

# CULVER CITY UNIFIED SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2013

San Diego

Los Angeles

San Francisco  
Bay Area

christy  white  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
OF LOS ANGELES COUNTY**

**CULVER CITY, CALIFORNIA**

**JUNE 30, 2013**

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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**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Katherine Paspalis	President	November 2013
Patricia Siever	Vice President	November 2013
Nancy Goldberg	Clerk	November 2015
Laura Chardiat	Parliamentarian	November 2015
Karlo Silbiger	Member	November 2013

**DISTRICT ADMINISTRATORS**

David LaRose  
*Superintendent*

Eileen Carroll  
*Assistant Superintendent, Educational Services*

Mike Reynolds  
*Assistant Superintendent, Business Services*

Leslie Lockhart  
*Assistant Superintendent, Human Resources*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Christy White, CPA

John Dominguez, CPA, CFE

Tanya M. Rogers, CPA, CFE

Michael Ash, CPA

Heather Daud

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

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*Licensed by the California  
State Board of Accountancy*

Governing Board  
Culver City Unified School District  
Culver City, California

### Report on the Financial Statements

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 year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Culver City Unified School District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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 Culver City Unified School District, as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 4 through 10, the budgetary comparison information on pages 41 and 42, and the schedule of funding progress on page 43 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Culver City Unified School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures of Federal awards, which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013 on our consideration of Culver City Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Culver City Unified School District's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
November 27, 2013



**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

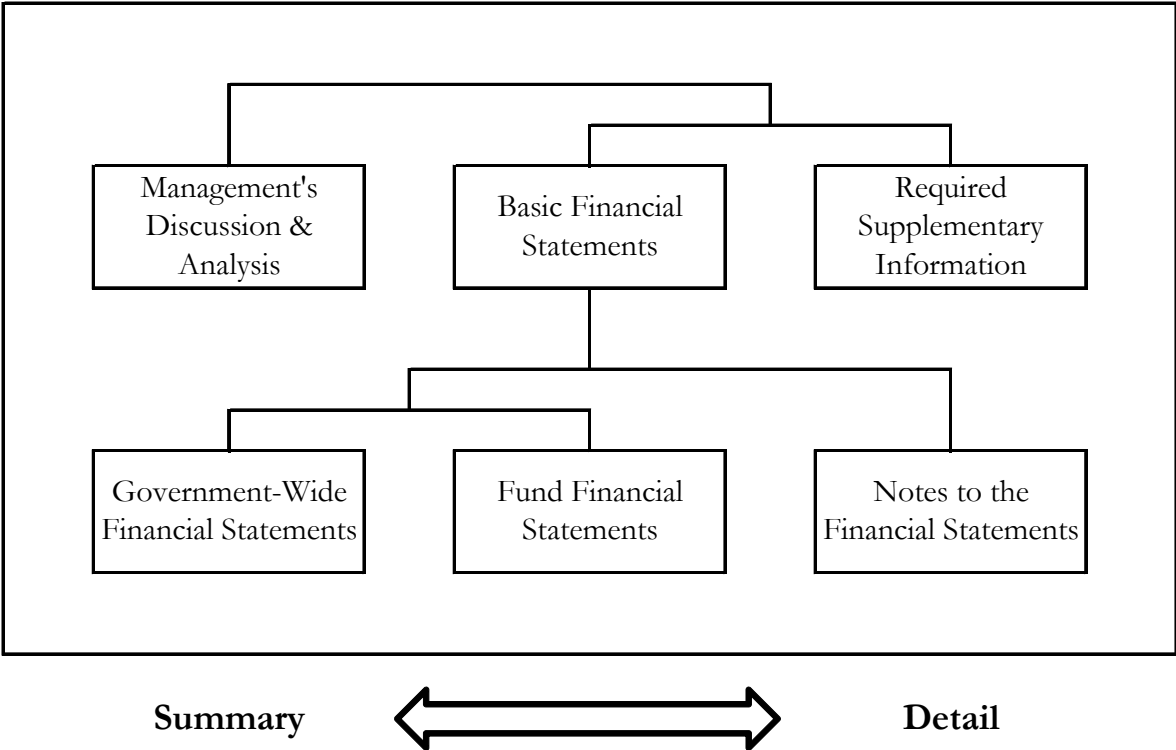
Our discussion and analysis of Culver City Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2013. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ Total net position was \$77,568,052 at June 30, 2013. This was an increase of \$35,989,513 from the prior year, primarily due to the reclassification of the Culver City Facilities Financing Authority from a Discretely Presented Component Unit to a Blended Component Unit.
  
- ▶ Overall expenses were \$88,706,385 which exceeded revenues of \$86,673,586.

**OVERVIEW OF FINANCIAL STATEMENTS**

**Components of the Financials Section**



**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** 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.
  
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

### **Government-Wide Statements**

The government-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 position includes all of the government'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 government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Revenue limit funding and federal and state grants finance most of these activities.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**Net Position**

The District's net position was \$77,568,052 at June 30, 2013, as reflected in table below. Of this amount, \$47,575,315 was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 89,514,698	\$ 47,103,611	\$ 42,411,087
Capital assets	44,847,008	44,117,322	729,686
<b>Total Assets</b>	<b>134,361,706</b>	<b>91,220,933</b>	<b>43,140,773</b>
<b>LIABILITIES</b>			
Current liabilities	19,665,821	12,660,626	7,005,195
Long-term liabilities	37,127,833	36,981,768	146,065
<b>Total Liabilities</b>	<b>56,793,654</b>	<b>49,642,394</b>	<b>7,151,260</b>
<b>NET POSITION</b>			
Net investment in capital assets	13,206,588	12,751,114	455,474
Restricted	16,786,149	16,045,488	740,661
Unrestricted	47,575,315	12,781,937	34,793,378
<b>Total Net Position</b>	<b>\$ 77,568,052</b>	<b>\$ 41,578,539</b>	<b>\$ 35,989,513</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

As shown in the table below, the District's total revenues were \$86,673,586. The majority of the revenue comes from revenue limit, property taxes, and federal and state aid (60%). Program revenues were approximately 35% of the District's total revenue. Miscellaneous local sources accounted for approximately 5% of revenue.

The total cost of all programs and services was \$88,706,385. The District's expenses are predominately related to educating and caring for students (56%). Pupil Services (including transportation and food) account for 7% of expenses. Administrative activities accounted for just 4% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 6% of all costs. The remaining expenses were for ancillary services, community services, and other outgo (27%). Expenses increased primarily due to an increase in transfers to other agencies.

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 2,199,803	\$ 2,285,622	\$ (85,819)
Operating grants and contributions	28,086,765	29,802,881	(1,716,116)
General revenues			
Property taxes	21,446,327	12,684,257	8,762,070
Unrestricted federal and state aid	30,221,264	34,672,744	(4,451,480)
Other	4,719,427	2,091,644	2,627,783
<b>Total Revenues</b>	<b>86,673,586</b>	<b>81,537,148</b>	<b>5,136,438</b>
<b>EXPENSES</b>			
Instruction	42,023,102	38,887,969	3,135,133
Instruction-related services	7,938,006	7,426,980	511,026
Pupil services	5,972,225	5,661,159	311,066
General administration	3,651,159	3,943,023	(291,864)
Plant services	5,406,284	5,061,939	344,345
Ancillary and community services	245	16,043	(15,798)
Debt service	4,561,716	1,951,637	2,610,079
Other Outgo	17,476,484	11,549,756	5,926,728
Depreciation	1,677,164	1,608,264	68,900
<b>Total Expenses</b>	<b>88,706,385</b>	<b>76,106,770</b>	<b>12,599,615</b>
<b>Change in net position</b>	<b>(2,032,799)</b>	<b>5,430,378</b>	<b>(7,463,177)</b>
<b>Net Position - Beginning</b>	<b>41,578,539</b>	<b>36,148,161</b>	<b>5,430,378</b>
<b>Net Position - Ending</b>	<b>\$ 77,568,052</b>	<b>\$ 41,578,539</b>	<b>\$ (2,032,799)</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

The cost of all our governmental activities this year was \$88,706,385. The net cost of these services was only \$58,419,817. The amount that our taxpayers ultimately financed for these activities through taxes was only \$21,446,327 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, charges for services, and other miscellaneous activities.

	<b>Net Cost of Services</b>	
	<b>2013</b>	<b>2012</b>
Instruction	\$ 31,785,492	\$ 25,310,312
Instruction-related services	5,225,222	4,655,013
Pupil services	2,910,057	2,415,305
General administration	2,896,940	2,952,636
Plant services	5,291,186	4,951,284
Ancillary and community services	245	16,043
Debt service	4,561,716	1,951,637
Transfers to other agencies	4,071,795	157,773
Depreciation	1,677,164	1,608,264
<b>Total Expenses</b>	<b>\$ 58,419,817</b>	<b>\$ 44,018,267</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR 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 \$71,499,018, which is more than last year's ending fund balance of \$36,054,013 due to the inclusion of the Culver City Facilities Financing Authority. The District's General Fund had \$1,475,243 less in operating revenues than expenditures for the year ended June 30, 2013.

**CURRENT YEAR BUDGET 2012-13**

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a monthly basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Education approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2012-13 the District had invested \$44,847,008 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 1,517,971	\$ 1,517,971	\$ -
Construction in progress	2,638,093	427,444	2,210,649
Land improvements	4,390,272	4,377,672	12,600
Buildings & improvements	67,912,158	67,778,027	134,131
Furniture & equipment	4,941,075	4,898,971	42,104
Accumulated depreciation	(36,552,561)	(34,882,763)	(1,669,798)
<b>Total Capital Assets</b>	<b>\$ 44,847,008</b>	<b>\$ 44,117,322</b>	<b>\$ 729,686</b>

**Long-Term Debt**

At year-end, the District had \$38,002,883 in long-term debt, an increase of .53% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2013</b>	<b>2012</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 33,880,000	\$ 34,700,000	\$ (820,000)
Net OPEB obligation	4,122,833	3,101,768	1,021,065
<b>Total Long-term Liabilities</b>	<b>\$ 38,002,833</b>	<b>\$ 37,801,768</b>	<b>\$ 201,065</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

Assembly Bill 97 (Chapter 47, Statutes of 2013), as amended by Senate Bills 91 and 97, enacted landmark legislation reform in California school district finance by creating the new Local Control Funding Formula (LCFF). The District is analyzing the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21.

Factors related to LCFF that the District is in the process of evaluating include estimates of new funding in the next budget year and beyond; creation of the Local Control and Accountability Plan (LCAP) for fiscal year 2014-15 that aims to link student accountability measurements to funding allocations; ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, meeting new compliance and audit requirements.

The State's economy "mirrors the slow growth of the nation", this is according to the UCLA Newsroom reporting on the September 2013 Anderson Economic Forecast. "While the economy is returning to normal, it is still operating well below what would have been expected prior to the recession." The ability of the State to fund the new LCFF is largely dependent on the strength of the State's economy and remains uncertain.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. 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 District's budget for the 2013-14 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 40,868,691
Investments	34,669,827
Accounts receivable	13,555,754
Inventory	121,525
Other current assets	298,901
Capital assets, not depreciated	4,156,064
Capital assets, net of accumulated depreciation	40,690,944
<b>Total Assets</b>	<b>134,361,706</b>
<b>LIABILITIES</b>	
Accrued liabilities	18,569,736
Unearned revenue	221,085
Long-term liabilities, current portion	875,000
Long-term liabilities, non-current portion	37,127,833
<b>Total Liabilities</b>	<b>56,793,654</b>
<b>NET POSITION</b>	
Net investment in capital assets	13,206,588
Restricted:	
Capital projects	10,432,466
Debt service	1,258,255
Educational programs	4,654,129
Other purposes	441,299
Unrestricted	47,575,315
<b>Total Net Position</b>	<b>\$ 77,568,052</b>

The accompanying notes are an integral part of these financial statements.



**CULVER CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013**

Function/Programs	Expenses	Program Revenues		Net (Expenses)	Discretely Presented Component Unit
		Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position	
				Governmental Activities	
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 42,023,102	\$ 782,949	\$ 9,454,661	\$ (31,785,492)	
Instruction-related services					
Instructional supervision and administration	2,464,316	11,372	1,630,526	(822,418)	
Instructional library, media, and technology	619,064	740	146,614	(471,710)	
School site administration	4,854,626	99,290	824,242	(3,931,094)	
Pupil services					
Home-to-school transportation	642,271	9	123,648	(518,614)	
Food services	2,303,212	736,735	1,460,203	(106,274)	
All other pupil services	3,026,742	4,933	736,640	(2,285,169)	
General administration					
Centralized data processing	566,137	-	-	(566,137)	
All other general administration	3,085,022	75,840	678,379	(2,330,803)	
Plant services	5,406,284	6,939	108,159	(5,291,186)	
Ancillary services	245	-	-	(245)	
Interest on long-term debt	4,561,716	-	-	(4,561,716)	
Other Outgo	17,476,484	480,996	12,923,693	(4,071,795)	
Depreciation (unallocated)	1,677,164	-	-	(1,677,164)	
<b>Total Governmental Activities</b>	<b>\$ 88,706,385</b>	<b>\$ 2,199,803</b>	<b>\$ 28,086,765</b>	<b>(58,419,817)</b>	
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes				13,870,659	
Property taxes, levied for debt service				2,923,644	
Property taxes, levied for other specific purposes				4,652,024	
Federal and state aid not restricted for specific purposes				30,221,264	
Interest and investment earnings				3,159,111	
Miscellaneous				1,560,316	
<b>Subtotal, General Revenue</b>				<b>56,387,018</b>	
<b>CHANGE IN NET POSITION</b>					
				(2,032,799)	
<b>Net Position - Beginning</b>				41,578,539	\$ 38,022,312
<b>Prior Period Adjustment</b>				38,022,312	(38,022,312)
<b>Net Position - Ending</b>				<b>\$ 77,568,052</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2013**

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Financing Authority	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 22,933,380	\$ 360,176	\$ 5,525,664	\$ 3,633,779	\$ 8,415,692	\$ 40,868,691
Investments	-	-	-	34,668,827	1,000	34,669,827
Accounts receivable	8,535,288	4,665,762	12,278	-	342,426	13,555,754
Stores inventory	62,182	-	-	-	59,343	121,525
Other current assets	298,901	-	-	-	-	298,901
<b>Total Assets</b>	<b>\$ 31,829,751</b>	<b>\$ 5,025,938</b>	<b>\$ 5,537,942</b>	<b>\$ 38,302,606</b>	<b>\$ 8,818,461</b>	<b>\$ 89,514,698</b>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 10,961,298	\$ 5,024,782	\$ 384,611	\$ -	\$ 1,423,904	\$ 17,794,595
Unearned revenue	220,072	-	-	-	1,013	221,085
<b>Total Liabilities</b>	<b>11,181,370</b>	<b>5,024,782</b>	<b>384,611</b>	<b>-</b>	<b>1,424,917</b>	<b>18,015,680</b>
<b>FUND BALANCES</b>						
Nonspendable	79,682	-	-	-	66,343	146,025
Restricted	3,699,559	-	5,153,331	3,633,779	7,314,201	19,800,870
Assigned	2,468,619	1,156	-	-	13,000	2,482,775
Unassigned	14,400,521	-	-	34,668,827	-	49,069,348
<b>Total Fund Balances</b>	<b>20,648,381</b>	<b>1,156</b>	<b>5,153,331</b>	<b>38,302,606</b>	<b>7,393,544</b>	<b>71,499,018</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 31,829,751</b>	<b>\$ 5,025,938</b>	<b>\$ 5,537,942</b>	<b>\$ 38,302,606</b>	<b>\$ 8,818,461</b>	<b>\$ 89,514,698</b>

The accompanying notes are an integral part of these financial statements.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
JUNE 30, 2013**

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**Total Fund Balance - Governmental Funds** \$ 71,499,018

Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:

Capital assets:

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

Capital assets	\$ 81,399,569	
Accumulated depreciation	<u>(36,552,561)</u>	44,847,008

Unmatured interest on long-term debt:

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 unmaturing interest owing at the end of the period was:

(775,141)

Long-term liabilities:

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

Total general obligation bonds	\$ 33,880,000	
Net OPEB obligation	<u>4,122,833</u>	(38,002,833)

**Total Net Position - Governmental Activities** \$ 77,568,052

The accompanying notes are an integral part of these financial statements.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Financing Authority	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Revenue limit sources	\$ 36,042,178	\$ -	\$ -	\$ -	\$ -	\$ 36,042,178
Federal sources	3,414,893	5,742,843	-	-	1,605,964	10,763,700
Other state sources	12,208,582	8,960,536	-	-	1,225,192	22,394,310
Other local sources	4,674,531	1,157	3,448,368	2,978,494	6,370,848	17,473,398
<b>Total Revenues</b>	<b>56,340,184</b>	<b>14,704,536</b>	<b>3,448,368</b>	<b>2,978,494</b>	<b>9,202,004</b>	<b>86,673,586</b>
<b>EXPENDITURES</b>						
Current						
Instruction	38,010,633	-	-	-	2,991,404	41,002,037
Instruction-related services						
Instructional supervision and administration	2,464,316	-	-	-	-	2,464,316
Instructional library, media, and technology	619,064	-	-	-	-	619,064
School site administration	4,371,268	-	-	-	483,358	4,854,626
Pupil services						
Home-to-school transportation	642,271	-	-	-	-	642,271
Food services	5,119	-	-	-	2,298,093	2,303,212
All other pupil services	3,026,742	-	-	-	-	3,026,742
General administration						
Centralized data processing	566,137	-	-	-	-	566,137
All other general administration	2,792,496	-	-	-	292,526	3,085,022
Plant services	5,283,577	-	-	-	85,196	5,368,773
Facilities acquisition and maintenance	26,628	-	914,629	-	1,503,104	2,444,361
Ancillary services	245	-	-	-	-	245
Transfers to other agencies	6,931	17,469,553	-	-	-	17,476,484
Debt service						
Principal	-	-	-	2,698,200	820,000	3,518,200
Interest and other	-	-	-	-	1,879,403	1,879,403
<b>Total Expenditures</b>	<b>57,815,427</b>	<b>17,469,553</b>	<b>914,629</b>	<b>2,698,200</b>	<b>10,353,084</b>	<b>89,250,893</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<b>(1,475,243)</b>	<b>(2,765,017)</b>	<b>2,533,739</b>	<b>280,294</b>	<b>(1,151,080)</b>	<b>(2,577,307)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	1,400,000	-	-	-	-	1,400,000
Transfers out	-	-	(1,400,000)	-	-	(1,400,000)
<b>Net Financing Sources (Uses)</b>	<b>1,400,000</b>	<b>-</b>	<b>(1,400,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(75,243)</b>	<b>(2,765,017)</b>	<b>1,133,739</b>	<b>280,294</b>	<b>(1,151,080)</b>	<b>(2,577,307)</b>
<b>Fund Balance - Beginning</b>	<b>20,723,624</b>	<b>2,766,173</b>	<b>4,019,592</b>	<b>-</b>	<b>8,544,624</b>	<b>36,054,013</b>
<b>Prior Period Adjustment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,022,312</b>	<b>-</b>	<b>38,022,312</b>
<b>Fund Balance - Ending</b>	<b>\$ 20,648,381</b>	<b>\$ 1,156</b>	<b>\$ 5,153,331</b>	<b>\$ 38,302,606</b>	<b>\$ 7,393,544</b>	<b>\$ 71,499,018</b>

The accompanying notes are an integral part of these financial statements.

**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 YEAR ENDED JUNE 30, 2013**

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**Net Change in Fund Balances - Governmental Funds** \$ (2,577,307)

Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:

Capital outlay:

In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are 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:	\$ 2,406,850	
Depreciation expense:	<u>(1,677,164)</u>	729,686

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 reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

820,000

Unmatured interest on long-term debt:

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 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:

15,887

Postemployment benefits other than pensions (OPEB):

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

(1,021,065)

**Change in Net Position of Governmental Activities** **\$ (2,032,799)**

The accompanying notes are an integral part of these financial statements.

CULVER CITY UNIFIED SCHOOL DISTRICT  
FIDUCIARY FUNDS  
STATEMENT OF NET POSITION  
JUNE 30, 2013

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	<u>Agency Funds</u>
	<u>Student Body</u>
	<u>Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 305,796
<b>Total Assets</b>	<u>\$ 305,796</u>
<b>LIABILITIES</b>	
Due to student groups	\$ 305,796
<b>Total Liabilities</b>	<u>\$ 305,796</u>

The accompanying notes are an integral part of these financial statements.

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The 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).

The District operates under a locally elected 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.

B. Component Units

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 Facilities Financing Authority:** The Culver City 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 saving of 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 presented as a blended 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 8.

C. Basis of Presentation

**Government-Wide Statements.** The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

C. **Basis of Presentation**

**Government-Wide Statements (*continued*)**

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

**Fund Financial Statements.** The fund financial statements provide information about the District's funds, including its fiduciary funds and blended component units. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Fiduciary funds are used to account for assets held by the District in a trustee or agency capacity for others that cannot be used to support the District's own programs.

**Major Governmental Funds**

**General Fund:** The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

**Special Education Pass-Through Fund:** This fund is used by the Administrative Unit (AU) of a multi-LEA Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to other member LEAs.

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

**Financing Authority:** This fund shows the activity of the Culver City Facilities Financing Authority.



CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

C. Basis of Presentation (*continued*)

Non-Major Governmental Funds

**Special Revenue Funds:** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

**Child Development Fund:** This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section 8200 et seq.*) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section 8328*).

**Cafeteria Special Revenue Fund:** This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections 38090–38093*). The Cafeteria Special Revenue Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections 38091 and 38100*).

**Capital Project Funds:** Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**Building Fund:** This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section 15146*) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section 17462*) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section 41003*).

**Capital Facilities Fund:** This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections 17620–17626*). The authority for these levies may be county/city ordinances (*Government Code Sections 65970–65981*) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section 66006*).

**Debt Service Funds:** Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

C. Basis of Presentation (*continued*)

Debt Service Funds (*continued*)

**Bond Interest and Redemption Fund:** This fund is used for the repayment of bonds issued for the District (*Education Code Sections 15125–15262*). The board of supervisors of the county issues the bonds. The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

Fiduciary Funds

**Trust and Agency Funds:** Trust and agency funds are used to account for assets held in a trustee or agent capacity for others that cannot be used to support the District's own programs. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

**Student Body Fund:** The Student Body Fund is an agency fund and, therefore, consists only of accounts such as cash and balancing liability accounts, such as due to student groups. The student body itself maintains its own general fund, which accounts for the transactions of that entity in raising and expending money to promote the general welfare, morale, and educational experiences of the student body (*Education Code Sections 48930–48938*).

D. Basis of Accounting – Measurement Focus

**Government-Wide and Fiduciary Financial Statements**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2013

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

**Governmental Funds**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified 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 or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursements grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

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.

**Unearned Revenue**

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

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

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

D. Basis of Accounting – Measurement Focus (*continued*)

**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 service 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. Assets, Liabilities, Fund Balance and Net Position

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of 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.

**Investments**

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

**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.

**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 position, but are not reported in the fund financial statements.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**E. Assets, Liabilities, Fund Balance and Net Position (continued)**

**Capital Assets (continued)**

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 Statement 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. 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>Asset Class</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	25-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

**Compensated Absences**

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded 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.

**Accrued Liabilities and Long-Term Obligations**

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

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

E. Assets, Liabilities, Fund Balance and Net Position (*continued*)

**Deferred Issuance Costs, Premiums, and Discounts**

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

*Restricted* - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

*Assigned* - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body, and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

*Unassigned* - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

E. Assets, Liabilities, Fund Balance and Net Position (*continued*)

**Fund Balance** (*continued*)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. Estimates

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

H. Budgetary Data

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

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

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2013

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

I. Property Tax

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

J. New Accounting Pronouncements

**GASB Statement No. 61** – In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No.14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity and modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement is effective for periods beginning after June 15, 2012. The District has implemented GASB Statement No. 61 for the year ended June 30, 2013.

**GASB Statement No. 62** – In December 2010, GASB issued Statement No. 62, *Codifications of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into GASB's authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedures that were issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 62 for the year ended June 30, 2013.

**GASB Statement No. 63** - In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definition of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Statement is effective for periods beginning after December 15, 2011. The District has implemented GASB Statement No. 63 for the year ended June 30, 2013.

**GASB Statement No. 65** – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The District has not yet determined the impact on the financial statements.



CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, *continued*  
 JUNE 30, 2013

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

J. New Accounting Pronouncements (*continued*)

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Cash in county	\$ 37,189,195	\$ -
Cash on hand and in banks	24,500	305,796
Cash with fiscal agent	3,654,996	-
<b>Total cash and cash equivalents</b>	<u>\$ 40,868,691</u>	<u>\$ 305,796</u>
Investments	<u>\$ 34,669,827</u>	<u>\$ -</u>

B. Policies and Practices

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

CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, *continued*  
 JUNE 30, 2013

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NOTE 2 – CASH AND INVESTMENTS (*continued*)

**B. Policies and Practices (continued)**

**Investment in County Treasury** – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Los Angeles County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District’s investment in the pool is based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**C. 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 the investment types permitted by California Government Code.

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**D. 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 a pooled investment with the County Treasury with a fair value of approximately \$22,794,383,253 and an amortized book value of \$22,973,818,238. The average weighted maturity for this pool is 632 days. In addition, the Financing Authority (a blended component unit of the District), maintains investments in the District's 2005 Refunding bonds of \$34,668,827 and the First American Treasury Obligations Fund (Class D shares) of \$3,633,779.

**E. 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 in the County Treasury are not required to be rated. As of June 30, 2013, the pooled investments in the County Treasury were rated at least 'A' by Moody's Investors Service.

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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, 2013, the District's bank balance was not exposed to custodial credit risk.

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 consisted of the following:

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 1,580,629	\$ 1,957,836	\$ -	\$ 331,457	\$ 3,869,922
State Government					
Apportionment	2,827,046	-	-	-	2,827,046
Categorical aid	2,131,339	2,707,213	-	-	4,838,552
Lottery	135,810	-	-	-	135,810
Local Government					
Other local sources	1,860,464	713	12,278	10,969	1,884,424
<b>Total</b>	<b>\$ 8,535,288</b>	<b>\$ 4,665,762</b>	<b>\$ 12,278</b>	<b>\$ 342,426</b>	<b>\$ 13,555,754</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 01, 2012	Additions	Deletions	Balance June 30, 2013
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,517,971	\$ -	\$ -	\$ 1,517,971
Construction in progress	427,444	2,210,649	-	2,638,093
Total Capital Assets not Being Depreciated	1,945,415	2,210,649	-	4,156,064
Capital assets being depreciated				
Land improvements	4,377,672	12,600	-	4,390,272
Buildings & improvements	67,778,027	134,131	-	67,912,158
Furniture & equipment	4,898,971	49,470	7,366	4,941,075
Total Capital Assets Being Depreciated	77,054,670	196,201	7,366	77,243,505
Less Accumulated Depreciation				
Land improvements	3,297,802	133,364	-	3,431,166
Buildings & improvements	27,509,235	1,355,708	-	28,864,943
Furniture & equipment	4,075,726	188,092	7,366	4,256,452
Total Accumulated Depreciation	34,882,763	1,677,164	7,366	36,552,561
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 44,117,322</b>	<b>\$ 729,686</b>	<b>\$ -</b>	<b>\$ 44,847,008</b>

**NOTE 5 – INTERFUND TRANSACTIONS**

**Operating Transfers**

The district had one interfund transfer for the year ended June 30, 2013 consisting of \$1,400,000 transferred from the Special Reserve Fund for Capital Outlay Projects to the General Fund for ongoing operations and special projects.

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2013 consisted of the following:

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 7,908,034	\$ -	\$ -	\$ 324,281	\$ -	\$ 8,232,315
Vendors payable	3,053,264	-	384,611	1,099,623	-	4,537,498
Unmatured interest	-	-	-	-	775,141	775,141
Other liabilities	-	5,024,782	-	-	-	5,024,782
<b>Total</b>	<b>\$ 10,961,298</b>	<b>\$ 5,024,782</b>	<b>\$ 384,611</b>	<b>\$ 1,423,904</b>	<b>\$ 775,141</b>	<b>\$ 18,569,736</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE 7 – UNEARNED REVENUE**

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Total Governmental Activities</b>
Federal sources	\$ 164,950	\$ -	\$ 164,950
State categorical sources	55,122	-	55,122
Local sources	-	1,013	1,013
<b>Total</b>	<b>\$ 220,072</b>	<b>\$ 1,013</b>	<b>\$ 221,085</b>

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2013 consisted of the following:

	<b>Balance July 01, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2013</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 34,700,000	\$ -	\$ 820,000	\$ 33,880,000	\$ 875,000
Net OPEB obligation	3,101,768	1,021,065	-	4,122,833	-
<b>Total</b>	<b>\$ 37,801,768</b>	<b>\$ 1,021,065</b>	<b>\$ 820,000</b>	<b>\$ 38,002,833</b>	<b>\$ 875,000</b>

**A. General Obligation Bonds**

The outstanding general obligation bond debts of the District at June 30, 2013 are as follows:

<b>Issue Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Bonds Outstanding July 01, 2012</b>	<b>Additions</b>	<b>Deductions</b>	<b>Bonds Outstanding June 30, 2013</b>
11/4/2005	8/1/2033	4.0% - 5.0%	\$ 38,230,000	\$ 34,700,000	\$ -	\$ 820,000	\$ 33,880,000

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

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014	\$ 875,000	\$ 1,839,119	\$ 2,714,119
2015	910,000	1,795,605	2,705,605
2016	970,000	1,748,818	2,718,818
2017	1,015,000	1,698,189	2,713,189
2018	1,065,000	1,644,096	2,709,096
2019 - 2023	6,275,000	7,277,385	13,552,385
2024 - 2028	8,230,000	5,299,413	13,529,413
2029 - 2033	11,480,000	2,604,933	14,084,933
2034	3,060,000	86,445	3,146,445
<b>Total</b>	<b>\$ 33,880,000</b>	<b>\$ 23,994,003</b>	<b>\$ 57,874,003</b>

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

**NOTE 8 – LONG-TERM DEBT (continued)**

**B. 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 presented as a blended component unit of the District.

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2013:

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Financing Authority	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable						
Revolving cash	\$ 17,500	\$ -	\$ -	\$ -	\$ 7,000	\$ 24,500
Stores inventory	62,182	-	-	-	59,343	121,525
Total non-spendable	79,682	-	-	-	66,343	146,025
Restricted						
Educational programs	3,699,559	-	-	-	954,570	4,654,129
Capital projects	-	-	5,153,331	3,633,779	3,884,936	12,672,046
Debt service	-	-	-	-	2,033,396	2,033,396
All others	-	-	-	-	441,299	441,299
Total restricted	3,699,559	-	5,153,331	3,633,779	7,314,201	19,800,870
Assigned						
Restricted Reserve for School Site	75,000	-	-	-	-	75,000
Restricted for IMFRP	758,095	-	-	-	-	758,095
Additional Board Reserve for 2%	1,122,777	-	-	-	-	1,122,777
Other Assignments	512,747	1,156	-	-	13,000	526,903
Total assigned	2,468,619	1,156	-	-	13,000	2,482,775
Unassigned						
Reserve for economic uncertainties	1,684,165	-	-	-	-	1,684,165
Remaining unassigned	12,716,356	-	-	34,668,827	-	47,385,183
Total unassigned	14,400,521	-	-	34,668,827	-	49,069,348
<b>Total</b>	<b>\$ 20,648,381</b>	<b>\$ 1,156</b>	<b>\$ 5,153,331</b>	<b>\$ 38,302,606</b>	<b>\$ 7,393,544</b>	<b>\$ 71,499,018</b>

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. The District's Minimum Fund Balance Policy requires a Reserve for Economic Uncertainties, consisting of unassigned amounts, equal to no less than 3 percent of General Fund expenditures and other financing uses.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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**NOTE 10 –POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description and Contribution Information**

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.

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	234
Active plan members	729
Total*	<u>963</u>
 Number of participating employers	 1

\*As of May 1, 2013 actuarial study

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.

**B. Funding Policy**

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 2012-13, the District contributed \$584,905.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**C. 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:

Annual required contribution	\$ 1,461,100
Interest on net OPEB obligation	155,088
Adjustment to annual required contribution	<u>(10,218)</u>
Annual OPEB cost (expense)	1,605,970
Contributions made	<u>(584,905)</u>
Increase (decrease) in net OPEB obligation	1,021,065
Net OPEB obligation, beginning of the year	<u>3,101,768</u>
Net OPEB obligation, end of the year	<u>\$ 4,122,833</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2013 and the preceding two years were as follows:

<b>Year Ended June 30,</b>	<b>Annual OPEB Cost</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
2013	\$ 1,605,970	36%	\$ 4,122,833
2012	\$ 1,461,416	38%	\$ 3,101,768
2011	\$ 1,456,235	38%	\$ 2,194,144



**CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2013**

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**NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**D. Funded Status and Funding Progress**

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
May 1, 2013	\$ -	\$ 17,271,894	\$ 17,271,894	0%	\$ 39,638,758	44%

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.

**E. 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.

Additional information as of the latest actuarial valuation follows:

Valuation Date	5/1/2013
Actuarial Cost Method	Entry Age
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	30
Asset Valuation	Market value basis
Actuarial Assumptions:	
Discount rate	5.0%
Health care trend rate	5.0%

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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**NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under multiple-employer retirement 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 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 and disability benefits 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, 7919 Folsom Blvd.; Sacramento, CA 95826.

**Funding Policy**

Active plan members are required to contribute 8.0% 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013 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>
2012-13	\$ 2,242,653	100%
2011-12	\$ 2,113,372	100%
2010-11	\$ 2,090,852	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 \$1,311,788 to CalSTRS (5.176% of 2010-11 creditable compensation subject to CalSTRS).

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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

**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 Laws. 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, CA 95811.

**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 rate for fiscal year 2013 was 11.417% of annual payroll. 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>
2012-13	\$ 1,072,670	100%
2011-12	\$ 973,716	100%
2010-11	\$ 947,073	100%

**CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
JUNE 30, 2013**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

**C. Construction Commitments**

As of June 30, 2013, the District had commitments with respect to unfinished capital projects of \$7,644,389.

**NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

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. Financial statements are available directly from the JPAs.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2013**

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**NOTE 14 – MEASURE EE PARCEL TAX**

On November 3, 2009, the District voters passed the Culver City Unified School District Measure EE Parcel Tax. This Measure results in a tax of \$96 per parcel with exemptions for parcels owned and occupied by persons age 65 or older. The revenues raised by this Measure shall be used to preserve the quality of education in the Culver City Unified School District by continuing funding to maintain math, science, technology, music and art programs, updated instructional materials, quality teachers, school libraries and small class sizes. The District received \$1,223,413 in Measure EE funds during the year ended June 30, 2013.

**NOTE 15 – PRIOR PERIOD ADJUSTMENT**

There was a prior period adjustment in the amount of \$38,022,312 made in order to present the Culver City Facilities Financing Authority as a blended component unit rather than a discretely presented component unit.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Revenue limit sources	\$ 32,367,978	\$ 35,276,114	\$ 36,042,178	\$ 766,064
Federal sources	2,811,827	3,186,524	3,245,051	58,527
Other state sources	10,459,802	10,703,674	10,896,794	193,120
Other local sources	3,384,192	3,386,692	4,231,764	845,072
<b>Total Revenues</b>	<b>49,023,799</b>	<b>52,553,004</b>	<b>54,415,787</b>	<b>1,862,783</b>
<b>EXPENDITURES</b>				
Certificated salaries	26,135,044	26,699,673	26,076,767	622,906
Classified salaries	8,616,977	8,746,350	8,927,591	(181,241)
Employee benefits	9,417,702	9,526,886	9,301,705	225,181
Books and supplies	1,979,809	2,088,779	2,188,349	(99,570)
Services and other operating expenditures	8,572,031	8,869,536	8,816,213	53,323
Capital outlay	50,000	50,000	8,204	41,796
Other outgo				
Excluding transfers of indirect costs	124,000	124,000	6,931	117,069
Transfers of indirect costs	(357,775)	(357,139)	(342,399)	(14,740)
<b>Total Expenditures</b>	<b>54,537,788</b>	<b>55,748,085</b>	<b>54,983,361</b>	<b>764,724</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>				
	(5,513,989)	(3,195,081)	(567,574)	2,627,507
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,400,000	1,400,000	1,400,000	-
Other sources	(900,000)	(900,000)	-	900,000
Transfers out	-	-	(1,155,480)	(1,155,480)
<b>Net Financing Sources (Uses)</b>	<b>500,000</b>	<b>500,000</b>	<b>244,520</b>	<b>(255,480)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(5,013,989)</b>	<b>(2,695,081)</b>	<b>(323,054)</b>	<b>2,372,027</b>
<b>Fund Balance - Beginning</b>	<b>19,714,807</b>	<b>20,615,224</b>	<b>19,714,807</b>	<b>(900,417)</b>
<b>Fund Balance - Ending</b>	<b>\$ 14,700,818</b>	<b>\$ 17,920,143</b>	<b>\$ 19,391,753</b>	<b>\$ 1,471,610</b>

\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

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	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
Federal sources	\$ 3,934,893	\$ 3,159,893	\$ 5,742,843	\$ 2,582,950
Other state sources	7,261,260	8,305,413	8,960,536	655,123
Other local sources	-	-	1,157	1,157
<b>Total Revenues</b>	<b>11,196,153</b>	<b>11,465,306</b>	<b>14,704,536</b>	<b>3,239,230</b>
<b>EXPENDITURES</b>				
Excluding transfers of indirect costs	11,026,794	12,047,694	17,469,553	(5,421,859)
<b>Total Expenditures</b>	<b>11,026,794</b>	<b>12,047,694</b>	<b>17,469,553</b>	<b>(5,421,859)</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	169,359	(582,388)	(2,765,017)	(2,182,629)
<b>NET CHANGE IN FUND BALANCE</b>	169,359	(582,388)	(2,765,017)	(2,182,629)
<b>Fund Balance - Beginning</b>	2,766,173	2,766,173	2,766,173	-
<b>Fund Balance - Ending</b>	<b>\$ 2,935,532</b>	<b>\$ 2,183,785</b>	<b>\$ 1,156</b>	<b>\$ (2,182,629)</b>

See accompanying note to required supplementary information.



**CULVER CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2013**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
May 1, 2013	\$ -	\$ 17,271,894	\$ 17,271,894	0%	\$ 39,638,758	44%
May 1, 2009	\$ -	\$ 16,857,246	\$ 16,857,246	0%	\$ 38,006,912	44%
January 1, 2006	\$ -	\$ 11,385,542	\$ 11,385,542	0%	\$ 29,136,389	39%

See accompanying note to required supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2013**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of Funding Progress**

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2013, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Classified salaries	\$ 8,746,350	\$ 8,927,591	\$ 181,241
Books and supplies	\$ 2,088,779	\$ 2,188,349	\$ 99,570

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**SUPPLEMENTARY  
INFORMATION**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 429,103
Adult Education: Adult Secondary Education & ESL	84.002A	14508	97,406
Adult Education: Adult Secondary Education	84.002A	13978	21,171
Adult Education: English Literacy and Civics Education	84.002A	14109	51,265
Title II, Part A, Teacher Quality	84.367A	14341	209,106
Title II, Part D, Enhancing Education Through Technology, Formula Grants	84.318	14334	2,111
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	102,364
Title III, Immigrant Education Program	84.365	15146	12,832
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,721,511
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	1,783,648
Part B, Preschool Grants	84.173	13430	167,986
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	249,144
Preschool Staff Development	84.173A	13431	1,077
Subtotal Special Education Cluster			<u>7,923,366</u>
IDEA Early Intervention Grants	84.181	23761	59,099
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	29,637
Foreign Language Assistance Program	84.293B	*	59,673
<b>Total U. S. Department of Education</b>			<u><u>8,997,133</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	23668	38,092
National School Lunch Program	10.555	13391	974,822
USDA Commodities	10.555	*	110,391
Subtotal Child Nutrition Cluster			<u>1,123,305</u>
Child Care Food Program Claims - Centers and Family Day Care Homes	10.558	13004	100,143
<b>Total U. S. Department of Agriculture</b>			<u><u>1,223,448</u></u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Education:</i>			
Child Development: Federal Child Care, Center Based	93.575	15136	382,516
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	149,737
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>532,253</u>
<b>Total Federal Expenditures</b>			<u><u>\$ 10,752,834</u></u>

\* - PCS Number not available or not applicable

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>Period Report</b>	<b>Annual Report</b>
<b>ELEMENTARY</b>		
Kindergarten	490	489
First through third	1,438	1,438
Fourth through sixth	1,349	1,350
Seventh through eighth	935	935
Home and hospital	1	1
Special education	111	117
Total Elementary	4,324	4,330
<b>SECONDARY</b>		
Regular classes	2,031	2,023
Continuation education	65	51
Home and hospital	1	1
Special education	84	89
Total Secondary	2,181	2,164
Average Daily Attendance Total	6,505	6,494

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF INSTRUCTIONAL TIME  
 FOR THE YEAR ENDED JUNE 30, 2013**

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Grade Level	1982-83		1986-87		2012-13 Actual Minutes	Number of Days	Status
	Actual Minutes	Actual Minutes Reduced	Minutes Requirement	Minutes Requirement Reduced			
Kindergarten	31,500	30,625	36,000	35,000	54,270	180	Complied
Grade 1	41,790	40,629	50,400	49,000	54,270	180	Complied
Grade 2	41,790	40,629	50,400	49,000	54,270	180	Complied
Grade 3	41,790	40,629	50,400	49,000	54,270	180	Complied
Grade 4	51,480	50,050	54,000	52,500	54,270	180	Complied
Grade 5	51,480	50,050	54,000	52,500	54,270	180	Complied
Grade 6	51,480	50,050	54,000	52,500	66,570	180	Complied
Grade 7	51,480	50,050	54,000	52,500	66,570	180	Complied
Grade 8	51,480	50,050	54,000	52,500	66,570	180	Complied
Grade 9	54,960	53,433	64,800	63,000	72,771	180	Complied
Grade 10	54,960	53,433	64,800	63,000	72,771	180	Complied
Grade 11	54,960	53,433	64,800	63,000	72,771	180	Complied
Grade 12	54,960	53,433	64,800	63,000	72,771	180	Complied

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2014 (Budget)</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 54,970,959	\$ 55,815,787	\$ 57,882,670	\$ 71,242,899
Expenditures And Other Financing Uses	55,522,885	56,138,841	53,404,646	67,641,417
Net change in Fund Balance	\$ (551,926)	\$ (323,054)	\$ 4,478,024	\$ 3,601,482
Ending Fund Balance	\$ 18,839,827	\$ 19,391,753	\$ 19,714,807	\$ 15,236,783
Available Reserves*	\$ 14,128,610	\$ 14,400,520	\$ 13,763,157	\$ 11,703,751
Available Reserves As A Percentage Of Outgo	25.45%	25.65%	25.77%	17.30%
Long-term Debt	\$ 37,127,833	\$ 38,002,833	\$ 37,801,768	\$ 37,694,144
Average Daily Attendance At P-2	6,503	6,505	6,592	6,539

The General Fund balance has increased by \$4,154,970 over the past two years. The fiscal year 2013-14 budget projects a decrease of \$551,926. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years but anticipates incurring an operating deficit during the 2013-14 fiscal year. Total long term obligations have increased by \$308,689 over the past two years.

Average daily attendance has decreased by 34 ADA over the past two years. A slight decrease in ADA is anticipated during the 2013-14 fiscal year.

\*Available reserves consist of all unassigned fund balance within the General Fund.

\*\* The actual amounts reported on this schedule do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the following reasons:

- On behalf payments are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Adult Education Fund and the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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	<b>General Fund</b>	<b>Adult Education Fund</b>	<b>Deferred Maintenance Fund</b>
June 30, 2013, annual financial and budget report fund balance	\$ 19,391,752	\$ 911,948	\$ 344,681
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB54)	1,256,629	(911,948)	(344,681)
Net adjustments and reclassifications	1,256,629	(911,948)	(344,681)
June 30, 2013, audited financial statement fund balance	<u>\$ 20,648,381</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.



**CULVER CITY UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2013**

	Child Development Fund		Capital Facilities Fund		Bond Interest & Redemption Fund		Non-Major Governmental Funds					
		Cafeteria Fund	Building Fund									
<b>ASSETS</b>												
Cash and cash equivalents	\$	1,208,047	\$	325,851	\$	2,971,898	\$	1,876,500	\$	2,033,396	\$	8,415,692
Investments		-		1,000		-		-		-		1,000
Accounts receivable		61,180		272,936		5,168		3,142		-		342,426
Stores inventory		-		59,343		-		-		-		59,343
<b>Total Assets</b>	<b>\$</b>	<b>1,269,227</b>	<b>\$</b>	<b>659,130</b>	<b>\$</b>	<b>2,977,066</b>	<b>\$</b>	<b>1,879,642</b>	<b>\$</b>	<b>2,033,396</b>	<b>\$</b>	<b>8,818,461</b>
<b>LIABILITIES</b>												
Accrued liabilities	\$	309,657	\$	142,475	\$	737,486	\$	234,286	\$	-	\$	1,423,904
Unearned revenue		-		1,013		-		-		-		1,013
<b>Total Liabilities</b>		<b>309,657</b>		<b>143,488</b>		<b>737,486</b>		<b>234,286</b>		<b>-</b>		<b>1,424,917</b>
<b>FUND BALANCES</b>												
Non-spendable		5,000		61,343		-		-		-		66,343
Restricted		954,570		441,299		2,239,580		1,645,356		2,033,396		7,314,201
Assigned		-		13,000		-		-		-		13,000
<b>Total Fund Balances</b>		<b>959,570</b>		<b>515,642</b>		<b>2,239,580</b>		<b>1,645,356</b>		<b>2,033,396</b>		<b>7,393,544</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$</b>	<b>1,269,227</b>	<b>\$</b>	<b>659,130</b>	<b>\$</b>	<b>2,977,066</b>	<b>\$</b>	<b>1,879,642</b>	<b>\$</b>	<b>2,033,396</b>	<b>\$</b>	<b>8,818,461</b>

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2013**

	Child Development Fund	Cafeteria Fund	Building Fund	Capital Facilities Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds
<b>REVENUES</b>						
Federal sources	482,658	1,123,306	-	-	-	1,605,964
Other state sources	875,687	334,007	-	-	15,498	1,225,192
Other local sources	2,550,546	763,205	18,984	114,871	2,923,242	6,370,848
<b>Total Revenues</b>	<b>3,908,891</b>	<b>2,220,518</b>	<b>18,984</b>	<b>114,871</b>	<b>2,938,740</b>	<b>9,202,004</b>
<b>EXPENDITURES</b>						
Current						
Instruction	2,991,404	-	-	-	-	2,991,404
Instruction-related services						
School site administration	483,358	-	-	-	-	483,358
Pupil services						
Food services	222,548	2,075,545	-	-	-	2,298,093
General administration						
All other general administration	204,625	87,901	-	-	-	292,526
Plant services	78,884	6,312	-	-	-	85,196
Facilities acquisition and maintenance	-	-	1,113,196	389,908	-	1,503,104
Debt service						
Principal	-	-	-	-	820,000	820,000
Interest and other	-	-	-	-	1,879,403	1,879,403
<b>Total Expenditures</b>	<b>3,980,819</b>	<b>2,169,758</b>	<b>1,113,196</b>	<b>389,908</b>	<b>2,699,403</b>	<b>10,353,084</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>Over Expenditures</b>	<b>(71,928)</b>	<b>50,760</b>	<b>(1,094,212)</b>	<b>(275,037)</b>	<b>239,337</b>	<b>(1,151,080)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(71,928)</b>	<b>50,760</b>	<b>(1,094,212)</b>	<b>(275,037)</b>	<b>239,337</b>	<b>(1,151,080)</b>
<b>Fund Balance - Beginning</b>	<b>1,031,498</b>	<b>464,882</b>	<b>3,333,792</b>	<b>1,920,393</b>	<b>1,794,059</b>	<b>8,544,624</b>
<b>Fund Balance - Ending</b>	<b>\$ 959,570</b>	<b>\$ 515,642</b>	<b>\$ 2,239,580</b>	<b>\$ 1,645,356</b>	<b>\$ 2,033,396</b>	<b>\$ 7,393,544</b>

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2013**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2013 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2013.

	CFDA Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 10,763,700
Medi-Cal Billing Option	93.778	<u>(10,866)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$10,752,834</u>

The District passes through certain Federal assistance received to other governments (subrecipients). The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under Circular A-133, the District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

The following schedule provides the amounts passed-through to subrecipients included in the Schedule of Expenditures of Federal Awards:

Program Name	CFDA Number	Amounts Provided to Subrecipients
Special Education Cluster:		
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	\$ 4,701,800
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	688,891
IDEA Part B, Preschool Grants	84.173	142,165
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	<u>209,987</u>
		<u>\$ 5,742,843</u>

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**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 requirements, whichever is greater, as required by *Education Code Section 46201*. For 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.

**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 Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

**Combining Statements – Non-Major Funds**

These statements provide information on the District's non-major funds.

**Local Education Agency Organization Structure**

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration. (Located in the front of the audit report)

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**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**

Christy White, CPA

John Dominguez, CPA, CFE

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Independent Auditors' Report

Governing Board  
Culver City Unified School District  
Culver City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Culver City Unified School District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Culver City Unified School District's basic financial statements, and have issued our report thereon dated November 27, 2013.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2013-1)

### **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 matters that are required to be reported under *Government Auditing Standards*.

### **Culver City Unified School District's Response to Findings**

Culver City Unified School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Culver City Unified School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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



San Diego, California  
November 27, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

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Independent Auditors' Report

Governing Board  
Culver City Unified School District  
Culver City, California

**Report on Compliance for Each Major Federal Program**

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, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Culver City Unified School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Culver City Unified School District's compliance.



### *Opinion on Each Major Federal Program*

In our opinion, Culver City Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report on Internal Control Over Compliance**

Management of Culver City Unified School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Culver City Unified School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Christy White Associates*

San Diego, California  
November 27, 2013

## REPORT ON STATE COMPLIANCE

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### Independent Auditors' Report

Governing Board  
Culver City Unified School District  
Culver City, California

#### **Report on State Compliance**

We have audited Culver City Unified School District's compliance with the types of compliance requirements described in the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel that could have a direct and material effect on each of Culver City Unified School District's state programs for the fiscal year ended June 30, 2013, as identified below.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Culver City Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K – 12 Local Education Agencies 2012-13*, issued by the California Education Audit Appeals Panel as regulations. Those standards 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 the state programs noted below 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 on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Culver City Unified School District's compliance with those requirements.

***Opinion on State Compliance***

In our opinion, Culver City Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2013.

***Procedures Performed***

In connection with the audit referred to above, we selected and tested transactions and records to determine Culver City Unified School District's compliance with the state laws and regulations applicable to the following items:

<b>PROGRAM NAME</b>	<b>PROCEDURES IN AUDIT GUIDE</b>	<b>PROCEDURES PERFORMED</b>
Attendance Reporting	6	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	No
Continuation Education	10	Yes
Instructional Time for:		
School Districts	6	Yes
County Offices of Education	3	Not Applicable
Instructional Materials, general requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not Applicable
Gann Limit Calculation	1	Yes
School Accountability Report Card	3	Yes
Juvenile Court Schools	8	Not Applicable
Class Size Reduction (including in charter schools):		
General requirements	7	Yes
Option One	3	Yes
Option Two	4	Yes
Districts or charter schools with only one school serving K - 3	4	Not Applicable

<u>PROGRAM NAME</u>	<u>PROCEDURES IN AUDIT GUIDE</u>	<u>PROCEDURES PERFORMED</u>
After School Education and Safety Program:		
General requirements	4	Yes
After school	5	Yes
Before school	6	Not Applicable
Contemporaneous Records of Attendance; for charter schools	1	Not Applicable
Mode of Instruction; for charter schools	1	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	15	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	3	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	4	Not Applicable

We did not perform testing for Independent Study because it was below the threshold required for testing.

*Christy White Associates*

San Diego, California  
November 27, 2013

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**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</u>
<u>84.010</u>	<u>NCLB: Title I, Part A, Basic Grants Low-Income and Neglected</u>
<u>93.575</u>	<u>Child Development: Federal Child Care, Center Based</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 322,585</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?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**CULVER CITY UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

---

**FIVE DIGIT CODE**

20000

30000

**AB 3627 FINDING TYPE**

Inventory of Equipment

Internal Control

**FINDING #2013-1: INTERNAL CONTROL OVER STUDENT BODY FUNDS (30000)**

**Criteria:** Proper internal controls are necessary to ensure the safeguard over the Associated Student Body (ASB) assets. Maintaining sound internal control procedures over cash receipts, cash disbursements, bank reconciliations and minutes of council meetings reduces the opportunity for irregularities to go undetected. The Fiscal Crisis & Management Assistance Team (FCMAT) Associated Student Body Accounting Manual & Desk Reference outlines proper internal control procedures for associated student body accounts to follow.

**Condition:** Through our testing of the school site ASB accounts, we noted the following internal control deficiencies:

*Culver City Middle School:*

- Expenditures lack appropriate documentation of student body approval. Four (4) out of 10 disbursements selections was missing the required supporting documentation (check copies), as documented in the purchase requisition.
  - Choir receipt dated 10/3/12
  - Year book Sales dated 10/3/12
  - Donations dated 10/17/12
  - Washington DC Trip dated 12/12/12
- Two (2) out of 10 cash receipts did not have a tally sheet for food and drink items sold at dance.
  - Concessions for Halloween Dance 10/26/12
  - Concessions Winter Dance 12/21/12

*Culver City High School*

- One (1) out of 15 disbursements sampled did not have the required student body representative signature indicating the disbursement was approved by the student body. (Check #19430 - CIF Southern Section - \$1,552.00)
- One (1) out of 15 cash receipts sampled was not deposited in a timely manner. Gate proceeds from the varsity basketball game versus Beverly Hills High School in the amount of \$578.00 were collected on February 7, 2013, but were not deposited until March 4, 2013.
- Two (2) out of 15 cash receipts sampled did not have sufficient supporting documentation necessary to substantiate and reconcile amount collected to amount deposited.
  - Varsity Basketball Gate Revenue vs. Beverly Hills (2/7/13)     \$578.00
  - Girls Volleyball Gate Revenue (2/28/13)                             402.00

**Cause:** Insufficient internal controls over student body activities.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS , continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINDING #2013-1: INTERNAL CONTROL OVER STUDENT BODY FUNDS (30000) (continued)**

**Effect:** The increased potential for misappropriation of assets and irregularities in accounting to go undetected.

**Perspective:** We audited the District's only active associated student body for the 2012-13 fiscal year. Our audit included an evaluation of internal control procedures over: cash disbursements, cash receipts, and ASB organization. A detailed report of our findings by individual school site has been provided to the District for necessary follow-up.

**Recommendation:** The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**District Response:** Fiscal Services is working with the ASB advisors and bookkeepers at the middle school and high school to implement changes in internal controls necessary to address and correct the deficiencies noted. Both ASB's have obtained the latest FCMAT manual available.



CULVER CITY UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

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FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

*There were no federal award findings and questioned costs for fiscal year 2012-13.*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FIVE DIGIT CODE**

10000  
40000  
41000  
60000  
61000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
CalSTRS  
Miscellaneous  
Classroom Teacher Salaries  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

*There were no state award findings and questioned costs for fiscal year 2012-13.*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINDING #2012-1: CASH RECEIPT SEGREGATION OF DUTIES (30000)**

**Criteria:** There should be a proper segregation of duties over cash receipting as there is a high inherent risk associated with cash handling.

**Condition & Context:** There is a lack of segregation of duties noted over the cash receipting process. Auditor noted during an interview with the accounts receivable clerk that she receives cash receipts from sites, prepares deposits, and reconciles all the accounts. Incompatible duties could lead to fraud or error occurring and not being detected.

**Cause:** There appears to be inadequate staffing at the District.

**Effect:** Lack of segregation of duties increases the risk for fraud or errors to occur.

**Perspective:** Review of internal controls over cash receipting process.

**Recommendation:** As the accounts receivable clerk prepares the deposits, someone other than her should reconcile the clearing accounts.

**District Response:** The District has properly segregated the duties over cash receipting. An account technician is now in charge of reconciling all the District's bank accounts, independent from the accounts receivable clerk.

**Current Status:** Implemented.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINDING #2012-2: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (30000)**

**Criteria:** In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, an actuarial study is required at least biennially for other postemployment benefit (OPEB) plans with a total membership of 200 or more. The actuarial study enables the District to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting.

**Condition:** The District's most recent actuarial study is dated May 1, 2009. As of June 30, 2012, the District was not in compliance with the biannual requirement for its actuarial study.

**Effect:** The District is not in compliance with the requirement of GASB Statement No. 45. The recent actuarial study may not properly estimate the District's OPEB liability as of June 30, 2012.

**Cause:** Because the two-year period of the recent actuarial study ends in April 2011 and there were no significant changes to the plan since the valuation date, the District felt the study would be reliable for estimating the OPEB liability as of June 30, 2012.

**Perspective:** The incident appears isolated. Since the required implementation of GASB Statement No. 45 by the District in 2008-09, the District has only obtained the initial actuarial study covering the fiscal years 2008-09 and 2009-10.

**Recommendation:** We recommend that the District obtain a new actuarial study on its OPEB obligation for the fiscal year 2011-12 and rely on the study for only two fiscal years before obtaining another OPEB actuarial study.

**District Response:** The District is in the process of obtaining a new actuarial study in the current fiscal year 2012-2013 to be in compliance with the GASB Statement No. 45.

**Current Status:** Implemented.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINDING #2012-3: SCHOOL ACCOUNTABILITY REPORT CARD (72000)**

**Criteria:** Sound fiscal management controls to ensure the information contained in the online School Accountability Report Card (SARC) is accurate and ties to the information contained in the Facility Inspection Tools (FIT), Quarterly Complaint Forms, and Instructional Materials Sufficiency hearing as per Education Code Sections 33126(b)(8) and 17002.

**Condition & Context:** Auditor noted that information obtained from the Facility Inspection Tools did not accurately match to the SARC for Culver City High School and Culver Park High School.

**Questioned Cost:** Not Applicable

**Cause:** The District did not ensure that the information on the FITs accurately matched what they report in the online SARC.

**Effect:** The School Accountability Report Card is misleading to its users.

**Perspective:** Review of a sample of the District's School Accountability Report Cards.

**Recommendation:** We recommend the District review its FITs and ensure that the information matches the online SARC and that any discrepancies are noted as to the differences.

**District Response:** The District will ensure that the information on the FITs accurately matches the information reported on the SARCs online.

**Current Status:** Implemented.