

CULVER CITY UNIFIED SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2015

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, 2015

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, an adult education program, and an online academy.

GOVERNING BOARD

Member	Office	Term Expires
Nancy Goldberg	President	November 2015
Steven M. Levin	Vice President	November 2017
Katherine Paspalis	Clerk	November 2017
Laura Chardiet	Parliamentarian	November 2015
Susanne Robins	Member	November 2017

DISTRICT ADMINISTRATORS

David LaRose
Superintendent

Kati Krumpke, Ed.D
Assistant Superintendent, Educational Services

Mike Reynolds
Assistant Superintendent, Business Services

Leslie Lockhart
Assistant Superintendent, Human Resources

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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, 2015, 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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State Board of Accountancy*

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, 2015, 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.

Emphasis of a Matter

As described in Note 1 to the financial statements, in 2015 Culver City Unified School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

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, budgetary comparison information, schedule of funding progress for OPEB benefits, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions 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 December 10, 2015 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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California
December 10, 2015

CULVER CITY UNIFIED SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

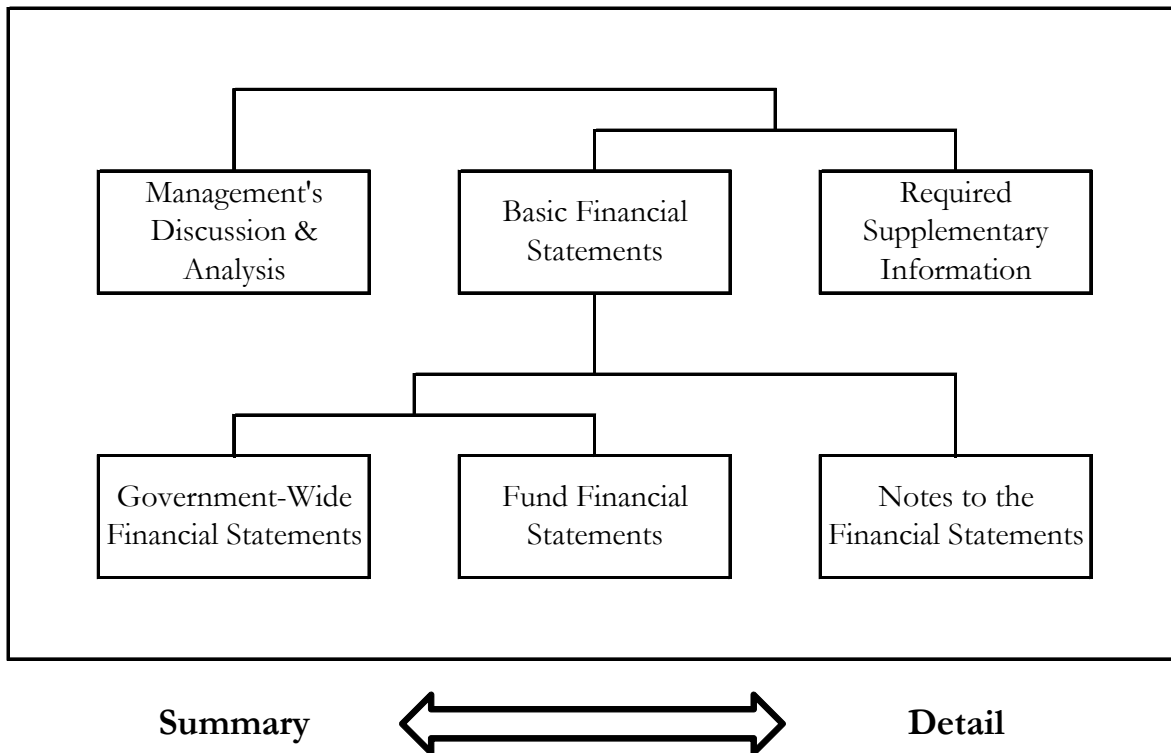
Our discussion and analysis of Culver City Unified School District's (The District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ▶ Total net position was \$(13,765,892) at June 30, 2015. This was a decrease of \$56,420,244 from the prior year's net position before restatement.
- ▶ Overall revenues were \$91,117,869 which exceeded expenses of \$90,018,166.

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, 2015**

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. LCFF 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, 2015**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$(13,765,892) at June 30, 2015, as reflected in table below. Of this amount, \$(48,231,957) 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.

	Governmental Activities		
	2015	2014	Net Change
ASSETS			
Current and other assets	\$ 66,351,184	\$ 43,928,538	\$ 22,422,646
Capital assets	59,244,124	51,469,445	7,774,679
Total Assets	125,595,308	95,397,983	30,197,325
DEFERRED OUTFLOWS OF RESOURCES	4,061,883	-	4,061,883
LIABILITIES			
Current liabilities	20,382,760	15,564,956	4,817,804
Long-term liabilities	109,981,788	37,178,675	72,803,113
Total Liabilities	130,364,548	52,743,631	77,620,917
DEFERRED INFLOWS OF RESOURCES	13,058,535	-	13,058,535
NET POSITION			
Net investment in capital assets	23,705,214	18,464,445	5,240,769
Restricted	10,760,851	13,588,518	(2,827,667)
Unrestricted	(48,231,957)	10,601,389	(58,833,346)
Total Net Position	\$ (13,765,892)	\$ 42,654,352	\$ (56,420,244)

**CULVER CITY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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 \$91,117,869. The majority of the revenue comes from LCFF, property taxes, and federal and state aid (66%). Program revenues were approximately 31% of the District's total revenue. Miscellaneous local sources accounted for approximately 3% of revenue.

The total cost of all programs and services was \$90,018,166. The District's expenses are predominately related to educating and caring for students (65%). Pupil Services (including transportation and food) account for 8% of expenses. Administrative activities accounted for just 5% of total costs. Plant services, which represent the facilities maintenance and operations costs, account for 3% of all costs. The remaining expenses were for ancillary services, community services, debt service, other outgo, and depreciation (19%).

	2015	2014	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 2,357,967	\$ 2,119,788	\$ 238,179
Operating grants and contributions	26,288,572	25,956,046	332,526
General revenues			
Property taxes	22,094,211	17,053,848	5,040,363
Unrestricted federal and state aid	37,841,732	34,504,767	3,336,965
Other	2,535,387	3,030,057	(494,670)
Total Revenues	91,117,869	82,664,506	8,453,363
EXPENSES			
Instruction	46,556,018	42,283,945	4,272,073
Instruction-related services	10,246,701	9,129,525	1,117,176
Pupil services	7,117,384	6,774,330	343,054
General administration	4,234,021	4,116,705	117,316
Plant services	5,864,497	5,692,505	171,992
Ancillary and community services	6,325	782	5,543
Debt service	2,410,216	1,821,436	588,780
Other Outgo	11,809,425	11,453,654	355,771
Depreciation	1,773,579	1,636,497	137,082
Total Expenses	90,018,166	82,909,379	7,108,787
Change in net position	1,099,703	(244,873)	1,344,576
Net Position - Beginning, as Restated	(14,865,595)	42,899,225	(57,764,820)
Net Position - Ending	\$ (13,765,892)	\$ 42,654,352	\$ (56,420,244)

* Restatement to Beginning Net Position relates to both the 2015 year and the 2014 year

**CULVER CITY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

The cost of all our governmental activities this year was \$90,018,166. The net cost of these services was only \$61,371,627. The amount that our taxpayers ultimately financed for these activities through taxes was only \$22,094,211 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.

	Net Cost of Services	
	2015	2014
Instruction	\$ 34,543,575	\$ 31,678,648
Instruction-related services	6,481,262	6,092,747
Pupil services	3,712,520	3,517,538
General administration	3,411,657	3,226,217
Plant services	5,707,909	4,469,664
Ancillary and community services	6,325	782
Debt service	2,410,216	1,821,436
Transfers to other agencies	3,324,584	2,390,016
Depreciation	1,773,579	1,636,497
Total Expenses	\$ 61,371,627	\$ 54,833,545

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 \$51,711,995, which is more than last year's ending fund balance of \$30,031,040. The District's General Fund had \$2,722,715 less in operating revenues than expenditures for the year ended June 30, 2015. The District's Special Education Pass-Through Fund had \$2,613 more in operating revenues than expenditures for the year ended June 30, 2015. The District's Building Fund had \$2,266,795 less in operating revenues than expenditures for the year ended June 30, 2015. The District's Bond Interest & Redemption Fund had \$3,491,612 more in operating revenues than expenditures for the year ended June 30, 2015. The District's Financing Authority \$3,637,934 less in operating revenues than expenditures for the year ended June 30, 2015.

CURRENT YEAR BUDGET 2014-15

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, 2015**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2014-15 the District had invested \$59,244,124 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2015	2014	Net Change
CAPITAL ASSETS			
Land	\$ 1,517,971	\$ 1,517,971	\$ -
Construction in progress	8,749,080	2,292,393	6,456,687
Land improvements	6,621,533	6,608,263	13,270
Buildings & improvements	76,722,084	74,136,351	2,585,733
Furniture & equipment	5,596,093	5,103,525	492,568
Accumulated depreciation	(39,962,637)	(38,189,058)	(1,773,579)
Total Capital Assets	\$ 59,244,124	\$ 51,469,445	\$ 7,774,679

Long-Term Debt

At year-end, the District had \$109,981,788 in long-term debt, an increase of 195% from last year – as shown in table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2015	2014	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 59,772,115	\$ 33,005,000	\$ 26,767,115
Net OPEB obligation	6,063,216	5,083,675	979,541
Net pension liability	48,757,047	-	48,757,047
Less: current portion of long-term debt	(4,610,590)	(910,000)	(3,700,590)
Total Long-term Liabilities	\$109,981,788	\$ 37,178,675	\$ 72,803,113

**CULVER CITY UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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.

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze 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 but the annual amount funded to meet the target is uncertain.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADs); and, (4) meeting annual compliance and audit requirements.

The State's economy is expected to grow at a modest rate of about 2%-3% annually over the next two years with little chance of recession, according to the UCLA Anderson Economic Forecast for September 2015. The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and remains uncertain.

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective in the 2014-15 fiscal year. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to result. The District participates in state employee pension plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2015. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans intend to raise employer rates in future years, and the increased costs could be significant.

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 2015-16 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 Mike Reynolds, Assistant Superintendent, Business Services at 4034 Irving Place; Culver City, CA 90232.

CULVER CITY UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 63,040,225
Accounts receivable	2,870,853
Inventory	93,091
Other current assets	347,015
Capital assets, not depreciated	10,267,051
Capital assets, net of accumulated depreciation	48,977,073
Total Assets	125,595,308
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	4,061,883
Total Deferred Outflows of Resources	4,061,883
LIABILITIES	
Accrued liabilities	15,575,946
Unearned revenue	196,224
Long-term liabilities, current portion	4,610,590
Long-term liabilities, non-current portion	109,981,788
Total Liabilities	130,364,548
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	13,058,535
Total Deferred Inflows of Resources	13,058,535
NET POSITION	
Net investment in capital assets	23,705,214
Restricted:	
Capital projects	1,028,026
Debt service	5,572,659
Educational programs	3,954,630
All others	205,536
Unrestricted	(48,231,957)
Total Net Position	\$ (13,765,892)

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, 2015**

Function/Programs	Expenses	Program Revenues		Governmental Activities	Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions		
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 46,556,018	\$ 510,998	\$ 11,501,445		\$ (34,543,575)
Instruction-related services					
Instructional supervision and administration	3,805,738	11,411	1,844,098		(1,950,229)
Instructional library, media, and technology	509,367	-	-		(509,367)
School site administration	5,931,596	976,675	933,255		(4,021,666)
Pupil services					
Home-to-school transportation	651,138	-	-		(651,138)
Food services	2,521,626	750,155	1,691,710		(79,761)
All other pupil services	3,944,620	19,958	943,041		(2,981,621)
General administration					
Centralized data processing	875,370	-	-		(875,370)
All other general administration	3,358,651	67,608	754,756		(2,536,287)
Plant services	5,864,497	19,739	136,849		(5,707,909)
Ancillary services	6,325	-	-		(6,325)
Interest on long-term debt	2,410,216	-	-		(2,410,216)
Other Outgo	11,809,425	1,423	8,483,418		(3,324,584)
Depreciation (unallocated)	1,773,579	-	-		(1,773,579)
Total Governmental Activities	\$ 90,018,166	\$ 2,357,967	\$ 26,288,572		(61,371,627)
General revenues					
Taxes and subventions					
					12,132,126
					6,411,286
					3,550,799
					37,841,732
					304,274
					2,231,113
					62,471,330
CHANGE IN NET POSITION					
					1,099,703
Net Position - Beginning, as Restated					
					(14,865,595)
Net Position - Ending					
					\$ (13,765,892)

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

**CULVER CITY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015**

	General Fund	Special Education Pass-Through Fund	Building Fund	Bond Interest & Redemption Fund	Financing Authority	Non-Major Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 28,442,181	\$ 1,167,683	\$ 24,555,216	\$ 6,705,640	\$ 43,771	\$ 2,125,734	\$ 63,040,225
Accounts receivable	2,045,612	439,433	82,926	-	-	302,882	2,870,853
Stores inventory	15,751	-	-	-	-	77,340	93,091
Other current assets	347,015	-	-	-	-	-	347,015
Total Assets	\$ 30,850,559	\$ 1,607,116	\$ 24,638,142	\$ 6,705,640	\$ 43,771	\$ 2,505,956	\$ 66,351,184
LIABILITIES							
Accrued liabilities	\$ 11,739,563	\$ 1,601,941	\$ 404,937	\$ -	\$ -	\$ 696,524	\$ 14,442,965
Unearned revenue	50,540	-	-	-	-	145,684	196,224
Total Liabilities	11,790,103	1,601,941	404,937	-	-	842,208	14,639,189
FUND BALANCES							
Nonspendable	28,251	-	-	-	-	82,340	110,591
Restricted	3,579,020	-	24,233,205	6,705,640	43,771	1,565,400	36,127,036
Assigned	1,764,387	5,175	-	-	-	16,008	1,785,570
Unassigned	13,688,798	-	-	-	-	-	13,688,798
Total Fund Balances	19,060,456	5,175	24,233,205	6,705,640	43,771	1,663,748	51,711,995
Total Liabilities and Fund Balances	\$ 30,850,559	\$ 1,607,116	\$ 24,638,142	\$ 6,705,640	\$ 43,771	\$ 2,505,956	\$ 66,351,184

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, 2015

Total Fund Balance - Governmental Funds \$ 51,711,995

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	\$ 99,206,761	
Accumulated depreciation	(39,962,637)	59,244,124

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 unmatrued interest owing at the end of the period was:

(1,132,981)

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	\$ 59,772,115	
Net OPEB obligation	6,063,216	
Net pension liability	48,757,047	(114,592,378)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 4,061,883	
Deferred inflows of resources related to pensions	(13,058,535)	(8,996,652)

Total Net Position - Governmental Activities \$ (13,765,892)

**CULVER CITY UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015**

	Special Education		Building Fund	Bond Interest & Redemption Fund	Financing Authority	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Pass-Through Fund					
REVENUES							
LCFF sources	\$ 46,674,327	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,674,327
Federal sources	2,445,534	3,178,657	-	-	-	1,942,238	7,566,429
Other state sources	8,653,391	8,160,487	-	40,146	-	978,217	17,832,241
Other local sources	5,712,250	2,613	114,236	6,396,159	4,030	6,441,014	18,670,302
Total Revenues	63,485,502	11,341,757	114,236	6,436,305	4,030	9,361,469	90,743,299
EXPENDITURES							
Current							
Instruction	41,735,951	-	-	-	-	3,176,760	44,912,711
Instruction-related services							
Instructional supervision and administration	3,758,985	-	-	-	-	-	3,758,985
Instructional library, media, and technology	521,653	-	-	-	-	-	521,653
School site administration	5,325,967	-	-	-	-	602,319	5,928,286
Pupil services							
Home-to-school transportation	1,047,613	-	-	-	-	-	1,047,613
Food services	13,746	-	-	-	-	2,547,800	2,561,546
All other pupil services	3,899,332	-	-	-	-	-	3,899,332
General administration							
Centralized data processing	884,483	-	-	-	-	-	884,483
All other general administration	3,016,905	-	-	-	-	361,246	3,378,151
Plant services	5,844,427	-	-	-	-	89,256	5,933,683
Facilities acquisition and maintenance	59,019	-	1,963,976	-	3,598,193	3,531,390	9,152,578
Ancillary services	6,320	-	-	-	-	-	6,320
Transfers to other agencies	93,816	11,339,144	-	-	-	-	11,432,960
Debt service							
Principal	-	-	-	910,000	-	-	910,000
Interest and other	-	-	417,055	2,034,693	-	-	2,451,748
Total Expenditures	66,208,217	11,339,144	2,381,031	2,944,693	3,598,193	10,308,771	96,780,049
Excess (Deficiency) of Revenues Over Expenditures	(2,722,715)	2,613	(2,266,795)	3,491,612	(3,594,163)	(947,302)	(6,036,750)
Other Financing Sources (Uses)							
Transfers in	1,000,000	-	-	-	-	-	1,000,000
Other sources	-	-	26,500,000	1,217,705	-	-	27,717,705
Transfers out	-	-	-	-	-	(1,000,000)	(1,000,000)
Net Financing Sources (Uses)	1,000,000	-	26,500,000	1,217,705	-	(1,000,000)	27,717,705
NET CHANGE IN FUND BALANCE	(1,722,715)	2,613	24,233,205	4,709,317	(3,594,163)	(1,947,302)	21,680,955
Fund Balance - Beginning	20,783,171	2,562	-	1,996,323	3,637,934	3,611,050	30,031,040
Fund Balance - Ending	\$ 19,060,456	\$ 5,175	\$ 24,233,205	\$ 6,705,640	\$ 43,771	\$ 1,663,748	\$ 51,711,995

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, 2015**

Net Change in Fund Balances - Governmental Funds \$ 21,680,955

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:	\$ 9,548,258	
Depreciation expense:	<u>(1,773,579)</u>	7,774,679

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:

910,000

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(27,717,705)

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:

(375,523)

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:

(979,541)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:

(233,752)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:

40,590

Change in Net Position of Governmental Activities	\$	<u>1,099,703</u>
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The accompanying notes are an integral part of these financial statements.

CULVER CITY UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2015

	<u>Agency Funds</u>
	<u>Student Body</u>
	<u>Fund</u>
ASSETS	
Cash and cash equivalents	\$ 193,072
Other assets	533
Total Assets	\$ 193,605
LIABILITIES	
Due to student groups	\$ 193,605
Total Liabilities	\$ 193,605

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

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 School Facilities Financing Authority: The Culver City School Facilities Financing Authority (the Authority) was established October 1, 2005 under the laws of the State of California under a joint exercise of powers agreement with The California Municipal Financing Authority for the sole purpose of issuing the Series 2005 refunding general obligation bonds and providing, through the 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 cash with fiscal agent is 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.

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

C. **Basis of Presentation** (*continued*)

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.

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

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

C. Basis of Presentation (*continued*)

Major Governmental Funds (*continued*)

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*).

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.

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).

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

C. Basis of Presentation (*continued*)

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*).

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*).

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.

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.

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.

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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, 2015

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, 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.

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

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 are deferred and amortized over the life of the bonds using the straight line method.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions

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

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.

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (*continued*)

Fund Balance (*continued*)

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.

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.

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2015

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 implemented GASB Statement No. 68 for the year ended June 30, 2015.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has implemented GASB Statement No. 71 for the year ended June 30, 2015.

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The District has not yet determined the impact on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

CULVER CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Total Governmental Activities	Fiduciary Funds
	<u> </u>	<u> </u>
Cash in county	\$ 62,978,954	\$ -
Cash on hand and in banks	-	193,072
Cash with fiscal agent	43,771	-
Cash in revolving fund	17,500	-
Total cash and cash equivalents	<u>\$ 63,040,225</u>	<u>\$ 193,072</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.

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.

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

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, 2015

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 \$62,913,281 and an amortized book value of \$62,978,954. The average weighted maturity for this pool is 595 days. In addition, the Financing Authority (a blended component unit of the District), maintains cash in the First American Treasury Obligations Fund (Class D shares) of \$43,771.

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, 2015, 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, 2015, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consisted of the following:

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Activities
Federal Government					
Categorical aid	\$ 863,024	\$ 438,445	\$ -	\$ 44,009	\$ 1,345,478
State Government					
Apportionment	-	-	-	243,474	243,474
Categorical aid	198,814	-	-	-	198,814
Lottery	158,649	-	-	-	158,649
Local Government					
Other local sources	825,125	988	82,926	15,399	924,438
Total	\$ 2,045,612	\$ 439,433	\$ 82,926	\$ 302,882	\$ 2,870,853

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance			Balance
	July 01, 2014	Additions	Deletions	June 30, 2015
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,517,971	\$ -	\$ -	\$ 1,517,971
Construction in progress	2,292,393	8,749,080	2,292,393	8,749,080
Total Capital Assets not Being Depreciated	3,810,364	8,749,080	2,292,393	10,267,051
Capital assets being depreciated				
Land improvements	6,608,263	13,270	-	6,621,533
Buildings & improvements	74,136,351	2,585,733	-	76,722,084
Furniture & equipment	5,103,525	492,568	-	5,596,093
Total Capital Assets Being Depreciated	85,848,139	3,091,571	-	88,939,710
Less Accumulated Depreciation				
Land improvements	3,568,556	216,354	-	3,784,910
Buildings & improvements	30,205,323	1,442,280	-	31,647,603
Furniture & equipment	4,415,179	114,945	-	4,530,124
Total Accumulated Depreciation	38,189,058	1,773,579	-	39,962,637
Governmental Activities				
Capital Assets, net	\$ 51,469,445	\$ 10,067,072	\$ 2,292,393	\$ 59,244,124

NOTE 5 – INTERFUND TRANSACTIONS

Operating Transfers

The District had one interfund transfer for the year ended June 30, 2015 consisting of \$1,000,000 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, 2015 consisted of the following:

	General Fund	Special Education Pass-Through Fund	Building Fund	Non-Major Governmental Funds	District-Wide	Total Governmental Activities
Payroll	\$ 6,213,791	\$ -	\$ 184,664	\$ 454,769	\$ -	\$ 6,853,224
Construction	-	-	-	-	-	-
Vendors payable	5,525,772	1,601,941	220,273	241,755	-	7,589,741
Unmatured interest	-	-	-	-	1,132,981	1,132,981
Total	\$ 11,739,563	\$ 1,601,941	\$ 404,937	\$ 696,524	\$ 1,132,981	\$ 15,575,946

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2015 consisted of the following:

	General Fund	Child Development Fund	Total Governmental Activities
Federal sources	\$ -	\$ 49,468	\$ 49,468
State categorical sources	3,523	5,132	8,655
Local sources	47,017	91,084	138,101
Total	\$ 50,540	\$ 145,684	\$ 196,224

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2015 consisted of the following:

	Restated Balance July 01, 2014	Additions	Deductions	Balance June 30, 2015	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 33,005,000	\$ 26,500,000	\$ 910,000	\$ 58,595,000	\$ 4,570,000
Unamortized premium/discount	-	1,217,705	40,590	1,177,115	40,590
Total general obligation bonds	33,005,000	27,717,705	950,590	59,772,115	4,610,590
Net OPEB obligation	5,083,675	979,541	-	6,063,216	-
Net pension liability	61,034,266	-	12,277,219	48,757,047	-
Total	\$ 99,122,941	\$ 28,697,246	\$ 13,227,809	\$ 114,592,378	\$ 4,610,590

A. General Obligation Bonds

The outstanding general obligation bond debts of the District at June 30, 2015 are as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding			Bonds Outstanding
					July 01, 2014	Additions	Deductions	June 30, 2015
Series 2005	11/4/2005	8/1/2033	4.0%-5.0%	\$38,230,000	\$ 33,005,000	\$ -	\$ 910,000	\$ 32,095,000
2014 Series A	2/1/2015	8/1/2036	2.0%-4.0%	\$26,500,000	-	26,500,000	-	26,500,000
				General obligation bonds	\$ 33,005,000	\$ 26,500,000	\$ 910,000	\$ 58,595,000
				Unamortized premium	-	1,217,705	40,590	1,177,115
					\$ 33,005,000	\$ 27,717,705	\$ 950,590	\$ 59,772,115

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 8 – LONG-TERM DEBT (continued)

A. General Obligation Bonds (continued)

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,570,000	\$ 2,658,662	\$ 7,228,662
2017	4,555,000	2,518,933	7,073,933
2018	4,340,000	2,329,865	6,669,865
2019	1,125,000	2,190,222	3,315,222
2020	1,185,000	2,128,710	3,313,710
2021 - 2025	6,990,000	9,576,454	16,566,454
2026 - 2030	10,690,000	7,249,142	17,939,142
2031 - 2035	13,395,000	3,797,289	17,192,289
2036 - 2040	4,610,000	1,909,081	6,519,081
2041 - 2045	7,135,000	760,500	7,895,500
Total	\$ 58,595,000	\$ 35,118,858	\$ 93,713,858

B. Culver City School 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.

C. Net Pension Liability

The District follows GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The District’s restated beginning net pension liability was \$61,034,266 and decreased by \$12,277,219 during the year ended June 30, 2015. The ending net pension liability at June 30, 2015 was \$48,757,047. See Note 11 for additional information regarding the net pension liability.

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2015:

	Special Education			Bond Interest & Redemption Fund	Financing Authority	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Pass-Through Fund	Building Fund				
Non-spendable							
Revolving cash	\$ 12,500	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 17,500
Stores inventory	15,751	-	-	-	-	77,340	93,091
Total non-spendable	28,251	-	-	-	-	82,340	110,591
Restricted							
Educational programs	3,579,020	-	-	-	-	375,610	3,954,630
Capital projects	-	-	24,233,205	-	43,771	984,254	25,261,230
Debt service	-	-	-	6,705,640	-	-	6,705,640
All others	-	-	-	-	-	205,536	205,536
Total restricted	3,579,020	-	24,233,205	6,705,640	43,771	1,565,400	36,127,036
Assigned							
Other assignments	1,764,387	5,175	-	-	-	16,008	1,785,570
Total assigned	1,764,387	5,175	-	-	-	16,008	1,785,570
Unassigned							
Reserve for economic uncertainties	1,966,639	-	-	-	-	-	1,966,639
Remaining unassigned	11,722,159	-	-	-	-	-	11,722,159
Total unassigned	13,688,798	-	-	-	-	-	13,688,798
Total	\$ 19,060,456	\$ 5,175	\$ 24,233,205	\$ 6,705,640	\$ 43,771	\$ 1,663,748	\$ 51,711,995

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, 2015

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 2014-15, the District contributed \$514,714.

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

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	254,184
Adjustment to annual required contribution	<u>(221,029)</u>
Annual OPEB cost (expense)	1,494,255
Contributions made	<u>(514,714)</u>
Increase (decrease) in net OPEB obligation	979,541
Net OPEB obligation, beginning of the year	<u>5,083,675</u>
Net OPEB obligation, end of the year	<u>\$ 6,063,216</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, 2015 and the preceding three year were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,494,255	34%	\$ 6,063,216
2014	\$ 1,487,988	35%	\$ 5,083,675
2013	\$ 1,605,970	36%	\$ 4,122,833

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

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	29
Actuarial Assumptions:	
Discount rate	5.0%
Health care trend rate	5.0%

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory 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). The District recognized \$4,248,406 for their proportionate share of pension expense for the year ended June 30, 2015.

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.

Benefits provided

The CalSTRS defined benefit plan has two benefit formulas:

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

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

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – PENSION PLANS (continued)

Contributions

Active plan members are required to contribute 8.15% of their salary for fiscal year 2015 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 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,718,724 for the year ended June 30, 2015.

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 \$1,603,686 to CalSTRS (5.679% of 2012-13 creditable compensation subject to CalSTRS).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 37,950,027
States's proportionate share of the net pension liability associated with the District	22,915,865
Total	<u>\$ 60,865,892</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District's proportion was .065 percent, which did not change from its proportion measured as of June 30, 2013.

CULVER CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015

NOTE 11 – PENSION PLANS (continued)

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$3,276,075. In addition, the District recognized pension expense and revenue of \$1,978,256 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 9,345,122
District contributions subsequent to the measurement date	2,718,724	-
	<u>\$ 2,718,724</u>	<u>\$ 9,345,122</u>

\$2,718,724 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 2,336,281
2017	2,336,281
2018	2,336,281
2019	2,336,281
	<u>\$ 9,345,122</u>

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	3.75%
Interest on Member Accounts	4.50%

**CULVER CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

NOTE 11 – PENSION PLANS (continued)

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

Actuarial assumptions (continued)

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%
	100%	

* 10-year geometric average

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – PENSION PLANS (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 59,154,167	\$ 37,950,027	\$ 20,269,628

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (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.

Benefits provided

The benefits for the defined benefit plan are based on members’ years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013 are required to contribute 7.0% of their salary. The California Public Employees’ Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member’s contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

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 2015 was 11.771% of annual payroll. Contributions to the plan from the District were \$1,295,931 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a liability of \$10,807,020 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2014, the District’s proportion was .095 percent, which was the same as its proportion measured as of June 30, 2013.

CULVER CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015

NOTE 11 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2015, the District recognized pension expense of \$972,331. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ -	\$ 3,713,413
Changes in proportion and differences between District contributions and proportionate share of contributions	47,228	-
District contributions subsequent to the measurement date	1,295,931	-
	<u>\$ 1,343,159</u>	<u>\$ 3,713,413</u>

\$1,295,931 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 11,807	\$ 928,353
2017	11,807	928,353
2018	11,807	928,353
2019	11,807	928,354
	<u>\$ 47,228</u>	<u>\$ 3,713,413</u>

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	Varies by Entry Age and Service

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2015

NOTE 11 – PENSION PLANS (continued)

California Public Employees’ Retirement System (CalPERS) (continued)

Discount rate

The discount rate used to measure the total pension liability was 7.50 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 18,957,980	\$ 10,807,020	\$ 3,996,071

Pension plan fiduciary net position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**CULVER CITY UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2015**

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, 2015.

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, 2015.

C. Construction Commitments

As of June 30, 2015, the District had commitments with respect to unfinished capital projects as follows:

	Remaining Construction Commitment	Expected Date of Completion
Capital Projects		
CCUSD 2014 Misc Project	\$ 169,131	September 8, 2015
CCHS Athletic Field	951,203	December 8, 2015
Total	\$ 1,120,334	

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, 2015

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*, the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. The District’s deferred outflows and inflows of resources related to pensions were as follows at June 30, 2015:

	Deferred outflows related to pensions	Deferred inflows related to pensions
STRS Pension	\$ 2,718,724	\$ 9,345,122
PERS Pension	1,343,159	3,713,413
Total	\$ 4,061,883	\$ 13,058,535

NOTE 15 – RESTATEMENT OF NET POSITION

The beginning net position of Governmental Activities has been restated in order to record the District’s proportionate share of net pension liability and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* The effect on beginning net position is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	\$ 42,654,352
Restatement	(57,519,947)
Net Position - Beginning, as Restated	\$ (14,865,595)

NOTE 16 – 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 \$1,214,744 in Measure EE funds during the year ended June 30, 2015.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**CULVER CITY UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 46,496,019	\$ 46,674,327	\$ 46,674,327	\$ -
Federal sources	2,258,409	2,125,535	2,188,704	63,169
Other state sources	6,838,254	6,945,509	8,612,127	1,666,618
Other local sources	4,824,419	4,995,365	5,259,613	264,248
Total Revenues	60,417,101	60,740,736	62,734,771	1,994,035
EXPENDITURES				
Certificated salaries	29,518,796	29,824,768	29,670,235	154,533
Classified salaries	9,923,720	10,303,741	9,936,489	367,252
Employee benefits	10,465,084	10,150,641	11,887,401	(1,736,760)
Books and supplies	3,085,959	3,776,751	4,103,523	(326,772)
Services and other operating expenditures	8,662,613	8,299,051	8,659,419	(360,368)
Capital outlay	75,000	537,105	442,087	95,018
Other outgo				
Excluding transfers of indirect costs	120,157	93,815	93,816	(1)
Transfers of indirect costs	(340,060)	(356,683)	(438,325)	81,642
Total Expenditures	61,511,269	62,629,189	64,354,645	(1,725,456)
Excess (Deficiency) of Revenues Over Expenditures	(1,094,168)	(1,888,453)	(1,619,874)	268,579
Other Financing Sources (Uses)				
Transfers in	1,200,000	1,000,000	1,000,000	-
Transfers out	(1,200,000)	(1,200,000)	(1,200,000)	-
Net Financing Sources (Uses)	-	(200,000)	(200,000)	-
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning, as Restated	20,005,855	20,005,855	20,005,855	-
Fund Balance - Ending	\$ 18,911,687	\$ 17,917,402	\$ 18,185,981	\$ 268,579

* 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:

- 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.

**CULVER CITY UNIFIED SCHOOL DISTRICT
SPECIAL EDUCATION PASS-THROUGH FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
Federal sources	\$ 3,178,657	\$ 3,178,657	\$ 3,178,657	\$ -
Other state sources	8,004,654	7,973,896	8,160,487	186,591
Other local sources	1,162	1,162	2,613	1,451
Total Revenues	11,184,473	11,153,715	11,341,757	188,042
EXPENDITURES				
Other outgo				
Excluding transfers of indirect costs	11,183,311	11,152,553	11,339,144	(186,591)
Total Expenditures	11,183,311	11,152,553	11,339,144	(186,591)
Excess (Deficiency) of Revenues				
Over Expenditures	1,162	1,162	2,613	1,451
NET CHANGE IN FUND BALANCE	1,162	1,162	2,613	1,451
Fund Balance - Beginning	2,562	2,562	2,562	2,562
Fund Balance - Ending	\$ 3,724	\$ 3,724	\$ 5,175	\$ 4,013

See accompanying note to required supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015**

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%
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
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CALSTRS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.065%
District's proportionate share of the net pension liability	\$ 37,950,027
States's proportionate share of the net pension liability associated with the District	22,915,865
Total	<u>\$ 60,865,892</u>
District's covered-employee payroll	\$ 31,970,109
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	118.7%
Plan fiduciary net position as a percentage of the total pension liability.	76.5%

See accompanying note to required supplementary information.

CULVER CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
CALPERS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.095%
District's proportionate share of the net pension liability	\$ 10,807,020
District's covered-employee payroll	\$ 12,655,409
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	85.4%
Plan fiduciary net position as a percentage of the total pension liability.	83.4%

See accompanying note to required supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,718,723
Contributions in relation to the contractually required contribution*	(2,718,723)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 31,970,109
Contributions as a percentage of covered-employee payroll	8.50%

*Amounts do not include on behalf contributions

**CULVER CITY UNIFIED SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,295,931
Contributions in relation to the contractually required contribution	(1,295,931)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 12,655,409
Contributions as a percentage of covered-employee payroll	10.24%

**CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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.

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

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

Schedule of District Contributions

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

CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2015

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2015, 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:

	<u>Expenditures and Other Uses</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Excess</u>
General Fund			
Employee benefits	\$ 10,150,641	\$ 11,887,401	\$ 1,736,760
Books and supplies	\$ 3,776,751	\$ 4,103,523	\$ 326,772
Services and other operating expenditures	\$ 8,299,051	\$ 8,659,419	\$ 360,368
Other outgo			
Excluding transfers of indirect costs	\$ 93,815	\$ 93,816	\$ 1

**SUPPLEMENTARY
INFORMATION**

**CULVER CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A Cluster			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 352,989
Title I, Part A, Program Improvement LEA Corrective Action	84.010	14955	124,750
Subtotal Title I, Part A Cluster			<u>477,739</u>
Title I, Part G, Advanced Placement (AP) Test Fee Reimbursement Program	84.330B	14831	11,174
Adult Education Cluster			
Adult Education: Adult Basic Education & ESL	84.002A	14508	97,729
Adult Education: Adult Secondary Education	84.002A	13978	62,166
Adult Education: English Literacy and Civics Education	84.002A	14109	96,935
Subtotal Adult Education Cluster			<u>256,830</u>
Title II, Part A, Teacher Quality	84.367	14341	77,358
Title III Cluster			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	33,825
Title III, Immigrant Education Program	84.365	15146	3,759
Subtotal Title III Cluster			<u>37,584</u>
Special Education Cluster [1]			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	4,108,611
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	242,338
Part B, Preschool Grants	84.173	13430	112,091
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	205,244
Preschool Staff Development	84.173A	13431	1,000
Subtotal Special Education Cluster			<u>4,669,284</u>
IDEA Early Intervention Grants	84.181	23761	59,999
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14893	26,803
Total U. S. Department of Education			<u><u>5,616,771</u></u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	23668	266,286
National School Lunch Program	10.555	13391	1,038,544
USDA Commodities [2]	10.555	*	143,552
Meal Supplements	10.555	*	21,867
Subtotal Child Nutrition Cluster			<u>1,470,249</u>
Child Care Food Program Claims - Centers and Family Day Care Homes	10.558	13394	104,657
Total U. S. Department of Agriculture			<u><u>1,574,906</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	367,332
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	216,961
Total U. S. Department of Health & Human Services			<u>584,293</u>
Total Federal Expenditures			<u><u>\$ 7,775,970</u></u>

[1] - Major Program

[2] - In-Kind Contribution

* - Pass-Through Entity Identifying Number not available or not applicable

**CULVER CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2015**

	Second Period Report	Annual Report
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	1,948.34	1,946.24
Extended Year Special Education	2.15	2.15
Special Education - Nonpublic Schools	1.02	1.74
Extended Year Special Education - Nonpublic Schools	0.07	0.07
Total TK/K through Third	1,951.58	1,950.20
Fourth through Sixth		
Regular ADA	1,537.19	1,532.93
Extended Year Special Education	2.28	2.28
Special Education - Nonpublic Schools	1.29	4.09
Extended Year Special Education - Nonpublic Schools	0.45	0.45
Total Fourth through Sixth	1,541.21	1,539.75
Seventh through Eighth		
Regular ADA	943.24	943.37
Extended Year Special Education	0.63	0.63
Special Education - Nonpublic Schools	3.89	9.74
Extended Year Special Education - Nonpublic Schools	1.07	1.07
Total Seventh through Eighth	948.83	954.81
Ninth through Twelfth		
Regular ADA	2,041.00	2,031.45
Extended Year Special Education	1.94	1.94
Special Education - Nonpublic Schools	6.19	13.31
Extended Year Special Education - Nonpublic Schools	1.75	1.75
Total Ninth through Twelfth	2,050.88	2,048.45
TOTAL SCHOOL DISTRICT	6,492.50	6,493.21

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2015**

Grade Level	Minutes Requirement	Minutes Requirement Reduced	2014-15 Actual Minutes	Number of Days	Status
Kindergarten	36,000	35,000	53,460	180	Complied
Grade 1	50,400	49,000	54,360	180	Complied
Grade 2	50,400	49,000	54,360	180	Complied
Grade 3	50,400	49,000	54,360	180	Complied
Grade 4	54,000	52,500	53,460	180	Complied
Grade 5	54,000	52,500	53,460	180	Complied
Grade 6	54,000	52,500	56,485	180	Complied
Grade 7	54,000	52,500	56,485	180	Complied
Grade 8	54,000	52,500	56,485	180	Complied
Grade 9	64,800	63,000	72,065	180	Complied
Grade 10	64,800	63,000	72,065	180	Complied
Grade 11	64,800	63,000	72,065	180	Complied
Grade 12	64,800	63,000	72,065	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, 2015**

	2016 (Budget)	2015	2014	2013
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 68,539,546	\$ 63,734,771	\$ 58,841,082	\$ 55,815,787
Expenditures And Other Financing Uses	66,644,838	65,554,645	58,226,980	56,138,841
Net change in Fund Balance	\$ 1,894,708	\$ (1,819,874)	\$ 614,102	\$ (323,054)
Ending Fund Balance	\$ 20,080,689	\$ 18,185,981	\$ 20,005,855	\$ 19,391,753
Available Reserves*	\$ 16,419,705	\$ 13,688,798	\$ 16,012,449	\$ 14,400,520
Available Reserves As A Percentage Of Outgo	24.64%	20.88%	27.50%	25.65%
Long-term Debt	\$ 109,981,788	\$ 114,592,378	\$ 38,088,675	\$ 38,002,833
Average Daily Attendance At P-2	6,493	6,493	6,448	6,505

The General Fund balance has decreased by \$1,205,772 over the past two years. The fiscal year 2015-16 budget projects an increase of \$1,894,708. 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 deficits in two of the past three years and anticipates incurring an operating surplus during the 2015-16 fiscal year.

Average daily attendance has decreased by 12 ADA over the past two years. No change in ADA is anticipated during the 2015-16 fiscal year. Long-term debt has increased by \$76,589,545 over the past two years and a decrease of \$4,610,590 is anticipated during the 2015-16 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:

- 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.

**CULVER CITY UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	General Fund	Adult Education Fund	Deferred Maintenance Fund
June 30, 2015, annual financial and budget report fund balance	\$ 18,194,660	\$ 413,298	\$ 452,498
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	865,796	(413,298)	(452,498)
Net adjustments and reclassifications	865,796	(413,298)	(452,498)
June 30, 2015, audited financial statement fund balance	<u>\$ 19,060,456</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 JUNE 30, 2015**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 856,979	\$ 108,933	\$ 296,968	\$ 862,854	\$ 2,125,734
Accounts receivable	61,333	242,836	(602)	(685)	302,882
Stores inventory	-	77,340	-	-	77,340
Total Assets	918,312	429,109	296,366	862,169	2,505,956
LIABILITIES					
Accrued liabilities	392,018	130,225	87,649	86,632	696,524
Unearned revenue	145,684	-	-	-	145,684
Total Liabilities	537,702	130,225	87,649	86,632	842,208
FUND BALANCES					
Non-spendable	5,000	77,340	-	-	82,340
Restricted	375,610	205,536	208,717	775,537	1,565,400
Assigned	-	16,008	-	-	16,008
Total Fund Balances	380,610	298,884	208,717	775,537	1,663,748
Total Liabilities and Fund Balance	\$ 918,312	\$ 429,109	\$ 296,366	\$ 862,169	\$ 2,505,956

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, 2015**

	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
REVENUES					
Federal sources	\$ 471,989	\$ 1,470,249	\$ -	\$ -	\$ 1,942,238
Other state sources	864,966	113,251	-	-	978,217
Other local sources	2,825,529	786,366	496,292	2,332,827	6,441,014
Total Revenues	4,162,484	2,369,866	496,292	2,332,827	9,361,469
EXPENDITURES					
Current					
Instruction	3,176,760	-	-	-	3,176,760
Instruction-related services					
School site administration	602,319	-	-	-	602,319
Pupil services					
Food services	242,900	2,304,900	-	-	2,547,800
General administration					
All other general administration	232,111	129,135	-	-	361,246
Plant services	89,256	-	-	-	89,256
Facilities acquisition and maintenance	-	-	1,150,293	2,381,097	3,531,390
Total Expenditures	4,343,346	2,434,035	1,150,293	2,381,097	10,308,771
Excess (Deficiency) of Revenues Over Expenditures	(180,862)	(64,169)	(654,001)	(48,270)	(947,302)
Other Financing Sources (Uses)					
Transfers out	-	-	-	(1,000,000)	(1,000,000)
Net Financing Sources (Uses)	-	-	-	(1,000,000)	(1,000,000)
NET CHANGE IN FUND BALANCE	(180,862)	(64,169)	(654,001)	(1,048,270)	(1,947,302)
Fund Balance - Beginning	561,472	363,053	862,718	1,823,807	3,611,050
Fund Balance - Ending	\$ 380,610	\$ 298,884	\$ 208,717	\$ 775,537	\$ 1,663,748

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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, 2015 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2015.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 7,566,429
Medi-Cal Billing Option	93.778	<u>209,541</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$ 7,775,970</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	Amounts	
	CFDA Number	Provided to Subrecipients
Special Education Cluster:		
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	\$ 2,938,130
IDEA Part B, Preschool Grants	84.173	84,960
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	<u>155,567</u>
		<u>\$ 3,178,657</u>

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2015**

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

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 46208. During the year ended June 30, 2015, the District participated in the Longer Day incentive funding program. As of June 30, 2015, the District had not yet met its target funding. Through 2014-15, 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)

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**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

Michael Ash, CPA

Heather Rubio

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, 2015, 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 December 10, 2015.

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.

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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 #2015-1)

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
December 10, 2015

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

Christy White, CPA

Independent Auditors' Report

Michael Ash, CPA

Heather Rubio

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, 2015. 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.

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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, 2015.

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
December 10, 2015

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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, 2015, 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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.

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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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2015-2 and #2015-3. Our opinion on state compliance is not modified with respect to these matters.

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

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:

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Yes
Instructional Time for school districts	Yes
Instructional Materials, general requirements	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupation Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	No

PROGRAM NAME	PROCEDURES PERFORMED
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

We did not perform testing for Independent Study because it was below the threshold required for testing. We did not perform testing for California Clean Energy Jobs Act because the District did not incur expenditures during the year ended June 30, 2015.

Christy White Associates

San Diego, California
December 10, 2015

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**CULVER CITY UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2015**

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>	
84.027, 84.027A, 84.173, 84.173A	Special Education Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$	<u>300,000</u>
Auditee qualified as low-risk auditee?		<u>Yes</u>

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>Yes</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, 2015**

FIVE DIGIT CODE

20000
 30000
 60000

AB 3627 FINDING TYPE

Inventory of Equipment
 Internal Control
 Miscellaneous

FINDING #2015-1- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (60000)

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, 2013. As of June 30, 2015, the District was not in compliance with the biannual requirement for its actuarial study.

Context: The incident appears isolated. Since the required implementation of GASB Statement No. 45 by the District, the District has obtained the initial actuarial study as well as the most recent actuarial study covering the fiscal years 2012-13 and 2013-14.

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, 2015.

Cause: The current actuarial study is in progress but was not completed in time for this report.

Recommendation: We recommend that the District obtain a new actuarial study on its OPEB obligation for the fiscal year 2015-16 and rely on the study for only two fiscal years before obtaining another OPEB actuarial study.

District Response: The District was working closely with the Actuary and provided them with all the information needed to issue a new actuarial study before the audit report date. However, the Actuary was unable to complete the report on time. The District will have a new actuarial study completed before the close of the current fiscal year 2015-16.

CULVER CITY UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no federal award findings and questioned costs for the year ended June 30, 2015.

**CULVER CITY UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Program
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2015-2- UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as English Learners and who are not directly certified on the CalPADS 1.18 FRPM English Learner/Foster Youth-Student List Report must have supporting documentation that indicates the student was eligible for the designation. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section 19849 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

Condition: The auditor determined that 2 out of 427 total students from the CalPADS 1.18 FRPM English Learner/Foster Youth Student List Report who were classified as English Learners and had a “No” under the “Direct Certification” column did not have proper supporting documentation to support their designation.

Cause: Oversight by the District.

Effect: The District is not in compliance with state requirements.

Context: A total of 2 students from the CalPADS 1.18 FRPM English Learner/Foster Youth-Student List Report that were classified as English Learners and indicated as “No” under the “Direct Certification” column.

**CULVER CITY UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS (continued)
FOR THE YEAR ENDED JUNE 30, 2015**

FINDING #2015-2- UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)
(continued)

Questioned Costs: \$597, as calculated below:

LCFF Target Base Grant Amount and Pupil Counts		
1) Total Base Grant Amount	50,977,471	
	Section 1: UPP	Section 2: UPP
2) Total Enrollment Count from Unduplicated Pupil Percentage Exhibit	13,524	13,461
3) Unduplicated Pupil Count from Unduplicated Pupil Percentage Exhibit	5,372	5,570
Unduplicated Pupil Percentage Adjustment		
4) Unduplicated Pupil Count	5,372	5,570
5) Number of Unduplicated Pupil Count Adjustment (plus or minus)	(2)	(2)
6) Adjusted Unduplicated Pupil Count	5,370	5,568
7) Unduplicated Pupil Percentage calculated at P-2	0.3972	0.4138
8) Adjusted Unduplicated Pupil Percentage	0.3971	0.4136
9) Funded UPP (Greater of Section 1 or 2)		0.4136
Target Supplemental Audit Adjustment		
10) Target supplemental grant funding calculated at P-2		4,218,895
11) Adjusted target supplemental grant funding		4,216,856
12) Target supplemental audit adjustment		(2,039)
Target Concentration Audit Adjustment		
13) Target Concentration grant funding calculated at P-2	-	-
14) Adjusted target concentration grant funding	-	-
15) Target concentration audit adjustment	-	-
Value of Adjustment in Current Year		
16) Total target supplemental and concentration audit adjustment		(2,039)
17) Statewide gap funding rate	0.2927267659	0.2927267659
18) Estimated value of unduplicated pupil count audit adjustment for 2014-15		(597)

Recommendation: We recommend that the District ensure that the students designated as English Learners in the CalPADS 1.18 Report be closely monitored and that proper documentation is obtained to support this designation.

District Response: The Information Technology Department is working closely with the school sites to ensure that students are being classified and reported correctly in the CalPADS student database system and that adequate supporting documentation exists to support their designation.

**CULVER CITY UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

**FINDING #2015-3 REGIONAL OCCUPATIONAL CENTERS OF PROGRAM MAINTENANCE OF EFFORT
(40000)**

Criteria: For the 2014-15 fiscal year only, determine if the district had any regional occupational centers or programs expenditures as specified in Education Code section 2575(k) or 42238.03(a)(7) in the 2012-13 fiscal year. If the district had regional occupational centers or programs expenditures in the 2012-13 fiscal year, request documentation to determine if the district expended at least that amount, or the amount of revenue received for that purpose in 2012-13 if that is less, in the 2014-15 fiscal year as required.

Condition: The auditor reviewed expenditures in 2014-15 and determined the district did not spend at least that amount or the 12-13 revenues were less than current year expenditures.

Cause: Oversight by the district.

Effect: The District is not in compliance with state requirements.

Context: The incident appears isolated. Since the required maintenance of effort was implemented during 2014-15.

Questioned Costs: \$11,550 which is the excess of 2012-13 expenditures over 2014-15 expenditures.

Recommendation: We recommend that the District comply with Education Code and spend the required amount.

District Response: Based on current and ongoing investment in the ROP program, the District is ensuring that it will spend the required amount per Education Code.

**CULVER CITY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015**

FINDING #2014-1: 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

Timely Deposits

- It was noted that cash received through donation boxes was not timely deposited and was kept on site to cover various expenditures. Deposits should be made in a timely manner and no purchases should be made using cash.

Tally Sheets

- Tally sheets are not used for cash receipt verification. Pre-numbered receipt books are not used for all cash receipts. All monies received for items should be tracked on a tally sheet to provide backup for the sales.

Cause: Insufficient internal controls over student body activities.

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

Perspective: We audited the District's student body funds. Our audit included an evaluation of internal control procedures over: cash disbursements, cash receipts, and ASB organization.

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.

**CULVER CITY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*
FOR THE YEAR ENDED JUNE 30, 2015**

FINDING #2014-1: INTERNAL CONTROL OVER STUDENT BODY FUNDS (30000) (continued)

District Response: The Business Services Department has met with the ASB Bookkeeper and Activities Director and reviewed the proper internal control procedures to implement going forward to avoid misappropriation of assets and maintain sound internal controls. The Business Services Department routinely visits the ASB to ensure that the internal control procedures and policies are being adhered to. The ASB maintains the most current FCMAT ASB Accounting Manual on file.

Current Status: Implemented.

CULVER CITY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*
FOR THE YEAR ENDED JUNE 30, 2015

FINDING #2014-2- UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

Criteria: Students classified as English Learners and who are not directly certified on the CalPADS 1.18 FRPM English Learner/Foster Youth-Student List Report must have supporting documentation that indicates the student was eligible for the designation. Auditors are required to verify compliance with Education Code Section 42238.02(b)(3)(b) in Section 19849 of the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*.

Condition: The auditor determined that 2 out of 800 total students from the CalPADS 1.18 FRPM English Learner/Foster Youth Student List Report who were classified as English Learners and had a “No” under the “Direct Certification” column did not have proper supporting documentation to support their designation.

Cause: Oversight by the District.

Effect: The District is not in compliance with state requirements.

Context: A total of 2 students from the CalPADS 1.18 FRPM English Learner/Foster Youth-Student List Report that were classified as English Learners and indicated as “No” under the “Direct Certification” column.

Questioned Costs: To determine questioned costs, the error rate (2/800) was calculated below. As the error only related to English Learner determination, only pupils eligible based on English Learner designation were considered.

**CULVER CITY UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2015**

FINDING #2014-2- UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

A Errors Discovered	2
B Population Tested	800
C Error Rate (A/B)	0.25%
D Total Impacted Population	800
E Total Unallowed Students (C*D)	2
F Unadjusted Pupil Count	800
G Total Population	6,691
H Unadjusted % (F/G)	11.96%
I Adjusted Count (F-E)	798
J Adjusted % (I/G)	11.93%

Schools Tested	Unadjusted Pupil Count	Unadjusted Enrollment	Total Errors Found*	Adjusted Pupil Count	Adjusted Enrollment
Culver City Middle School	81	1,463	2	79	1,463
Total District (All Sites)	800	6,691	2	798	6,691

*100 percent of EL population was tested.

	Unadjusted	Adjusted	Questioned Costs
Unduplicated Pupil Percentage	11.96%	11.93%	
Base Grant Funding	\$ 42,856,955		
Supplemental Grant Funding at Target	20%	\$ 1,024,826	\$ 2,562
Gap Percentage for 13/14			12%
Questioned Costs for 13/14			\$ 307

Recommendation: We recommend that the students designated as English Learners be closely monitored and proper documentation be obtained.

District Response: The Business Services Department has worked closely with the Information Technology Department to ensure that students are being classified and reported correctly in the CalPADS student database system and that adequate supporting documentation exists to support their designation.

Current Status: Not implemented, see Finding #2015-2.