

**CULVER CITY  
UNIFIED SCHOOL DISTRICT**

**AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2010**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
AUDIT REPORT  
For the Fiscal Year Ended June 30, 2010  
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Board of Trustees  
Culver City Unified School District  
Culver City, California

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Culver City Unified School District, as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Culver City Unified School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Culver City Unified School District, as of June 30, 2010, and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2010 on our consideration of the Culver City Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13, the budgetary comparison schedule on page 47, and the schedule of funding progress on page 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Culver City Unified School District's basic financial statements. The schedule of financial trends and analysis, and the schedule of expenditures of federal awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Chintal Patel Accountancy Corporation*

San Diego, California  
December 8, 2010

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*Management's Discussion and Analysis*

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**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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This discussion and analysis of Culver City Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- The District's total net assets for all funds combined decreased \$3 million to \$78.4 million over the course of the year. Government-wide revenues were \$70 million and the total cost of basic programs was \$73.4 million.
- General Fund balance decreased by \$2.6 million to \$10.8 million. Available reserves were 11% of total expenditures and other outgo.
- The District increased its outstanding long-term debt by 1%. This was due to the repayment of principal on the general obligation bonds and additional liability for other postemployment benefits (OPEB).
- Average daily attendance (ADA) in grades K-12 increased by 68, or 2%.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

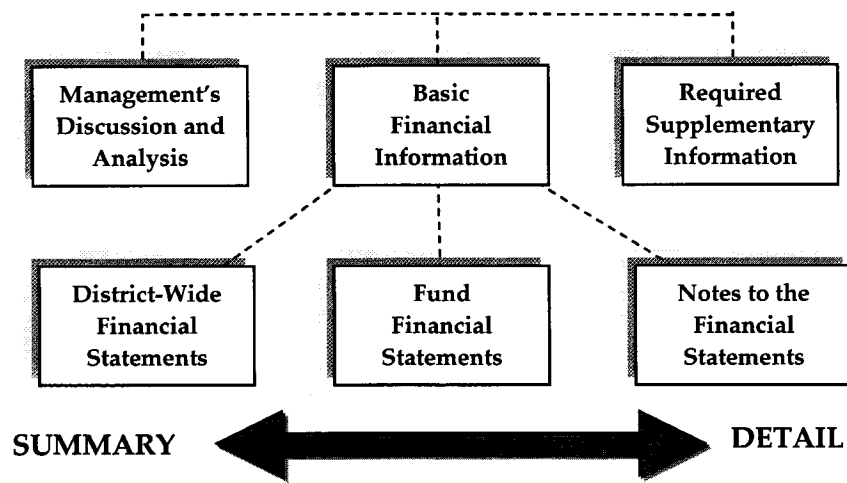
- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1. Organization of Culver City Unified School District's Annual Financial Report**



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2. Major Features of the District-Wide and Fund Financial Statements**

<b>Type of Statements</b>	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<i>Scope</i>	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
<i>Required financial statements</i>	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures &amp; Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Assets</li> <li>• Statement of Changes in Fiduciary Net Assets</li> </ul>
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain non-financial assets, though they can
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**District-wide Statements**

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases and decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.
- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that it is properly using certain revenues (like Federal grants).

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others, namely, the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Net Assets.** The District's combined net assets were less on June 30, 2010, than they were the year before – decreasing to \$29.9 million (See Table A-1).

**Table A-1**  
**Culver City Unified School District's Net Assets**

	<b>Governmental Activities</b>		<b>Total Percentage Change 2009-10</b>
	<b>2009</b>	<b>2010</b>	
Current assets	\$ 33,437,603	\$ 32,070,688	-4%
Noncurrent assets	47,993,464	46,357,771	-3%
<b>Total assets</b>	<b>81,431,067</b>	<b>78,428,459</b>	<b>-4%</b>
Current liabilities	10,849,520	11,767,595	8%
Noncurrent liabilities	37,316,491	36,786,468	-1%
<b>Total liabilities</b>	<b>48,166,011</b>	<b>48,554,063</b>	<b>1%</b>
<b>Total net assets</b>	<b>\$ 33,265,056</b>	<b>\$ 29,874,396</b>	<b>-10%</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**Changes in net assets, governmental activities.** The District's total revenues were \$70 million (See Table A-2). This is a decrease of about \$12 million.

The total cost of all programs and services was \$73.4 million. The District's expenses are predominantly related to educating and caring for students, 68%. The purely administrative activities of the District accounted for just 6% of total costs. The total costs decreased by \$7.1 million.

**Table A-2**  
**Changes in Culver City Unified School District's Net Assets**

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2009</u>	<u>2010</u>	<u>Percentage</u> <u>Change</u> <u>2009-10</u>
Revenues:			
<i>Program revenues</i>			
Charges for services	\$ 2,190,471	\$ 1,797,003	-18%
Operating grants and contributions	33,315,602	23,823,901	-28%
<i>General revenues</i>			
Property taxes	11,870,745	13,550,379	14%
Other revenues	34,631,829	30,805,651	-11%
Total revenues	<u>82,008,647</u>	<u>69,976,934</u>	-15%
Expenses:			
Instruction-related	47,288,544	44,332,793	-6%
Student support services	6,114,254	5,641,174	-8%
Maintenance and operations	5,104,298	5,289,046	4%
Administration	4,056,843	4,186,726	3%
Other expenses	17,926,212	13,917,855	-22%
Total expenses	<u>80,490,151</u>	<u>73,367,594</u>	-9%
Change in net assets	<u>\$ 1,518,496</u>	<u>\$ (3,390,660)</u>	-323%

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**Governmental Activities**

The sound financial condition of the District can be credited to a fiscally conservative District philosophy and strong fiscal and cash flow management.

Table A-3 presents the cost of five major District activities: instruction and instruction related; student support services; general administration; maintenance and operations; and other purposes. The table also shows each activity's *net cost* (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

- The cost of all *governmental* activities this year was \$73.4 million.
- Some of the cost was paid by the users of the District's programs \$1.8 million.
- The federal and state governments subsidized programs with grants and contributions \$23.8 million.
- The net cost of services paid for through a combination of the revenue limit, property taxes, unrestricted federal and state revenues and local revenues was \$47.7 million.

**Table A-3**  
**Net Costs of Culver City Unified School District's**  
**Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instructional services	\$ 44,332,793	\$ 31,228,057
Pupil support services	5,641,174	2,453,894
Maintenance and operations	5,289,046	5,209,007
Administration	4,186,726	3,191,940
Other expenses	13,917,855	5,663,792
<b>Total expenses</b>	<b>\$ 73,367,594</b>	<b>\$ 47,746,690</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$21.9 million, which is less than last year's ending fund balance of \$23.4 million. The District's General Fund had less revenues than expenditures in 2010 due mainly to one time federal stimulus funds received in the prior year. The fund balance in the Building Fund increased by \$51,678 due to interest earned.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2009-10 the District had invested \$40,030 in new capital assets for a total of \$78 million, as shown in Table A-4. (More detailed information about capital assets can be found in Note 6 to the financial statements.)

**Table A-4**  
**Culver City Unified School District's Capital Assets**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>Percentage Change 2009-10</b>
Land	\$ 1,517,971	\$ 1,517,971	0%
Site improvements	4,377,672	4,377,672	0%
Buildings	67,210,380	67,210,380	0%
Furniture and equipment	4,714,199	4,754,229	1%
Construction in progress	100,213	100,213	0%
<b>Total capital assets</b>	<b>\$ 77,920,435</b>	<b>\$ 77,960,465</b>	<b>0%</b>



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Long-Term Debt**

At year-end the District had \$37.5 million in long-term debt, an increase of 1% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Table A-5**  
**Culver City Unified School District's Long-Term Debt**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2009</b>	<b>2010</b>	<b>Percentage</b>
			<b>Change</b>
			<b>2009-10</b>
General obligation bonds	\$ 36,965,000	\$ 36,250,000	-2%
Net OPEB obligation	351,491	1,286,468	266%
<b>Total long-term debt</b>	<b>\$ 37,316,491</b>	<b>\$ 37,536,468</b>	<b>1%</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**FACTORS BEARING ON THE DISTRICT'S FUTURE**

The state's budget situation continues to reflect challenging economic conditions. The 2010 State Budget was balanced on optimistic state and federal revenue projections, the sale of state properties, additional borrowings, and the suspension of the Proposition 98 minimum guarantee. While the state's economy continues to gradually recover along with the nation's, a relatively slow pace of job growth in California presents a headwind for a more rapid rate of economic recovery.

The state's budget challenges have adversely impacted the K-12 education budget. As a result, the average unified school district in the state of California in 2010-11 is expected to lose approximately \$25 per unit of average daily attendance over 2009-10 in revenue limit state funding, to an average funded revenue limit of approximately \$6,386 per unit of average daily attendance. However, a corresponding decrease in the deficit factor offsets the loss keeping funding levels in 2010-11 the same as 2009-10, and without the \$253 per ADA one-time funding reduction experienced in 2009-10.

Federal funding for categorical programs was given another one-time funding boost in 2010-11 with the Education Jobs Act funding. In addition, the final 10% of the State Fiscal Stabilization funds, part of the American Recovery and Reinvestment Act (ARRA), are to be paid in 2010-11. ARRA funds must be spent prior to the September 30, 2011.

State categorical program flexibility continues for 2009-10 and 2010-11 with no anticipated changes. School districts continue to be authorized to use funding from 42 Tier III categorical programs for any purpose. K-3 class size reduction penalties have been relaxed for two more years and school agencies maintain the flexibility to shorten the school year until 2012-13. Reserve requirements for economic uncertainties, if reduced by school agencies, must be fully restored by 2011-12.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)**

**Other Factors**

**Enrollment**

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, and public charter schools, inter-district transfers in or out, and other causes. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the Culver City Unified School District budget for the 2010-11 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Assistant Superintendent, Business Services at 4034 Irving Place; Culver City, CA 90232.

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*Financial Section*

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**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Statement of Net Assets**  
**June 30, 2010**

	<b>Total Governmental Activities</b>	<b>Discretely Presented Component Unit (Unaudited)</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 22,869,274	\$ 3,654,535
Investments	-	37,069,622
Accounts receivable	9,130,298	-
Inventories	71,116	-
Total current assets	<u>32,070,688</u>	<u>40,724,157</u>
Noncurrent assets:		
Capital assets:		
Land	1,517,971	-
Site improvements	4,377,672	-
Buildings	67,210,380	-
Furniture and equipment	4,754,229	-
Construction in progress	100,213	-
Less accumulated depreciation	<u>(31,602,694)</u>	<u>-</u>
Total capital assets, net of depreciation	<u>46,357,771</u>	<u>-</u>
Total assets	<u>78,428,459</u>	<u>40,724,157</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	10,890,819	-
Deferred revenue	126,776	-
General obligation bonds payable, current	750,000	-
Total current liabilities	<u>11,767,595</u>	<u>-</u>
Noncurrent liabilities:		
General obligation bonds payable, noncurrent	35,500,000	-
Postemployment benefits, noncurrent	1,286,468	-
Total long-term liabilities	<u>36,786,468</u>	<u>-</u>
Total liabilities	<u>48,554,063</u>	<u>-</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	13,780,013	-
Restricted for:		
Capital projects	4,051,788	3,654,535
Debt service	1,836,055	-
Educational programs	1,226,456	-
Unrestricted	8,980,084	37,069,622
Total net assets	<u>\$ 29,874,396</u>	<u>\$ 40,724,157</u>

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2010**

Functions/Programs	Expenses	Program Revenues		Net (Expense)	Discretely Presented Component Unit (Unaudited)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	
				Governmental Activities	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Instructional services:					
Instruction	\$ 37,003,605	\$ 510,766	\$ 10,318,814	\$ (26,174,025)	
Instruction-related services:					
Supervision of instruction	1,569,010	4,267	1,007,695	(557,048)	
Instructional library, media and technology	391,047	-	-	(391,047)	
School site administration	5,369,131	102,405	1,160,789	(4,105,937)	
Pupil support services:					
Home-to-school transportation	664,691	-	129,353	(535,338)	
Food services	2,168,482	805,936	1,342,356	(20,190)	
All other pupil services	2,808,001	5,432	904,203	(1,898,366)	
General administration services:					
Data processing services	546,673	-	-	(546,673)	
Other general administration	3,640,053	59,747	935,039	(2,645,267)	
Plant services	5,289,046	5,848	74,191	(5,209,007)	
Ancillary services	19,639	-	-	(19,639)	
Community services	34,939	-	-	(34,939)	
Interest on long-term debt	1,985,777	-	-	(1,985,777)	
Other outgo	10,201,777	302,602	7,951,461	(1,947,714)	
Depreciation (unallocated)	1,675,723	-	-	(1,675,723)	
Total governmental activities	<u>\$ 73,367,594</u>	<u>\$ 1,797,003</u>	<u>\$ 23,823,901</u>	<u>(47,746,690)</u>	
<b>Discretely Presented Component Unit:</b>					
Debt service	<u>\$ 2,552,663</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 2,552,663</u>
<b>General revenues:</b>					
Taxes:					
Property taxes, levied for general purposes				9,004,590	-
Property taxes, levied for debt service				2,514,902	-
Property taxes, levied for other specific purposes				2,030,887	-
Federal and state aid not restricted to specific purpose				29,389,342	-
Interest and investment earnings				407,463	1,969,123
Miscellaneous				1,008,846	-
				<u>44,356,030</u>	<u>1,969,123</u>
				Change in net assets	(3,390,660) (583,540)
				Net assets - July 1, 2009	<u>33,265,056</u> <u>41,307,697</u>
				Net assets - June 30, 2010	<u>\$ 29,874,396</u> <u>\$ 40,724,157</u>

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



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Balance Sheet – Governmental Funds**  
**June 30, 2010**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 11,486,493	\$ 3,659,889	\$ 7,722,892	\$ 22,869,274
Accounts receivable	8,766,665	12,353	351,280	9,130,298
Inventories	61,858	-	9,258	71,116
Total assets	<u>\$ 20,315,016</u>	<u>\$ 3,672,242</u>	<u>\$ 8,083,430</u>	<u>\$ 32,070,688</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 9,395,475	\$ -	\$ 675,722	\$ 10,071,197
Deferred revenue	126,776	-	-	126,776
Total liabilities	<u>9,522,251</u>	<u>-</u>	<u>675,722</u>	<u>10,197,973</u>
<b>FUND BALANCES</b>				
Reserved for:				
Inventories	61,858	-	9,258	71,116
Revolving cash	14,000	-	8,500	22,500
Debt service	-	-	1,836,055	1,836,055
Categorical programs	1,226,456	-	-	1,226,456
Unreserved; reported in:				
General fund	9,490,451	-	-	9,490,451
Special revenue funds	-	-	1,502,107	1,502,107
Capital project funds	-	3,672,242	4,051,788	7,724,030
Total fund balances	<u>10,792,765</u>	<u>3,672,242</u>	<u>7,407,708</u>	<u>21,872,715</u>
Total liabilities and fund balances	<u>\$ 20,315,016</u>	<u>\$ 3,672,242</u>	<u>\$ 8,083,430</u>	<u>\$ 32,070,688</u>

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**June 30, 2010**

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<b>Total fund balances - governmental funds</b>		\$ 21,872,715
<p>Amounts reported for governmental <i>activities</i> in the statement of net assets are different because capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the capital assets is \$77,960,465 and the accumulated depreciation is (\$31,602,694).</p>		
		46,357,771
<p>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 activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:</p>		
		(819,622)
<p>In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
	General obligation bonds payable \$ 36,250,000	
	Postemployment benefits <u>1,286,468</u>	<u>(37,536,468)</u>
<b>Total net assets - governmental activities</b>		<b>\$ <u>29,874,396</u></b>

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**For the Fiscal Year Ended June 30, 2010**

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General revenues:				
Property taxes	\$ 9,004,590	\$ -	\$ 4,545,789	\$ 13,550,379
Federal and state aid not restricted to specific purpose	29,239,162	-	150,180	29,389,342
Interest and investment earnings	279,346	51,678	76,439	407,463
Miscellaneous	869,830	-	139,017	1,008,847
Program revenues:				
Charges for services	450,481	-	1,346,523	1,797,004
Operating grants and contributions	18,643,755	-	5,180,145	23,823,900
Total revenues	<u>58,487,164</u>	<u>51,678</u>	<u>11,438,093</u>	<u>69,976,935</u>
<b>EXPENDITURES</b>				
Instructional services:				
Instruction	32,858,897	-	3,885,403	36,744,300
Instruction-related services:				
Supervision of instruction	1,524,996	-	44,014	1,569,010
Instructional library, media and technology	378,474	-	-	378,474
School site administration	4,308,352	-	996,811	5,305,163
Pupil support services:				
Home-to-school transportation	664,691	-	-	664,691
Food services	-	-	2,189,733	2,189,733
All other pupil services	2,694,486	-	113,515	2,808,001
General administration services:				
Data processing services	554,685	-	-	554,685
Other general administration	2,730,408	-	410,402	3,140,810
Plant services	4,782,910	-	208,247	4,991,157
Facility acquisition and construction	-	-	208,768	208,768
Ancillary services	19,639	-	-	19,639
Community services	34,939	-	-	34,939
Other outgo:				
Transfers between agencies	10,093,008	-	-	10,093,008
Debt service - principal	-	-	715,000	715,000
Debt service - interest	-	-	1,983,828	1,983,828
Debt service - issuance costs and discounts	108,769	-	-	108,769
Total expenditures	<u>60,754,254</u>	<u>-</u>	<u>10,755,721</u>	<u>71,509,975</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,267,090)</u>	<u>51,678</u>	<u>682,372</u>	<u>(1,533,040)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Interfund transfers in	1,212,902	-	1,566,287	2,779,189
Interfund transfers out	(1,566,287)	-	(1,212,902)	(2,779,189)
Total other financing sources and uses	<u>(353,385)</u>	<u>-</u>	<u>353,385</u>	<u>-</u>
Net change in fund balances	(2,620,475)	51,678	1,035,757	(1,533,040)
Fund balances, July 1, 2009	<u>13,413,240</u>	<u>3,620,564</u>	<u>6,371,951</u>	<u>23,405,755</u>
Fund balances, June 30, 2010	<u>\$ 10,792,765</u>	<u>\$ 3,672,242</u>	<u>\$ 7,407,708</u>	<u>\$ 21,872,715</u>

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

**CULVER CITY 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, 2010**

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**Total net change in fund balances - governmental funds** \$ (1,533,040)

Amounts reported for governmental *activities* in the statement of activities are different because:

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. The difference between capital outlay expenditures and depreciation expense for the period is:

Expenditures for capital outlay	\$	40,030	
Depreciation expense		<u>(1,675,723)</u>	(1,635,693)

Debt service: 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 a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were: 715,000

In governmental funds, postretirement benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postretirement benefits costs are recognized in the period that they are incurred. This year, the difference between OPEB costs and actual employer contributions was: (934,977)

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: (1,949)

**Change in net assets of governmental activities** \$ (3,390,659)

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Statement of Fiduciary Net Assets – Fiduciary Funds**  
**June 30, 2010**

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	Agency Funds
	<u>Student Body Funds</u>
<b>ASSETS</b>	
Cash	\$ 199,430
Total assets	<u>\$ 199,430</u>
 <b>LIABILITIES</b>	
Due to student groups	\$ 199,430
Total liabilities	<u>\$ 199,430</u>

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

A. Accounting Policies

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

B. Reporting Entity

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. 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 and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

Culver City School Facilities Financing Authority

The Culver City School Facilities Financing Authority (the Authority) was established October 1, 2005 under the laws of the State of California under a joint exercise of powers agreement with The California Municipal Financing Authority for the sole purpose of issuing the Series 2005 refunding general obligation bonds and providing, through the savings on the overall bond yield, additional capital project financing to the District. The proceeds from the refunding are held by U.S. Bank in an Escrow fund and are being used to pay debt service on the refunded bonds. The Authority holds the Series 2005 refunding bonds in a Revenue Fund. In addition, a Project Fund was established with the net proceeds from the refunding and is also held by U.S. Bank. The Project Fund is used for the purpose of acquiring and constructing capital assets on behalf of the District.

The Authority is discretely presented as a component unit of the District. The Authority's investments and cash with fiscal agent are described in Note 2. The outstanding Series 2005 refunding bonds are described in more detail in Note 7.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

B. Reporting Entity (continued)

*Financial Presentation:*

For financial presentation purposes, the component unit's financial activity has been discretely presented. The financial statements present the financial activity of the Culver City School Facilities Financing Authority.

The following are those aspects of the relationship between the District and the component unit which satisfy the criteria of GASB Statement No. 14, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*.

*Manifestations of Oversight*

- The component unit and the District have common governing boards.
- The component unit has no employees. The District's Superintendent functions as an agent of the component unit.
- The District exercises significant influence over operations of the component unit as all projects of the component unit involve the District.

*Accountability of Fiscal Matters*

- The District is responsible for preparation of the annual budget for the component unit.

*Scope of Public Service*

- The component units were created specifically to refund the outstanding Series 1997, 1998, and 1999 general obligation bonds and to finance capital improvements for the District.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Basis of Presentation

*Government-wide Financial Statements:*

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. 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. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meet the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements:*

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Basis of Presentation (continued)

*Fund Financial Statements (continued):*

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets

The District applies all GASB pronouncements, as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fiduciary funds are reported using the economic resources measurement focus. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

*Revenues* – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under 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 the resources will be collected within the current fiscal year and are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, “available” means collected within the current period or within 60 days after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

D. Basis of Accounting (continued)

*Deferred revenue:*

Deferred revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue.

*Expenses/expenditures:*

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into major, non-major, and fiduciary funds, as follows:

CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2010

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Fund Accounting (continued)

**Major Governmental Funds:**

- The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- The *Building Fund* is used to account for the acquisition of major governmental capital facilities and buildings from the sale of general obligation bonds.

**Non-major Governmental Funds:**

- *Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes except as otherwise allowed per flexibility provisions SBX3 4. The District maintains four non-major special revenue funds:
  1. The *Adult Education Fund* is used to account for resources committed to adult education programs maintained by the District.
  2. The *Child Development Fund* is used to account for resources committed to child development programs maintained by the District.
  3. The *Cafeteria Fund* is used to account for revenues received and expenditures made to operate the District's food service operations.
  4. The *Deferred Maintenance Fund* is used for the purpose of major repair or replacement of District property.
- *Capital Projects Funds* are used to account for the acquisition and/or construction of major governmental general fixed assets. The District maintains two non-major capital project funds:
  1. The *Capital Facilities Fund* is used to account for resources received from developer impact fees assessed under provisions of the California Environmental Quality Act.
  2. The *Special Reserve Fund for Capital Outlay Projects* is used to account for funds set aside for capital outlay projects and financial activity for certificates of participation.

CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2010

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

E. Fund Accounting (continued)

*Debt Service Funds* are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. The District maintains one debt service fund:

1. The *Bond Interest and Redemption Fund* is used to account for the accumulation of resources for, and the repayment of, District bonds, interest, and related costs.

**Fiduciary Funds:**

- *Agency Funds* are used to account for assets of others for which the District acts as an agent. The District maintains student body funds, which are used to account for the raising and expending of money to promote the general welfare, morale, and educational experience of the student body. The amounts reported for student body funds represent the combined totals of all schools within the District.

F. Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District's governing board must adopt a budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements.

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. The original and the final revised budgets are presented for the General Fund in the supplementary information.

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

G. Encumbrances

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

H. Assets, Liabilities, and Equity

1. 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 held in the county treasury is recorded at cost, which approximates fair value.

2. Inventories

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

3. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not own any infrastructure as defined in GASB No. 34. 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.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Assets, Liabilities, and Equity (continued)

3. Capital Assets (continued)

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

4. Deferred Revenue

Cash received for federal and state special projects and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Deferred revenue is recorded to the extent cash received on specific projects and programs exceed qualified expenditures.

5. Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability on the government-wide statement of net assets as the benefits are earned. For governmental funds, unpaid compensated absences are recognized as a fund liability only upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year end that have not yet been paid with expendable available financial resources. These amounts are recorded as accounts payable in the fund from which the employees who have accumulated leave are paid.

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Assets, Liabilities, and Equity (continued)

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as prepaid expenditures and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued and any premiums or discounts are reported as other financing sources and uses.

7. Fund Balance Reserves and Designations

Reservations of the ending fund balance indicate portions of the fund balance not appropriate for expenditure or amounts legally segregated for a specific future use. Designations of the ending fund balance indicate tentative plans for financial resource utilization in a future period.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by donors, grantors, or laws or regulations of other governments.

I. Revenue Limit/Property Tax

The District's revenue limit is received from a combination of local property taxes, state apportionments, and other local sources. The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31.



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

I. Revenue Limit/Property Tax (continued)

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding January 1, which is also the lien date. Taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (January 1), and become delinquent if unpaid by August 31. Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternative method of distribution prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local revenue limit sources by the District. The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the state General Fund, and is known as the State Apportionment. The District's Base Revenue Limit is the amount of general purpose tax revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

K. New GASB Pronouncement

GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* was issued in February 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This statement is required to be implemented in the 2010-11 fiscal year.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 2 – CASH AND INVESTMENTS**

Summary of Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

	Governmental Funds	Fiduciary Funds	Discretely Presented Component Unit (Unaudited)
Cash in county treasury	\$ 22,824,557	\$ -	\$ -
Cash on hand and in banks	22,217	199,430	-
Cash with fiscal agent	-	-	3,654,535
Investments	-	-	37,069,622
Cash in revolving fund	22,500	-	-
Total cash and cash equivalents	\$ 22,869,274	\$ 199,430	\$ 40,724,157

Policies and Practices

Governmental agencies in the state of California are 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 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. Investments of debt proceeds held by trustees are governed by the provisions of the applicable agreements rather than the general provisions of the California Government Code

*Cash 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 its County Treasurer (Education Code Section 41001). The fair value of the District’s investment in the pool is disclosed in the notes to the 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 recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
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	None
Joint Powers Authority Pools	N/A	None	None

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are described below:

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 manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$23,363,767 and an amortized book value of \$22,824,557. The weighted average maturity for this pool is 536 days. In addition, the Culver City School Facilities Financing Authority (a component unit of the District) maintains investments in the District's 2005 Refunding Bonds of \$37,069,622 and the First American Treasury Obligations Fund (Class D shares) of \$3,654,535.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

Interest Rate Risk (continued)

The refunding bonds mature through August 1, 2033 and the First American Treasury Obligations Fund has a weighted average maturity of 47 days.

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 investments within the Los Angeles County Investment Pool are rated at least A by Moody's Investors Service. The Authority's investments are either rated Aaa by Moody's Investors Service or are backed by the U.S. Government.

Custodial Credit Risk – Deposits

Custodial credit risk 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 market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2010, none of the District's bank balance was exposed to custodial credit risk.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the California Government Code. District investments that are greater than 5 percent of total investments are in either an external investment pool or mutual funds and are therefore exempt.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2010 consist of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal	\$ 2,717,154	\$ -	\$ 166,242	\$ 2,883,396
State categorical	739,716	-	157,868	897,584
Other	5,309,795	12,353	27,170	5,349,318
Total accounts receivable	<u>\$ 8,766,665</u>	<u>\$ 12,353</u>	<u>\$ 351,280</u>	<u>\$ 9,130,298</u>

**NOTE 4 – INTERFUND TRANSACTIONS**

Interfund activity is reported as 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, expenditures and 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 or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Following is a schedule of interfund transfers for the fiscal year ended June 30, 2010:

	Interfund Transfers Out		
	General Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ 1,212,902	\$ 1,212,902
Other Governmental Funds	1,566,287	-	1,566,287
Total	<u>\$ 1,566,287</u>	<u>\$ 1,212,902</u>	<u>\$ 2,779,189</u>
Transfer from the General Fund into the Adult Education Fund for encroachment			\$ 1,325,307
Transfer from the General Fund into the Deferred Maintenance Fund for state match			240,980
Transfer from the Special Reserve Fund for Capital Outlay Projects to the General Fund to fund special projects			1,212,902
		Total	<u>\$ 2,779,189</u>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

**NOTE 5 – FUND BALANCES**

The following fund balance amounts were designated by the District's governing board as of June 30, 2010, as follows:

	General Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund
Reserved:					
Revolving cash	\$ 14,000	\$ 3,500	\$ 3,000	\$ 2,000	\$ -
Stores inventories	61,858	-	-	9,257	-
Categorical programs	1,226,456	-	-	-	-
Unreserved:					
Designated for economic uncertainties	1,520,000	-	-	-	-
Other Designations:					
School site allocations	59,699	-	-	-	-
Undesignated	7,910,752	347,371	946,379	187,599	20,759
Totals	<u>\$ 10,792,765</u>	<u>\$ 350,871</u>	<u>\$ 949,379</u>	<u>\$ 198,856</u>	<u>\$ 20,759</u>

**NOTE 6 – CAPITAL ASSETS AND DEPRECIATION**

Capital asset activity for the fiscal year ended June 30, 2010 is shown below:

	Beginning Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
Land	\$ 1,517,971	\$ -	\$ -	\$ 1,517,971
Site improvements	4,377,672	-	-	4,377,672
Buildings	67,210,380	-	-	67,210,380
Furniture and equipment	4,714,199	40,030	-	4,754,229
Construction in progress	100,213	-	-	100,213
Total at historical cost	<u>77,920,435</u>	<u>40,030</u>	<u>-</u>	<u>77,960,465</u>
Less accumulated depreciation:				
Site improvements	2,887,269	144,327	-	3,031,596
Buildings	23,445,984	1,352,220	-	24,798,204
Furniture and equipment	3,593,718	179,176	-	3,772,894
Total accumulated depreciation	<u>29,926,971</u>	<u>1,675,723</u>	<u>-</u>	<u>31,602,694</u>
Total capital assets, net	<u>\$ 47,993,464</u>	<u>\$ (1,635,693)</u>	<u>\$ -</u>	<u>\$ 46,357,771</u>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT**

A schedule of changes in long-term debt for the fiscal year ended June 30, 2010 is shown below:

	July 1, 2009			June 30, 2010		Due Within One
	Balance	Additions	Deletions	Balance		Year
General obligation bonds	\$ 36,965,000	\$ -	\$ 715,000	\$ 36,250,000	\$ 750,000	
Net OPEB obligation	351,491	934,977	-	1,286,468	-	
<b>Total</b>	<b>\$ 37,316,491</b>	<b>\$ 934,977</b>	<b>\$ 715,000</b>	<b>\$ 37,536,468</b>	<b>\$ 750,000</b>	

**General Obligation Bonds**

The outstanding general obligation bond debts of the District at June 30, 2010 are as follows:

Date of Issue	Interest Rate %	Maturity Date	Amount of Original Issue	Outstanding July 1, 2009	Additions	Deletions	Outstanding June 30, 2010	Due Within One Year
5/13/1999	Various	8/1/2038	\$ 10,000,000	\$ 135,000	\$ -	\$ 135,000	\$ -	\$ -
11/4/2005	4.0%-5.5%	8/1/2033	38,230,000	36,830,000	-	580,000	36,250,000	750,000
		<b>Total</b>	<b>\$ 48,230,000</b>	<b>\$ 36,965,000</b>	<b>\$ -</b>	<b>\$ 715,000</b>	<b>\$ 36,250,000</b>	<b>\$ 750,000</b>

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2010-2011	\$ 750,000	\$ 1,950,780	\$ 2,700,780
2011-2012	800,000	1,916,468	2,716,468
2012-2013	820,000	1,879,403	2,699,403
2013-2014	875,000	1,839,119	2,714,119
2014-2015	910,000	1,795,605	2,705,605
2015-2020	5,360,000	8,202,247	13,562,247
2020-2025	6,990,000	6,556,985	13,546,985
2025-2030	9,200,000	4,329,220	13,529,220
2030-2034	10,545,000	1,270,826	11,815,826
<b>Total</b>	<b>\$ 36,250,000</b>	<b>\$ 29,740,653</b>	<b>\$ 65,990,653</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 7 – GENERAL LONG-TERM DEBT (continued)**

**Culver City Facilities Financing Authority**

In 2005 the District formed the Culver City School Facilities Financing Authority (a district self-controlled JPA) and issued \$38,230,000 in Revenue Bonds at a premium of \$4,107,035. The proceeds were placed with U.S. Bank, an escrow agent, to defease the Series 1997, 1998, and 1999 bonds (\$37,795,000) along with a net amount of \$3,855,582 for use on capital projects. The Culver City School Facilities Financing Authority is discretely presented as a component unit of the District.

**NOTE 8 – JOINT VENTURES**

The Culver City Unified School District participates in two joint powers agreement (JPA) entities, the Alliance of Schools for Cooperative Insurance Programs (ASCIP) and the School Linked Insurance Management (SLIM).

Each JPA is governed by a board consisting of a voting representative from member district categories. Each governing board controls the operations of its JPA independent of any influence by the Culver City Unified School District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationship between the Culver City Unified School District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes. Condensed current financial information for each JPA is shown below (the most recent available):

	ASCIP Audited June 30, 2010	SLIM Audited June 30, 2008
Assets	\$ 242,839,611	\$ 30,702,061
Liabilities	\$ 136,884,803	\$ 27,655,333
Net assets	\$ 105,954,808	\$ 3,046,728
Revenues	\$ 172,368,727	\$ 8,046,409
Expenses	162,916,342	13,463,485
Operating income	9,452,385	(5,417,076)
Non-operating income	5,165,500	1,915,362
Change in net assets	\$ 14,617,885	\$ (3,501,714)



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 9 – COMMITMENTS AND CONTINGENCIES**

A. State and Federal Allowances, Awards, and Grants

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

B. Construction Commitments

As of June 30, 2010, the District had no significant commitments with respect to unfinished capital projects.

**NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, thefts, damage to District assets, errors and omissions, employee injuries and natural disasters. The District participates in a public entity risk pool, as described in Note 8, for claims in excess of insured amounts for workers' compensation and liability protection. The District purchases commercial insurance coverage for other types of risk. There have been no significant reductions in insurance coverage from the prior year.

Property and Liability

During fiscal year ending June 30, 2010, the District participated in the ASCIP public entity risk pool 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 year.

Workers' Compensation

For fiscal year 2009-10, the District was insured for workers' compensation with School Linked for Insurance Management (SLIM), a public entity risk pool.

Employee Medical Benefits

In 2009-10, the District contracted with CalPERS to provide employee medical benefits. Dental and vision benefits are provided by ASCIP.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 11 – EMPLOYEE RETIREMENT PLANS**

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

**California Public Employees' Retirement System (CalPERS)**

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. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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.

Funding Policy

Active plan members are required to contribute 7.0% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2009-10 was 9.709%. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2009-10	\$ 1,064,216	100%
2008-09	\$ 1,088,667	100%
2007-08	\$ 919,358	100%

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)**

**California State Teachers’ Retirement System (CalSTRS)**

Plan Description

The District contributes to the California State Teachers’ Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers’ Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2009-10 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District’s contributions to CalSTRS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2009-10	\$ 2,231,277	100%
2008-09	\$ 2,315,396	100%
2007-08	\$ 2,281,330	100%

**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 of approximately \$1,154,043 to CalSTRS (4.267% of salaries subject to CalSTRS in 2009-10).

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS**

Culver City Unified School District administers a single-employer defined benefit other postemployment benefit (OPEB) plan that provides medical, dental and vision insurance benefits to eligible retirees and their spouses. The District implemented Governmental Accounting Standards Board Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*, in 2009-10.

**Plan Descriptions and Contribution Information**

Membership in the plan consisted of the following:

Retirees and beneficiaries receiving benefits*	206
Active plan members*	740
Total	<u>946</u>

*\*As of May 1, 2009 actuarial valuation*

Number of participating employers	1
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The District provides lifetime postemployment medical and dental benefits, in accordance with District employment contracts, to all employees who retire from the District on or after attaining age 55 with at least 10 years of service. For certificated and classified employees, the District cap is \$3,207 (single) and \$6,414 (two party) for annual benefits until the employee reaches age 66, at which point the annual cap is \$2,000. Management and confidential employees have no cap before age 66, at which point the annual benefits cap is \$2,000.

The District's funding policy is based on the projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the governing board. For fiscal year 2009-10, the District contributed \$515,923.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

A. Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

	<u>Amount</u>
Annual required contribution (ARC)	\$ 1,448,894
Interest on net OPEB obligation	17,575
Adjustment to ARC	<u>(15,569)</u>
Annual OPEB cost	<u>1,450,900</u>
Contributions made	<u>(515,923)</u>
Increase in net OPEB obligation	934,977
Net OPEB obligation - July 1, 2009	351,491
Net OPEB obligation - June 30, 2010	<u><u>\$ 1,286,468</u></u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2009 and 2010 were as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
2009	\$ 914,731	62%	\$ 351,491
2010	\$ 1,450,850	36%	\$ 1,286,468

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (continued)**

**B. Funded Status and Funding Progress**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, investment returns, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**C. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation Date	5/1/2009
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Remaining Amortization Period	29 years
Asset Valuation	Market value basis
Actuarial Assumptions:	
Discount rate	5%
Healthcare cost trend rate	5%

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 13 – EXPENDITURES IN EXCESS OF APPROPRIATIONS**

Expenditures in excess of appropriations in the governmental funds for fiscal year 2009-10 were as follows:

<u>General Fund</u>	<u>Amount</u>
Employee Benefits	\$ 45,584

**NOTE 14 – TAX REVENUE ANTICIPATION NOTES**

Tax Revenue Anticipation Notes

The District issued \$3,630,000 of Tax Revenue Anticipation Notes dated July, 1, 2009 through the Los Angeles County Schools Pooled Financing Program. The notes matured on June 30, 2010 and yielded .85% interest. The notes were sold by the District to supplement its cash flow and were fully repaid as of June 30, 2010.

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*Required Supplementary Information*

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**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Budgetary Comparison Schedule – General Fund**  
**For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
<b>REVENUES</b>				
Revenue limit sources	\$ 34,452,013	\$ 33,026,882	\$ 32,839,079	\$ (187,803)
Federal	6,959,066	12,196,824	7,260,558	(4,936,266)
Other state	18,033,154	17,998,218	16,433,887	(1,564,331)
Other local	1,672,100	1,934,303	1,953,640	19,337
Total revenues	<u>61,116,333</u>	<u>65,156,227</u>	<u>58,487,164</u>	<u>(6,669,063)</u>
<b>EXPENDITURES</b>				
Certificated salaries	24,932,965	25,641,328	24,813,070	828,258
Classified salaries	8,275,709	8,703,292	8,512,978	190,314
Employee benefits	8,934,885	8,766,790	8,812,374	(45,584)
Books and supplies	2,370,075	2,245,450	1,388,309	857,141
Services and other operating expenditures	8,515,672	8,683,047	7,527,931	1,155,116
Capital outlay	58,497	58,497	16,986	41,511
Transfers of indirect costs	(398,348)	(443,851)	(410,402)	33,449
Other outgo	12,459,267	16,597,025	10,093,008	6,504,017
Total expenditures	<u>65,148,722</u>	<u>70,251,578</u>	<u>60,754,254</u>	<u>9,564,222</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,032,389)</u>	<u>(5,095,351)</u>	<u>(2,267,090)</u>	<u>2,895,159</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Interfund transfers in	1,100,000	1,100,000	1,212,902	112,902
Interfund transfers out	-	(157,111)	(1,566,287)	(1,409,176)
Total other financing sources and uses	<u>1,100,000</u>	<u>942,889</u>	<u>(353,385)</u>	<u>(1,296,274)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,932,389)</u>	<u>(4,152,462)</u>	<u>(2,620,475)</u>	<u>1,598,885</u>
Fund balances, July 1, 2009	<u>13,413,240</u>	<u>13,413,240</u>	<u>13,413,240</u>	<u>-</u>
Fund balances, June 30, 2010	<u>\$ 10,480,851</u>	<u>\$ 9,260,778</u>	<u>\$ 10,792,765</u>	<u>\$ 1,598,885</u>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Funding Progress**  
**For the Fiscal Year Ended June 30, 2010**

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Actuarial Valuation Date	Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2006	\$ -	\$ 11,385,542	\$ 11,385,542	0%	\$ 29,136,389	39%
5/1/2009	\$ -	\$ 16,857,246	\$ 16,857,246	0%	\$ 38,006,912	44%

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*Supplementary Information Section*

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**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Local Educational Agency Organization Structure**  
**June 30, 2010**

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The Culver City Unified School District boundaries include primarily the City of Culver City, Los Angeles County. There were no changes to the District’s boundaries during the year. The District operates 5 elementary schools, 1 middle school, 1 comprehensive high school, a continuation high school, an independent study center, a child development program, and an adult education program.

**GOVERNING BOARD**

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Steven Gourley	President	November 2011
Scott Zeidman	Vice President	November 2011
Karlo Silbiger	Clerk	November 2013
Katherine Paspalis	Member	November 2013
Patricia Siever	Member	November 2013

**DISTRICT ADMINISTRATORS**

Patricia Jaffe                      *Interim Superintendent*

Gwenis Ann Laura                *Assistant Superintendent,  
Educational Services*

Ali Delawalla                      *Assistant Superintendent,  
Business Services*

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Average Daily Attendance**  
**For the Fiscal Year Ended June 30, 2010**

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	Second Period Report	Annual Report
	<hr/>	<hr/>
<b>Elementary:</b>		
Kindergarten	486	486
Grades 1 through 3, regular classes	1,276	1,277
Grades 4 through 6, regular classes	1,352	1,353
Grades 7 and 8, regular classes	984	984
Special education - special day classes	66	66
Special ed. - nonpublic, nonsectarian schools	14	19
Extended year special ed - special day classes	12	12
Extended year prog - nonpublic, nonsectarian schools	2	3
	<hr/>	<hr/>
Total Elementary	4,192	4,200
	<hr/>	<hr/>
<b>Secondary:</b>		
Grades 9 through 12, regular classes	2,149	2,149
Continuation education	71	71
Home and hospital	2	2
Special education - special day classes	40	40
Special ed. - nonpublic, nonsectarian schools	13	18
Extended year special ed - special day classes	14	14
Extended year prog - nonpublic, nonsectarian schools	2	3
	<hr/>	<hr/>
Total Secondary	2,291	2,297
	<hr/>	<hr/>
Total Average Daily Attendance	6,483	6,497
	<hr/> <hr/>	<hr/> <hr/>

See accompanying note to supplementary information.



**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Instructional Time**  
**For the Fiscal Year Ended June 30, 2010**

Grade Level	1982-83		1986-87		1986-87		2009-10		Number of Days		Status
	Actual Minutes	Reduced Minutes	Requirement	Reduced Minutes	Actual Minutes	Traditional Calendar	Actual Minutes	Traditional Calendar			
Kindergarten	31,500	30,625	36,000	35,000	58,770	180	58,770	180	Complied		
Grade 1	41,790	40,629	50,400	49,000	56,625	180	56,625	180	Complied		
Grade 2	41,790	40,629	50,400	49,000	56,625	180	56,625	180	Complied		
Grade 3	41,790	40,629	50,400	49,000	56,625	180	56,625	180	Complied		
Grade 4	51,480	50,050	54,000	52,500	55,910	180	55,910	180	Complied		
Grade 5	51,480	50,050	54,000	52,500	55,910	180	55,910	180	Complied		
Grade 6	51,480	50,050	54,000	52,500	58,365	180	58,365	180	Complied		
Grade 7	51,480	50,050	54,000	52,500	58,365	180	58,365	180	Complied		
Grade 8	51,480	50,050	54,000	52,500	58,365	180	58,365	180	Complied		
Grade 9	54,960	53,433	64,800	63,000	72,540	180	72,540	180	Complied		
Grade 10	54,960	53,433	64,800	63,000	72,540	180	72,540	180	Complied		
Grade 11	54,960	53,433	64,800	63,000	72,540	180	72,540	180	Complied		
Grade 12	54,960	53,433	64,800	63,000	72,540	180	72,540	180	Complied		

See accompanying note to supplementary information.

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**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Financial Trends and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

General Fund	(Budget) 2011**	2010	2009	2008
Revenues and other financing sources	\$ 62,679,005	\$ 59,700,066	\$ 73,695,299	\$ 69,646,883
Expenditures	64,966,814	60,754,254	68,405,020	68,331,726
Other uses and transfers out	-	1,566,287	195,000	303,328
Total outgo	64,966,814	62,320,541	68,600,020	68,635,054
Change in fund balance (deficit)	(2,287,809)	(2,620,475)	5,095,279	1,011,829
Ending fund balance	\$ 8,504,956	\$ 10,792,765	\$ 13,413,240	\$ 8,317,960
Available reserves*	\$ 7,470,950	\$ 9,430,752	\$ 9,859,680	\$ 4,933,548
Available reserves as a percentage of total outgo	11%	15%	14%	7%
Total long-term debt	\$ 36,786,468	\$ 37,536,468	\$ 37,316,491	\$ 37,680,000
Average daily attendance at P-2**	6,315	6,483	6,415	6,329

The General Fund balance has increased by \$2,474,805 over the past two years. The fiscal year 2010-11 adopted budget projects a decrease of \$2,287,809. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). ABX4 2 reduced the 3% reserve requirement by one-third for the 2009-10 year. Long-term debt has decreased \$143,532 over the past two years.

\* Available reserves consist of all undesignated fund balances and all funds designated for economic uncertainty in the General Fund or Special Reserve Fund (Other than Capital Outlay).

\*\* Revised Final Budget, September 2010.

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Federal Programs:</b>			
U.S. Department of Agriculture:			
Passed through California Dept. of Education (CDE):			
National School Lunch	10.555	02288	\$ 1,179,597
USDA Commodities	10.565	N/A	63,553
Child Nutrition: Child Care Food Program	10.558	13393	98,743
ARRA- Child Nutrition Equipment Assistance Grant	10.579	15006	21,251
			1,363,144
Total U.S. Department of Agriculture			
U.S. Department of Education:			
Passed through California Dept. of Education (CDE):			
NCLB: No Child Left Behind Act			
Title I, Part A, Basic Low-Income and Neglected	84.010	14329	432,250
ARRA-Title I, Part A, Basic Grants	84.389	15005	166,527
Title II, Part A, Teacher Quality	84.367	14341	171,210
Title II, Part D, Enhancing Education Through Technology	84.318	14334	10,191
Title II, Part D, Enhancing Education Through Technology, Competitive Grants	84.318	14368	114,883
Title III, Immigrant Education	84.365	14346	19,654
Title III, Limited English Proficient (LEP)	84.365	10084	74,901
Title IV, Part A, Safe & Drug-Free Schools and Communities	84.186	14347	16,155
Title VI, Foreign Language Assistance Program	84.293B	N/A	323,931
Adult Education: Adult Secondary Education	84.002	13978	42,416
Adult Education: Adult Basic Education & ESL	84.002A	14508	99,861
Adult Education: Adult English Literacy & Civics Education	84.002A	14109	68,746
Individuals with Disabilities Education Act (IDEA):			
Special Ed: IDEA- Basic Local Assistance Entitlement, Part B	84.027	13379	1,914,471
Special Ed: IDEA- Preschool Local Entitlement, Part B	84.027A	13682	184,538
Special Ed: IDEA- Preschool Grant, Part B	84.173	13430	49,097
Special Ed: IDEA- Preschool Staff Development, Part B	84.173A	13431	349
Special Ed: IDEA- Early Intervention Grants, Part C	84.181	23761	58,955
Other Special Education Program:			
Vocational & Applied Technology Education Act	84.048	13924	29,363
American Recovery and Reinvestment Act (ARRA):			
Special Ed: ARRA IDEA Part B, Sec 611, Basic Local Assistance	84.391	15003	2,867,359
Special Ed: ARRA IDEA Part B, Sec 619, Preschool Grants	84.392	15000	20,900
Special Ed: ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	84.391	15002	26,458
ARRA-State Fiscal Stabilization Fund (SFSF)	84.394	25008	2,538,158
			9,230,373
Total U.S. Department of Education			
U.S. Department of Health & Human Services:			
Passed through California Dept. of Education (CDE):			
Child Development: Federal Child Care, Center Based	93.596	13609	385,679
Child Development: Quality Improvement Activities	93.575	13942	1,781
Passed through Los Angeles County Office of Education (LACOE):			
Medi-Cal Billing Option	93.778	10013	226,928
Medi-Cal Administrative Activities	93.778	10060	43,690
			658,078
Total U.S. Department of Health & Human Services			
Total Expenditures of Federal Awards			\$ 11,251,595

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**  
**For the Fiscal Year Ended June 30, 2010**

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*There were no adjustments made to reconcile the fund balances to the audited financial statements in 2009-10.*

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Note to the Supplementary Information**  
**June 30, 2010**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**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 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.

**Schedule of Instructional Time**

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

Districts must maintain their instructional minutes at either the 1982-83 actual minutes or the 1986-87 requirement, whichever is greater, as required by Education Code section 46201. For 2009-10 through 2012-13, the instructional day and minute requirements have been reduced pursuant to Education Code Section 46201.2.

**Schedule of Financial Trends and Analysis**

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

**Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**Subrecipients**

Of the Federal expenditures presented in the schedule, the District provided no Federal awards to subrecipients.

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

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*Other Independent Auditor's Reports*

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Board of Trustees  
Culver City Unified School District  
Culver City, California

**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**

Independent Auditor's Report

We have audited the basic financial statements of Culver City Unified School District as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Culver City Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Culver City Unified School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Culver City Unified School District's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the Schedule of Audit Findings and Questioned Costs as Finding #2010-1 that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or 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.

### Compliance and Other Matters

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

Culver City Unified School District's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit Culver City Unified School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board, management, others within the entity, the California Department of Education, the California State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Chintalata Accountancy Corporation*

San Diego, California

December 8, 2010

Board of Trustees  
Culver City Unified School District  
Culver City, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

Compliance

We have audited Culver City Unified School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Culver City Unified School District's major federal programs for the year ended June 30, 2010. Culver City Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Culver City Unified School District's management. Our responsibility is to express an opinion on Culver City Unified School District's compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Culver City Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Culver City Unified School District's compliance with those requirements.

In our opinion, Culver City Unified School District complied, in all material respects, with the 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, 2010.

### Internal Control Over Compliance

Management of Culver City Unified School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Culver City Unified School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Culver City Unified School District's internal control over compliance.

*A deficiency in internal control over compliance* 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, 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 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.

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, management, others within the entity, the California Department of Education, the California State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than the specified parties.

*Chintalata Accountancy Corporation*

San Diego, California  
December 8, 2010

Board of Trustees  
 Culver City Unified School District  
 Culver City, California

**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

We have audited the basic financial statements of the Culver City Unified School District (the District), as of and for the fiscal year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. Our audit was made 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 *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2009-10*, published by the Education Audit Appeals Panel. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

Description	Procedures in Audit Guide	Procedures Performed
Attendance Accounting:		
Attendance Reporting	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	Not applicable

Description	Procedures in Audit Guide	Procedures Performed
<b>Instructional Materials:</b>		
General Requirements	12	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	Not applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing Requirement – Receipt of Funds	1	Yes
<b>Class Size Reduction Program:</b>		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Yes
Districts with only one school serving K-3	4	Not applicable
<b>After School Education and Safety Program:</b>		
General Requirements	4	Yes
After School	4	Yes
Before School	5	Yes
<b>Charter Schools:</b>		
Contemporaneous Records of Attendance	1	Not applicable
Mode of Instruction	1	Not applicable
Nonclassroom-Based Instruction/Independent Study	15	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	3	Not applicable
Annual Instructional Minutes – Classroom Based	3	Not applicable

Based on our audit, we found that for the items tested, the District complied with the state laws and regulations referred to above; except as described in Section III of the Findings and Questioned Costs Section of this report as item #2010-2. Further, based on our audit, for items not tested, nothing came to our attention to indicate that the Culver City Unified School District had not complied with the state laws and regulations.

This report is intended solely for the information and use of the Board, management, others within the entity, the California Department of Education, the California Department of Finance, the California State Controller's Office, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Chintia White Accountancy Corporation*

San Diego, California  
December 8, 2010

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*Findings and Questioned Costs Section*

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**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2010**

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**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued	<u>Unqualified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

*Federal Awards*

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>No</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010,84.389	Title I cluster
84.027, 84.027A, 84.173, 84.173A, 84.391, 84.392	IDEA cluster
84.394	ARRA- SFSE
84.293B	Title VI, FLAP

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 337,548</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

*State Awards*

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditor's report issued on compliance for state programs:	<u>Qualified</u>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2010**

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**Section II – Financial Statement Findings**

This section identifies the deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
41000	CALSTRS
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

**Finding #2010-1 Associated Student Body Funds (30000)**

**Audit Finding:** We found the following internal control deficiencies during the audit of the following ASBs:

**Culver City High School**

- 2 out of 15 cash receipts tested had deposits that were not made timely.
- 2 out of 12 cash receipts tested did not have adequate supporting documentation to reconcile the cash and checks collected to the amount deposited.

**Culver Park High School**

- Checks do not require a double signature. The principal is the only authorized signor on the account. Reimbursements are being made to the principal and the principal is the only person who signs the checks for disbursement.
- 3 out of 3 cash receipts tested had supporting documentation (sales tally sheet), but auditor could not reconcile the amount of sales to the amount of deposit.
- 1 out of 5 disbursements tested was missing an invoice or receipt to support the disbursement.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2010**

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**Section II – Financial Statement Findings (continued)**

**Finding #2010-1 Associated Student Body Funds (30000) (continued)**

**Culver City Middle School**

- 4 out of 5 cash receipts tested were missing supporting documentation to reconcile the amount of money deposited to the amount collected.

**Recommendation:** We recommend that the District provide training to ASB staff and implement controls to address the internal control deficiencies noted above.

**District Response:** The District has implemented procedures that require supporting documentation to substantiate all cash receipting and cash disbursement activity. The District has implemented procedures that require funds to be deposited on a weekly basis. The District will continue to develop internal controls that will specifically address the auditor's findings. The District will continue to provide training to ASB staff along with required attendance at ASB workshops offered by CASBO.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2010**

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**Section III – Federal Award Findings and Questioned Costs**

This section identifies the audit findings required to be reported by Circular A-133, Section .510(a) (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

*There were no audit findings and questioned costs related to federal awards during 2009-10.*

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**Schedule of Audit Findings and Questioned Costs**  
**For the Fiscal Year Ended June 30, 2010**

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**Section IV – State Award Findings and Questioned Costs**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

**Finding #2010-2: Independent Study (10000)**

**State Funding Source:** Revenue Limit ADA (Average Daily Attendance), independent study program.

**Criteria:** For attendance generated through independent study, all independent study written agreements need to contain the signatures of the pupil, pupil's parent, and a certificated employee affixed prior to the commencement of the independent study (Education Code Section 51747(c)(8)). Auditors are required to verify compliance in Section 19819 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

**Condition:** We found that a total of 3 out of 5 independent study agreements tested at Linwood Howe Elementary School and 2 out of 5 independent study agreements tested at Culver City Middle School did not have all the required signatures on or before the independent study start date.

**Cause:** Procedures were not followed to obtain all required elements of the independent study agreement on or before the start date of the independent study agreement.

**Effect:** Possible loss of apportionment funding for days of attendance related to deficient independent study contracts.

**ADA Impact:** 47 attendance days were overstated as tested. Given 138 days in the 2009-10 P-2 attendance period and a 2009-10 base revenue limit per ADA of \$6,486.73, the fiscal impact of the ADA overstatement is \$2,209.25. It appears these instances were isolated to minor amounts of short-term independent study.

**Recommendations:** The District should improve controls at their schools to ensure that independent study agreements contain all required elements. The District's 2009-10 P-2 attendance report should be revised to correct for the attendance finding #2010-2.

**District Response:** In order to maintain compliance with the independent study program and receive ADA, training has been provided to school support staff to emphasize the independent study program requirements specifically relating to the independent study master agreements. P-2 for the fiscal year 2009-10 will be revised to reflect the reduction of .12 ADA related to the independent study program.

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
 Summary Schedule of Prior Audit Findings  
 For the Fiscal Year Ended June 30, 2010**

Original Finding No.	Finding	Code	Recommendation	Current Status
<p><i>Finding #2009-1:            School            Accountability            Report Card</i></p>	<p><b>State Funding Source:</b> School Accountability Report Card</p> <p><b>Criteria:</b> School Accountability Report Cards (SARCs) should be posted to the Internet for recent school years. Per Education Code 33126(d), "It is the intent of the Legislature...to ensure that local educational agencies with access to the Internet make available current copies of the report cards through the Internet."</p> <p><b>Condition:</b> SARCs for school years after 2005-06 are not available online.</p> <p><b>Questioned Costs:</b> None</p> <p><b>Cause:</b> Three schools in the district (El Rincon, La Ballona and Farragut Elementary) did not have current SARCs available online that were updated with 2007-08 data, for publication in 2008-09. The most current SARCs available are for the 2005-06 fiscal year containing 2004-05 and 2005-06 data.</p> <p><b>Effect:</b> The District is not in compliance with the Williams Act. There is no ADA or apportionment impact to this finding.</p>	72000	<p>We recommend that the District establish procedures for publishing SARCs to the Internet for recent school years for all District school sites.</p>	Implemented

