	Current Discount Rate	Current Discount Rate + 1%
\$ 2,828,016	\$ 2,628,808	\$ 2,437,854

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trends Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.80 percent decreasing to 2.9 percent) or 1-percentage-point higher (6.80 percent decreasing to 4.9 percent) than the current healthcare cost trend rates:

Plan's Net OPEB Liability (Asset)		
Current Trend Rate - 1%	Current Healthcare Cost Trend Rate	Current Trend Rate + 1%
\$ 2,325,661	\$ 2,628,808	\$ 2,989,786

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. Changes in assumptions on OPEB plan investments are recognized over 12.72 years. All other amounts are recognized over the Expected average remaining lifetime (EARSLS).

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$115,449. As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 348,220	\$ 1,023,511
Difference between expected and actual experience	-	349,639
Contribution made subsequent to the measurement date	85,711	-
Total	<u>\$ 433,931</u>	<u>\$ 1,373,150</u>

\$85,711 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

For the Fiscal Year Ended June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2023	\$ (110,731)
2024	(110,731)
2025	(110,731)
2026	(110,731)
2027	(110,731)
Thereafter	<u>(471,275)</u>
Total	<u>\$ (1,024,930)</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 15 – OTHER POSTEMPLOYMENT BENEFITS MEDICARE PREMIUMS PAYMENT PROGRAM (OPEB)

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California Education Code Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District reported a liability of \$374,286 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school. At June 30, 2021, the District's proportion was 0.0938%.

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of \$(1,935).

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

Investment Rate of Return	2.16%
Mortality Rate	Custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries
Medicare Part A Premium Costs Trend Rate	4.50%
Medicare Part B Premium Costs Trend Rate	5.40%

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16 percent. The MPP Program is funded on a pay-as-you-go basis and under this method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2021, was 2.16%, which is a decrease of 0.05% from 2.21% as of June 30, 2020.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Net OPEB Liability	\$ 412,566	\$ 374,286	\$ 341,580

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021:

	1% Decrease (3.5% Part A and 4.4% Part B)	Current Healthcare Cost Trend Rates (4.5% Part A and 5.4% Part B)	1% Increase (5.5% Part A and 6.4% Part B)
Net OPEB Liability	\$ 340,369	\$ 374,286	\$ 413,170

Payables to the OPEB Plan

At June 30, 2022, the District had no amount outstanding for contributions to the OPEB plan required for the fiscal year ended June 30, 2022.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 16 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with Alliance of Schools for Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior fiscal year.

Workers' Compensation

For fiscal year 2022, the District participated in the Schools' Excess Liability Fund (SELF), an insurance purchasing pool. The intent of SELF is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in SELF. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in SELF. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of SELF. Participation in SELF is limited to districts that can meet SELF's selection criteria. The third party administrator provides administrative, cost control and actuarial services to the JPA.

NOTE 17 - PENSION PLANS

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

As of June 30, 2022, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans are as follows:

Pension Plan	Proportionate Share of Net Pension	Deferred Outflows of Resources	Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS	\$ 28,750,817	\$ 14,985,424	\$ 31,188,795	\$ 10,387,357
CalPERS	20,606,003	4,966,168	10,045,415	6,576,461
Total	<u>\$ 49,356,820</u>	<u>\$ 19,951,592</u>	<u>\$ 41,234,210</u>	<u>\$ 16,963,818</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

State Teachers' Retirement System (CalSTRS)

A. General Information about the Pension Plan

Plan Descriptions – All qualified California full-time and part-time public school teachers from pre-kindergarten through community college and certain other employees of the public school system are eligible to participate in the CalSTRS Pension Plans, multiple-employer, cost-sharing defined benefit plans administered by the California State Teacher's Retirement System (CalSTRS). Benefit provisions under the Plans are established by the Teachers' Retirement Law (California Education Code Section 22000 et seq), as enacted and amended by the California Legislature. The benefit terms of the plans may be amended through legislation CalSTRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalSTRS website.

Benefits Provided – The CALSTRS Defined Benefit Program has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform services that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform services that could be creditable to CalSTRS

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and on survivors/beneficiaries upon death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

After five years of credited service, a member (prior to age 60 if under Coverage A, no age limit if under Coverage B, as defined in Education Code Sections 24001 and 24101, respectively) is eligible for disability benefits of up to 50.0 percent of final compensation plus 10.0 percent of final compensation for each eligible child, up to a maximum addition of 40.0 percent. The member must have a disability that will exceed a period of 12 or more months to qualify for benefits.

Any compensation for service in excess of one year in a school year due to overtime or working additional assignments is credited to the Defined Benefit Supplement Program so long as it is under the creditable compensation limit. Other compensation, such as allowances, bonuses, cash in-lieu of fringe benefits, limited-period compensation or compensation determined to have been paid to enhance a benefit, are not creditable to any CalSTRS benefit program.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalSTRS	
	Before January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50-63	55-65
Monthly benefits, as a % of eligible compensation	2.0% to 2.4%	2.00%
Required employee contribution rates (Average)	10.250%	10.205%
Required employer contribution rates	16.920%	16.920%
Required state contribution rates	10.828%	10.828%

Specific details for the retirement, disability or death benefit calculations for each of the pension plans are available in the CalSTRS Comprehensive Annual Financial Report (CAFR). The CalSTRS' CAFR is available online at <http://www.calstrs.com/comprehensive-annual-financial-report>.

Contributions – Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

On-Behalf Payments – The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions to CalSTRS.

For the fiscal year ended June 30, 2022, the contributions recognized as part of pension expense was as follows:

	CalSTRS
Contribution - employer	\$ 5,567,683
Contribution – state on-behalf payments	\$ 4,063,335

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported net pension liability for its proportionate share of the net pension liability in the amount of \$28,750,817.

District's proportionate share of the net pension liability	\$ 28,750,817
State's proportionate share of the net pension liability associated with the District	17,025,326
Total	<u>\$ 45,776,143</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District's proportion was 0.06318%, which decreased by 0.00470%, its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$(2,084,280). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 72,021	\$ 3,060,235
Changes of assumptions	4,072,223	-
Changes in proportions	3,288,652	5,292,585
Net difference between projected and actual earnings on pension plan investments	-	22,743,673
Differences between District contributions and proportionate share of contributions	1,352,956	92,302
District contributions subsequent to the measurement date	6,199,572	-
Total	\$ 14,985,424	\$ 31,188,795

\$6,199,572 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30	Amount
2023	\$ (5,240,664)
2024	(3,396,887)
2025	(5,851,245)
2026	(6,700,603)
2027	(422,982)
Thereafter	(790,562)
Total	\$ (22,402,943)

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalSTRS</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Discount Rate	7.10%
Investment Rate of Return ¹	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB (annually) Maintain 85% purchasing power level for DB Not applicable for DBS/CBB

¹Net of investment expenses but gross of administrative expenses.

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, the consulting actuary (Milliman) reviews the return assumptions for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2021, are summarized in the table below:

<u>Asset Class</u>	<u>CalSTRS</u>	
	<u>Assumed Asset Allocation</u>	<u>Long-Term* Expected Real Rate of Return</u>
Global Equity	42%	4.80%
Fixed Income	12%	1.30%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Absolute Return	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
Total	<u>100%</u>	

*10-year geometric average

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Discount Rate – The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease		6.10%
Net Pension Liability	\$	58,526,372
Current Discount Rate		7.10%
Net Pension Liability	\$	28,750,817
1% Increase		8.10%
Net Pension Liability	\$	4,037,674

Pension Plan Fiduciary Net Position —Detailed information about pension plan's fiduciary net position is available in the separately issued CalSTRS financial reports.

C. Payable to the Pension Plan

At June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

California Public Employees’ Retirement System (CalPERS)

A. General Information About the Pension Plan

Plan Description - The District contributes to the School Employer Pool under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Plan membership consists of non-teaching and non-certificated employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Benefits Provided—The CalPERS Defined Benefit Program has two benefit formulas:

CalPERS 2% at 55: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalPERS.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

CalPERS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalPERS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members.

After earning five years of credited service, members become 100 percent vested in retirement benefits.

A family benefit is available if an active member dies and has at least one year of credited service.

Members' accumulated contributions are refundable with interest upon separation from CalPERS. The Board determines the credited interest rate each fiscal year.

The member's benefit is reduced dollar for dollar, regardless of age, for the first 180 days after retirement if the member performs activities in the public schools that could be creditable to CalPERS, unless the governing body of the school district takes specified actions with respect to a member who is above normal retirement age.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>CalPERS</u>	
	<u>Before</u> <u>January 1, 2013</u>	<u>On or After</u> <u>January 1, 2013</u>
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly For Life
Retirement Age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.17 - 2.5%	1.0 - 2.5%
Required employee contribution rates (Average)	7.000%	7.000%
Required employer contribution rates	22.910%	22.910%

Specific details for retirement, disability or death benefit calculations for each of the pension plans are available in the CalPERS' Comprehensive Annual Financial Report (CAFR). The CalPERS' CAFR is available online at <https://www.calpers.ca.gov/page/forms-publications>.

Contributions – Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the fiscal year, with an additional amount to finance any unfunded accrued liability. The Local Government is required to contribute the difference between the actuarially determined rate of employees.

For the fiscal year ended June 30, 2022, the contributions recognized as part of pension expense was as follows:

	<u>CalPERS</u>
Contribution - employer	\$ 3,013,897

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the District reported net pension liability for its proportionate share of the net pension liability in the amount of \$20,606,003.

The District’s net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the District’s proportion was 0.10134%, which decreased by 0.00972% from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, the District recognized pension expense of \$2,229,995. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 615,142	\$ 48,577
Changes of assumptions	-	-
Changes in proportions	815,588	2,071,666
Net difference between projected and actual earnings on pension plan investments	-	7,907,971
Differences between District contributions and proportionate share of contributions	1,487	17,201
District contributions subsequent to the measurement date	3,533,951	-
Total	<u>\$ 4,966,168</u>	<u>\$ 10,045,415</u>

\$3,533,951 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Fiscal Year Ended June 30</u>	<u>Amount</u>
2023	\$ (1,675,428)
2024	(2,160,494)
2025	(2,577,917)
2026	(2,199,359)
Total	<u>\$ (8,613,198)</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	<u>CalPERS</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table	d using CalPERS' Membership Data for all Funds
Post-retirement Benefit Increases	2.00% until PPPA floor on purchasing power applies, 2.50% thereafter

The Mortality table used developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectation's as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates are net of administrative expenses.

Asset Class (a)	CalPERS		
	Assumed Asset Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS's system, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% was used for this period

(c) An expected inflation of 2.92% was used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the DiscountRate – The following presents the District’s proportionate share of the net pension liability, calculated using the discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	6.15%
Net Pension Liability	\$ 34,744,616
Current Discount Rate	7.15%
Net Pension Liability	\$ 20,606,003
1% Increase	8.15%
Net Pension Liability	\$ 8,867,922

Pension Plan Fiduciary Net Position —Detailed information about pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2022, the District had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2022.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

NOTE 19 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS, JOINT POWERS AUTHORITIES AND OTHER RELATED PARTY TRANSACTIONS

The District is a member of the Alliance of Schools for Cooperative Insurance Programs (ASCIP), Schools' Excess Liability Fund (SELF), and the Centinela South Bay Self-Insurance Authority (CSBSIA) joint powers authorities (JPA's). The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are generally available from the respective entities.

NOTE 20 - DEFICIT FUND BALANCE/NET POSITION

As of June 30, 2022, deficit fund balances/net position was recorded in the following funds:

Major Proprietary Fund:

Community Preschool Fund	\$	454,322
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MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 21 - RESTATEMENTS

The accompanying financial statements include adjustments that resulted in the restatements of beginning net position and fund balances. The following summarizes the effect of the prior period adjustments to beginning net position and fund balances as of July 1, 2021:

	Governmental Activities	General Fund	Building Fund
Net Position/Fund Balance (Deficit) at July 1, 2021	\$ (38,837,700)	\$ 11,595,584	\$ 51,752,575
Understatement of Accounts Payable	(57,556)	(57,556)	-
Overstatement of unearned revenue	624,581	624,581	-
Reclassify expenditures	-	(104,940)	104,940
Net Position/Fund Balances (Deficit) at July 1, 2021, as Restated	<u>\$ (38,270,675)</u>	<u>\$ 12,057,669</u>	<u>\$ 51,857,515</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
LCFF Sources:				
State apportionments	\$ 10,810,699	\$ 10,810,899	\$ 8,437,506	\$ (2,373,393)
Education protection state aid	1,261,240	1,261,240	1,258,744	(2,496)
Local sources	46,931,860	46,931,680	48,794,557	1,862,877
Federal	3,659,134	3,659,134	4,458,314	799,180
Other state	13,811,416	13,811,416	13,954,172	142,756
Other local	10,968,696	10,968,696	14,363,338	3,394,642
Total revenues	<u>87,443,045</u>	<u>87,443,065</u>	<u>91,266,631</u>	<u>3,823,566</u>
Expenditures:				
Certificated salaries	34,879,056	36,940,471	36,940,470	1
Classified salaries	14,220,600	14,969,121	14,969,121	-
Employee benefits	22,278,233	22,740,731	22,740,731	-
Books and supplies	1,279,310	2,991,482	2,991,481	1
Contracted services and other operating expenditures	11,069,948	11,612,492	11,612,492	-
Other outgo	502,434	222,687	222,687	-
Debt service				
Principal	55,483	55,483	55,483	-
Interest	4,483	4,483	4,483	-
Total expenditures	<u>84,289,547</u>	<u>89,536,950</u>	<u>89,536,948</u>	<u>2</u>
Excess of revenues over (under) expenditures	<u>3,153,498</u>	<u>(2,093,885)</u>	<u>1,729,683</u>	<u>3,823,568</u>
Other Financing Sources (Uses):				
Proceeds from lease	-	-	208,531	208,531
Total other financing sources (uses)	-	-	208,531	208,531
Net change in fund balance	3,153,498	(2,093,885)	1,938,214	4,032,099
Fund balance - beginning	11,595,584	11,595,584	11,595,584	-
Prior period adjustments	-	-	462,085	462,085
Fund balance - beginning - restated	<u>11,595,584</u>	<u>11,595,584</u>	<u>12,057,669</u>	<u>462,085</u>
Fund balance - ending	<u>\$ 14,749,082</u>	<u>\$ 9,501,699</u>	<u>\$ 13,995,883</u>	<u>\$ 4,494,184</u>

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
 LAST 10 YEARS*
 AS OF JUNE 30, 2022

Employer Fiscal Year End Measurement Period	2021-22 2020-21 ¹	2020-21 2019-20 ¹	2019-20 2018-19 ¹	2018-19 2017-18 ¹	2017-18 2016-17 ¹
Total OPEB Liability					
Service Cost	\$ 160,441	\$ 137,992	\$ 194,091	\$ 198,537	\$ 216,525
Interest on the Total OPEB Liability	65,739	78,198	124,952	127,878	104,044
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	(290,935)	-	(106,938)	-	-
Changes of Assumptions	262,075	126,794	(933,741)	(283,577)	(186,890)
Benefit Payments	(182,587)	(178,537)	(172,717)	(184,816)	(163,712)
Net Change in Total OPEB Liability	14,733	164,447	(894,353)	(141,978)	(30,033)
Total OPEB Liability - Beginning	2,614,075	2,449,628	3,343,981	3,485,959	3,515,992
Total OPEB Liability - Ending	<u>\$ 2,628,808</u>	<u>\$ 2,614,075</u>	<u>\$ 2,449,628</u>	<u>\$ 3,343,981</u>	<u>\$ 3,485,959</u>
OPEB Fiduciary Net Position					
Contributions from the Employer	\$ 182,587	\$ 178,537	\$ 172,717	\$ 184,816	\$ 163,712
Net Investment Income	-	-	-	-	-
Administrative Expenses	-	-	-	-	-
Benefit Payments	(182,587)	(178,537)	(172,717)	(184,816)	(163,712)
Net Change in Plan Fiduciary Net Position	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-
Plan Fiduciary Net Position - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Plan Net OPEB Liability - Ending	<u>\$ 2,628,808</u>	<u>\$ 2,614,075</u>	<u>\$ 2,449,628</u>	<u>\$ 3,343,981</u>	<u>\$ 3,485,959</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Covered-Employee Payroll	\$ 51,461,303	\$ 53,127,738	\$ 45,728,527	\$ 42,262,468	\$ 46,206,711
Net OPEB Liability as a Percentage of Covered-Employee Payroll	5.11%	4.92%	5.36%	7.91%	7.54%

* Historical information is required only for measurement periods for which GASB 75 is applicable.

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST 10 YEARS*
AS OF JUNE 30, 2022**

Employer Fiscal Year End Measurement Period	2021-22 2020-21 ¹	2020-21 2019-20 ¹	2019-20 2018-19 ¹	2018-19 2017-18 ¹	2017-18 2016-17 ¹
District's proportion of the net OPEB liability	0.0938%	0.1029%	0.1003%	0.1000%	0.1030%
District's proportionate share of the net OPEB liability	\$ 374,286	\$ 435,973	\$ 273,465	\$ 382,788	\$ 433,072
District's covered payroll ¹	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A
Plan's total OPEB liability	\$ 398,864,000	\$ 420,872,000	\$ 369,413,000	\$ 381,228,000	\$ 420,749,000
Plan's fiduciary net position	\$ (3,174,000)	\$ (3,003,000)	\$ (2,984,000)	\$ (1,542,000)	\$ 41,000
Plan fiduciary net position as a percentage of the total OPEB liability	-0.795760%	-0.713519%	-0.807768%	-0.404482%	0.009745%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program, therefore, the covered payroll disclosure is not applicable.

See notes to required supplementary information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF OPEB CONTRIBUTIONS

LAST 10 YEARS*

AS OF JUNE 30, 2022

The District did not have an actuary calculate the Actuarially Determined Contribution for the fiscal year ended June 30, 2022, therefore the District does not need to comply with GASB 75's Required Supplementary Information requirements.

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - CALPERS

Last 10 Fiscal Years*

For the Fiscal Year Ended June 30, 2022

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

<u>Fiscal Year</u>	<u>Proportion of the net pension liability</u>	<u>Proportionate share of the net pension liability</u>	<u>Covered payroll</u>	<u>Proportionate share of the net pension liability as percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2015	0.09590%	\$ 10,892,622	\$ 8,937,808	121.87%	83.38%
2016	0.09760%	14,380,466	9,619,675	149.49%	79.43%
2017	0.10005%	19,759,781	10,593,053	186.54%	73.90%
2018	0.09689%	23,129,918	12,347,667	187.32%	71.87%
2019	0.10107%	26,949,048	13,349,263	201.88%	70.85%
2020	0.10800%	31,475,048	15,074,471	208.80%	70.05%
2021	0.11106%	34,076,077	15,989,240	213.12%	70.00%
2022	0.10134%	20,606,003	14,559,888	141.53%	80.97%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY - CALSTRS

Last 10 Fiscal Years*

For the Fiscal Year Ended June 30, 2022

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

Fiscal Year	Proportion of the net pension liability	Proportionate share of the net pension liability	State's proportionate share of the net pension liability associated with the District	Total	Covered payroll	Proportionate share of the net pension liability as percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2015	0.06170%	\$ 36,053,713	\$ 21,770,788	\$ 57,824,501	\$ 27,479,891	131.20%	76.52%
2016	0.07350%	49,516,734	31,719,583	81,236,317	30,719,583	161.19%	74.02%
2017	0.06126%	49,543,841	30,641,912	80,185,753	30,148,276	164.33%	70.04%
2018	0.06468%	59,813,137	37,741,914	97,555,051	33,420,660	178.97%	69.46%
2019	0.06333%	58,209,722	34,430,643	92,640,365	33,958,136	171.42%	70.99%
2020	0.06489%	58,604,125	35,830,399	94,434,524	35,830,399	163.56%	72.56%
2021	0.06788%	65,785,522	34,112,216	99,897,738	36,640,579	179.54%	71.82%
2022	0.06318%	28,750,817	17,025,326	45,776,143	35,032,091	82.07%	87.21%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS - CALPERS
Last 10 Fiscal Years*
For the Fiscal Year Ended June 30, 2022

The following table provides required supplementary information regarding the District's CALPERS Pension Plan.

<u>Fiscal Year</u>	<u>Contractually Required Contribution - District</u>	<u>Contributions - District</u>	<u>Contribution deficiency (excess)</u>	<u>District's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2015	\$ 1,132,332	\$ (1,132,332)	\$ -	\$ 9,619,675	11.771%
2016	1,254,959	(1,254,959)	-	10,593,053	11.847%
2017	1,714,844	(1,714,844)	-	12,347,667	13.888%
2018	2,073,274	(2,073,274)	-	13,349,263	15.531%
2019	2,722,751	(2,722,751)	-	15,074,471	18.062%
2020	3,153,238	(3,153,238)	-	15,989,240	19.721%
2021	3,013,897	(3,013,897)	-	14,559,888	20.700%
2022	3,533,951	(3,533,951)	-	15,425,364	22.910%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF PENSION CONTRIBUTIONS - CALSTRS
Last 10 Fiscal Years*
For the Fiscal Year Ended June 30, 2022

The following table provides required supplementary information regarding the District's CALSTRS Pension Plan.

Fiscal Year	Contractually Required Contribution - District	Contribution in relation to the actuarially determined contributions	Contribution deficiency (excess)	District's covered payroll	Contributions as a percentage of covered payroll
2015	\$ 2,816,699	\$ (2,816,699)	\$ -	\$ 30,719,583	9.17%
2016	3,234,910	(3,234,910)	-	30,148,276	10.73%
2017	4,204,319	(4,204,319)	-	33,420,660	12.58%
2018	4,900,159	(4,900,159)	-	33,958,136	14.43%
2019	5,833,189	(5,833,189)	-	35,830,399	16.28%
2020	6,265,539	(6,265,539)	-	36,640,579	17.10%
2021	5,657,683	(5,657,683)	-	35,032,091	16.15%
2022	6,199,572	(6,199,572)	-	36,640,496	16.92%

* This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See Notes to Required Supplementary Information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

NOTE 1- PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability and Related Ratios

The schedule presents the beginning balances of the total OPEB liability, the OPEB plan's fiduciary net position, the Net OPEB liability, the effects during the period, the ending balances of the total OPEB liability, the OPEB plan's fiduciary net position, and the Net OPEB liability, the covered-employee payroll, and the net OPEB liability as a percentage of covered-employee payroll. In the future, as data becomes available, 10 years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability

The schedule presents the District's proportion (percentage) of the collective net OPEB liability, the employer's proportionate share (amount) of the collective net OPEB liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net OPEB liability as a percentage of the total OPEB liability. In the future, as data becomes available, 10 years of information will be presented.

Schedule of OPEB Contributions

The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the OPEB plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll. In the future, as data becomes available, 10 years of information will be presented.

Schedule of the District's Proportionate Share of the Net Pension Liability

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered-employee payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Schedule of Pension Contributions

This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered-employee payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered-employee payroll.

NOTE 2- EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2022, the District incurred no excess of expenditures over appropriations in the General Fund as presented in the Budgetary Comparison Schedule by major object code.

**SUPPLEMENTARY
INFORMATION**

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 June 30, 2022

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Student Activity Fund	Total Nonmajor Governmental Funds
Assets					
Cash in County Treasury	\$ 1,381	\$ 528,487	\$ 448,698	\$ -	\$ 978,566
Cash in bank and on hand	993,940	-	-	241,558	1,235,498
Revolving cash fund	2,452	-	-	-	2,452
Accounts receivable	995,802	43,885	21,615	152	1,061,454
Due from other funds	-	650,000	-	-	650,000
Stores inventories	32,519	-	-	-	32,519
Other current assets	-	-	-	5,000	5,000
Total assets	\$ 2,026,094	\$ 1,222,372	\$ 470,313	\$ 246,710	\$ 3,965,489
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 83,974	\$ -	\$ -	\$ 1,871	\$ 85,845
Due to other funds	650,000	-	-	-	650,000
Unearned revenue	218,832	-	-	-	218,832
Total liabilities	952,806	-	-	1,871	954,677
Fund balances:					
Nonspendable					
Revolving cash	2,452	-	-	-	2,452
Store inventories	32,519	-	-	-	32,519
Restricted					
Capital projects	-	1,183,913	166,626	-	1,350,539
Student activities	-	-	-	244,839	244,839
Nutrition	994,574	-	-	-	994,574
Assigned					
Nutrition	43,743	-	-	-	43,743
Capital projects	-	38,459	303,687	-	342,146
Total fund balances	1,073,288	1,222,372	470,313	244,839	3,010,812
Total liabilities and fund balances	\$ 2,026,094	\$ 1,222,372	\$ 470,313	\$ 246,710	\$ 3,965,489

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Fiscal Year Ended June 30, 2022

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund For Capital Outlay Projects	Student Activity Fund	Total Nonmajor Governmental Funds
Revenues:					
Federal	\$ 2,651,424	\$ -	\$ -	\$ -	\$ 2,651,424
Other state	159,724	-	-	-	159,724
Other local	179,081	742,611	201,237	576,529	1,699,458
Total revenues	<u>2,990,229</u>	<u>742,611</u>	<u>201,237</u>	<u>576,529</u>	<u>4,510,606</u>
Expenditures:					
Classified salaries	923,596	-	-	-	923,596
Employee benefits	406,120	-	-	-	406,120
Books and supplies	782,646	-	-	181,809	964,455
Contracted services and other operating expenditures	68,399	21,430	3,528	370,661	464,018
Capital outlay	-	5,828,672	-	-	5,828,672
Other outgo	109,343	-	-	-	109,343
Total expenditures	<u>2,290,104</u>	<u>5,850,102</u>	<u>3,528</u>	<u>552,470</u>	<u>8,696,204</u>
Excess of revenues over (under) expenditures	<u>700,125</u>	<u>(5,107,491)</u>	<u>197,709</u>	<u>24,059</u>	<u>(4,185,598)</u>
Fund balances - beginning	<u>373,163</u>	<u>6,329,863</u>	<u>272,604</u>	<u>220,780</u>	<u>7,196,410</u>
Fund balances - ending	<u>\$ 1,073,288</u>	<u>\$ 1,222,372</u>	<u>\$ 470,313</u>	<u>\$ 244,839</u>	<u>\$ 3,010,812</u>

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2022

The Manhattan Beach Unified School District (the “District”) was established in 1912, and unified in 1993, and consists of an area comprising approximately 3.88 square miles in the southwestern portion of the County of Los Angeles, and is conterminous with the City of Manhattan Beach. The District operates five elementary schools, one middle school, and one high school. There were no boundary changes during the year.

BOARD OF EDUCATION

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Cathey Graves	President	November, 2024
Jen Fenton	Vice President	November, 2026
Wysh Weinstein	Clerk	November, 2026
Tina Shivpuri	Member	November, 2026

SUPERINTENDENT

John Bowes, Ed.D.

ADMINISTRATION

Dawnalyn Murakawa-Leopard, Ed.D., Deputy Superintendent

Irene Gonzalez-Castillo, Ed.D., Assistant Superintendent, Educational Services

Tom Stekol, Ed.D., Assistant Superintendent, Human Resources and Student Services

See accompanying note to supplementary information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For Fiscal Year Ended June 30, 2022

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	1,329.45	1,330.13
Extended Year Special Education	2.01	2.01
Total TK/K through Third	<u>1,331.46</u>	<u>1,332.14</u>
Fourth through Sixth		
Regular ADA	1,046.67	1,045.56
Extended Year Special Education	2.18	2.18
Total Fourth through Sixth	<u>1,048.85</u>	<u>1,047.74</u>
Seventh and Eighth		
Regular ADA	833.47	834.97
Extended Year Special Education	1.06	1.06
Special Education - Nonpublic Schools	0.91	1.28
Extended Year Special Education - Nonpublic Schools	0.17	0.17
Total Seventh and Eighth	<u>835.61</u>	<u>837.48</u>
Ninth through Twelfth		
Regular ADA	2,336.14	2,333.89
Extended Year Special Education	2.61	2.61
Special Education - Nonpublic Schools	10.48	11.60
Extended Year Special Education - Nonpublic Schools	1.97	1.97
Total Ninth through Twelfth	<u>2,351.20</u>	<u>2,350.07</u>
TOTAL SCHOOL DISTRICT	<u><u>5,567.12</u></u>	<u><u>5,567.43</u></u>

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.

See accompanying note to supplementary information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For Fiscal Year Ended June 30, 2022

Grades	Ed Code	2021-22	Number of	Status
	46207	Actual	Days	
	Minutes	Minutes	Traditional	
	Requirement	Minutes	Calendar	
Kindergarten	36,000	44,940	180	In Compliance
Grade 1	50,400	50,885	180	In Compliance
Grade 2	50,400	50,885	180	In Compliance
Grade 3	50,400	50,885	180	In Compliance
Grade 4	54,000	54,925	180	In Compliance
Grade 5	54,000	54,925	180	In Compliance
Grade 6	54,000	62,560	180	In Compliance
Grade 7	54,000	62,560	180	In Compliance
Grade 8	54,000	62,560	180	In Compliance
Grade 9	64,800	65,567	180	In Compliance
Grade 10	64,800	65,567	180	In Compliance
Grade 11	64,800	65,567	180	In Compliance
Grade 12	64,800	65,567	180	In Compliance

Districts must maintain their instructional minutes as defined in Education Code Section 46207 and day requirement as defined in Education Code Section 41420.

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instruction time offered by the District and whether the District complied with the provisions of Education Code Sections 46200 through 46206. The District met or exceeded its targeted funding.

See accompanying note to supplementary information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For Fiscal Year Ended June 30, 2022

	(Budget) 2023 ¹	2022	2021	2020
General Fund				
Revenues And Other Financing Sources	\$ 99,066,893	\$ 91,266,631	\$ 92,017,329	\$ 85,757,688
Expenditures	90,351,770	89,536,948	86,323,473	88,109,413
Other Uses and Transfers Out	-	(208,531)	-	-
Total Expenditures and Other Uses and Transfers out	90,351,770	89,328,417	86,323,473	88,109,413
Net Change in Fund Balance	8,715,123	1,938,214	5,693,856	(2,351,725)
Prior period adjustment	-	462,085	-	-
Ending Fund Balance	\$ 22,711,006	\$ 13,995,883	\$ 11,595,584	\$ 5,901,728
Available Reserves ²	\$ 9,363,494	\$ 11,263,671	\$ 7,157,306	\$ 4,694,617
Available Reserves As A Percentage of Outgo ³	10.36%	13.17%	8.74%	5.57%
Long-term Debt	\$ 240,900,115	\$ 259,380,198	\$ 271,647,881	\$ 203,788,497
Average Daily Attendance At P-2	5,586	5,567	6,302	6,302

The General Fund fund balance has increased by \$8,094,155 over the past two fiscal years. The fiscal year 2022-23 budget projects an increase of \$8,715,123. For a district this size, the State recommends available reserves of at least three percent of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in one of the past three fiscal years and anticipates incurring an operating surplus during the 2022-23 fiscal year. Total long-term obligations have increased by \$55,591,701 over the past two fiscal years.

Average daily attendance (ADA) has decreased by 735 over the past two fiscal years. An increase of 19 ADA is anticipated during the fiscal year 2022-23.

¹ Budget 2023 is included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

³ On behalf payments of \$4,063,335, \$3,774,635, and \$4,459,770 have been excluded from the calculation of available reserves for the fiscal years ending June 30, 2022, 2021, and 2020, respectively.

See accompanying note to supplementary information.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal Catalog (CFDA) Number	Pass-through Entity Identifying Number	Federal Expenditures
Federal Programs:			
U.S. Department of Education:			
Passed through the California Department of Education:			
Every Student Succeeds Act (ESSA)			
Title I, Part A, Improving Basic Programs Operated by State and LEA	84.010	14329	\$ 195,023
Title II, Part A, Supporting Effective Instruction	84.367	14341	114,590
Title IV, Part A, Student Support and Academic Enrichment	84.424	15396	3,230
COVID-19 - Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	** 64,217
Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	** 260,209
Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	** 60,267
Expanded Learning Opportunities (ELO) Grant: ESSER II State Reserve	84.425	15618	** 567,149
Expanded Learning Opportunities (ELO) Grant: GEER II	84.425	15619	** 4,336
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Emergency Needs	84.425	15620	** 302,434
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve Learning Loss	84.425	15621	** 1,791
Subtotal Education Stabilization Fund Discretionary Grant			<u>1,260,403</u>
Individuals with Disabilities Education Act (IDEA)			
Special Education (IDEA) State Grants Cluster:			
ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	313,940
Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	1,529,482
Local Assistance Entitlement, Part B, Section 611 Private School ISP's	84.027	10115	70,586
Preschool Grants, Part B, Section 619	84.173A	13430	78,947
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	271,287
Preschool Staff Development, Part B, Sec 619	84.173A	13431	324
Total Special Education Cluster			<u>2,264,566</u>
Total U.S. Department of Education			<u>3,837,812</u>
U.S. Department of Health and Human Services:			
Passed through the Los Angeles County Office of Education			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Grant	93.323	C-21250:20:23	<u>620,502</u>
Total U.S. Department of Health and Human Services			<u>620,502</u>
U.S. Department of Agriculture:			
Passed through the California Department of Education:			
Child Nutrition Cluster			
School Programs (NSL Sec 4)	10.555	13523	178,017
School Programs (NSL Sec 11)	10.555	13524	1,703,465
School Programs (School Breakfast Basic)	10.553	13525	564,933
SNP COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	38,216
Food Distribution	10.555	13524	* 166,179
Total Child Nutrition Cluster			<u>** 2,650,810</u>
Pandemic EBT Local Administrative Grant	10.649	15644	<u>614</u>
Total U.S. Department of Agriculture			<u>2,651,424</u>
Total Expenditures of Federal Awards			<u>\$ 7,109,738</u>

* Indicated noncash expenditures

** Denotes major program

The accompanying note is an integral part of this schedule.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF UNAUDITED ACTUALS WITH
AUDITED FINANCIAL STATEMENTS
June 30, 2022**

	General Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Student Activity Fund
June 30, 2022, unaudited actual fund balances	\$ 14,120,579	\$ 1,104,057	\$ 27,427,637	\$ 1,245,192	\$ 244,839
Understatement of lease receivable	235,634				
(Understatement) of deferred inflows related to lease	(228,955)				
Overstatement of accounts payable	857,761	120,944			
(Overstatement) of accounts receivable	(403,457)	(151,653)			
Overstatement of Fair Value Adjustment to Cash in County Treasury	(585,679)	(60)	(1,372,849)	(22,820)	
June 30, 2022, audited financial statements fund balances	<u>\$ 13,995,883</u>	<u>\$ 1,073,288</u>	<u>\$ 26,054,788</u>	<u>\$ 1,222,372</u>	<u>\$ 244,839</u>

	Special Reserve Fund for Capital Outlay Projects Fund	Bond Interest and Redemption Fund	Community Preschool Fund	Internal Service Fund
June 30, 2022, unaudited actual fund balances/net position	\$ 489,687	\$ 25,634,692	\$ 2,948,018	\$ 87,514
Understatement of deferred outflows related to net pension liability			752,224	
Understatement of net pension liability			(2,472,497)	
Understatement of deferred inflows related to net pension liability			(1,538,589)	
Overstatement of Fair Value Adjustment to Cash in County Treasury	(19,374)		(143,478)	(3,612)
June 30, 2022, audited financial statements fund balances/net position	<u>\$ 470,313</u>	<u>\$ 25,634,692</u>	<u>\$ (454,322)</u>	<u>\$ 83,902</u>

This schedule provides the information necessary to reconcile the fund balances/net position of all funds as reported on the unaudited actual to the audited financial statements.

See accompanying note to the supplementary information

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT

NOTE TO THE SUPPLEMENTARY INFORMATION For Fiscal Year Ended June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES

Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) 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 apportionment of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels in different programs.

Schedule of Instructional Time

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 Section 43504*.

Schedule of Financial Trends and Analysis

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Manhattan Beach Unified School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

For the fiscal year ended June 30, 2022, the District did not have payments passed through to other agencies.

Reconciliation of Unaudited Actuals with Audited Financial Statements

This schedule provides information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.



PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVENUE, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

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

Governing Board
Manhattan Beach Unified School District
Manhattan Beach, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Manhattan Beach Unified School District (the "District"), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 10, 2023.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
February 10, 2023



PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

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INDEPENDENT AUDITOR’S REPORT ON STATE COMPLIANCE

Governing Board
Manhattan Beach Unified School District
Manhattan Beach, California

Report on State Compliance

Opinion

We have audited the Manhattan Beach Unified School District’s (the “District”) compliance with the types of compliance requirements described in the *2021-2022 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting, prescribed by Title 5, California Code of Regulations, Section 19810*, that could have a direct and material effect on each of the District’s state programs identified below for the fiscal year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the State Compliance for the fiscal year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2021-2022 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting, prescribed by Title 5, California Code of Regulations, Section 19810*. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for our opinion. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to its state Program.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, California Code of Regulations, Section 19810 Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-2022 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher certification and misassignments	Yes
Kindergarten continuance	Yes
Independent study	Yes
Continuation education	Not Applicable
Instructional time	Yes
Instructional materials	Yes
Ratios of administrative employees to teachers	Yes
Classroom teacher salaries	Yes
Early retirement incentive	Not Applicable
Gann limit calculation	Yes
School accountability report card	Yes
Juvenile court schools	Not Applicable

<u>Description</u>	<u>Procedures Performed</u>
Middle or early college high schools	Not Applicable
K-3 grade span adjustment	Yes
Transportation maintenance of effort	Yes
Apprenticeship: Related and supplemental instruction	Not Applicable
Comprehensive school safety plan	Yes
District of choice	Not Applicable
School Districts, County Offices of Education, And Charter Schools:	
California clean energy jobs act	Not Applicable
After/before school education and safety program	Not Applicable
Proper expenditures of education protection account funds	Yes
Unduplicated local control funding pupil counts	Yes
Local control and accountability plan	Yes
Independent study-course based	Not Applicable
Immunizations	Not Applicable
Educator effectiveness	Yes
Expanded learning opportunities Grant (ELO-G)	Yes
Career technical education incentive grant	Not Applicable
In person instruction grant	Yes
Charter schools:	
Attendance	Not Applicable
Mode of instruction	Not Applicable
Nonclassroom-based instruction/independent study	Not Applicable
Determination of funding for nonclassroom-based instruction	Not Applicable
Annual instructional minutes - classroom based	Not Applicable
Charter school facility grant program	Not Applicable

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-2022 Guide for Annual Audits of California K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim
Moss, Levy & Hartzheim, LLP
Culver City, California
February 10, 2023

The term “not applicable” is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.



PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
9465 WILSHIRE BLVD., 3RD FLOOR
BEVERLY HILLS, CA 90212
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVENUE, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Governing Board
Manhattan Beach Unified School District
Manhattan Beach, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Manhattan Beach Unified School District’s (the “District”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the fiscal year ended June 30, 2022. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
February 10, 2023

FINDINGS AND RECOMMENDATIONS SECTION

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:
 Material weaknesses identified _____ Yes X No
 Significant deficiencies identified not considered
 to be material weaknesses X Yes _____ None reported

Noncompliance material to financial statements noted _____ Yes X No

Federal Awards

Internal control over major programs:
 Material weaknesses identified _____ Yes X No
 Significant deficiencies identified not considered
 to be material weaknesses _____ Yes X None reported

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

Any audit findings disclosed that are required to be
 reported in accordance with Uniform Guidance,
 2 CFR 200.516 (a) _____ Yes X No

Identification of major programs

<u>CFDA Number (s)</u>	<u>Name of Federal Program/Cluster</u>
<u>10.553/10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.425/84.425D/84.425C</u>	<u>ESSER/ESSER II/ESSER III/GEER II</u>

Dollar threshold used to distinguish between Type A
 and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee: X Yes _____ No

State Awards

Any audit findings disclosed that are required to be
 reported in accordance with Guide for Annual Audits
 of K-12 Local Education Agencies and State Compliance
 Reporting _____ Yes X No

Type of auditor’s report issued on compliance for
 state programs: Unmodified

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section II – Financial Statement Findings

FINDING 2022-001
INTERNAL CONTROLS – CLOSING PROCEDURES – YEAR END ACCRUALS
30000

Criteria:

Audit adjustments may indicate, at a minimum, a reportable deficiency in internal controls over year-end closing process.

Condition:

During the 2021-22 fiscal year end, adjustments were proposed to the following:

- 1) Cash with County Treasury fair market value adjustment
- 2) Accounts receivable
- 3) Accounts payable

Effect:

The District did not accurately report the revenues and expenditures in the appropriate fiscal year in accordance with general accepted accounting principles.

Cause:

During the year end closing process, LEAs are required to report their investments at fair market value, including their share of Los Angeles County Treasury Pooled Surplus Investments. In prior years, the net change in the fair market value of the District's investments has not been material, but in the current year, due to market fluctuations, the impact was material for the first time since this requirement was put in place, and this impact was not recognized. In addition, there were accounts payable and accounts receivable adjustments resulting from the elimination of state deferrals, year end revenue accruals, and late invoices submitted to the District by vendors. A contributing factor was the loss of a key position responsible for some portions of the year-end closing process.

Identification as a Repeat Finding, if Applicable:

Not a repeat finding.

Recommendation:

We recommend the District adopt procedures in order to verify year-end accruals and consult with District's auditor about the fair market value adjustments before the book is closed.

District's Corrective Action Plan:

The District will consult with the District's auditors on an annual basis to determine whether there are any material fair market value adjustments that need to be recorded. In addition, the District will implement procedures to provide oversight to ensure that all apportionments and accounts payable have been reviewed and recorded prior to the end of each year and to ensure that all accruals have been resolved in the subsequent year.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
June 30, 2022

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – Schedule of State Award Findings and Questioned Costs

None reported.

MANHATTAN BEACH UNIFIED SCHOOL DISTRICT
SCHEDULE OF PRIOR FISCAL YEAR AUDIT FINDINGS
June 30, 2022

Section II – Financial Statement Findings

There were no financial statement findings in the prior fiscal year.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings in the prior fiscal year.

Section IV – Schedule of State Award Findings and Questioned Costs

There were no State award findings in the prior fiscal year.