

# CULVER CITY UNIFIED SCHOOL DISTRICT

## AUDIT REPORT

JUNE 30, 2016

San Diego

Los Angeles

San Francisco  
Bay Area

christywhite  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2016**

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# FINANCIAL SECTION

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## 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, 2016, 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2016 on our consideration of Culver City Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Culver City Unified School District's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
November 16, 2016

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

**INTRODUCTION**

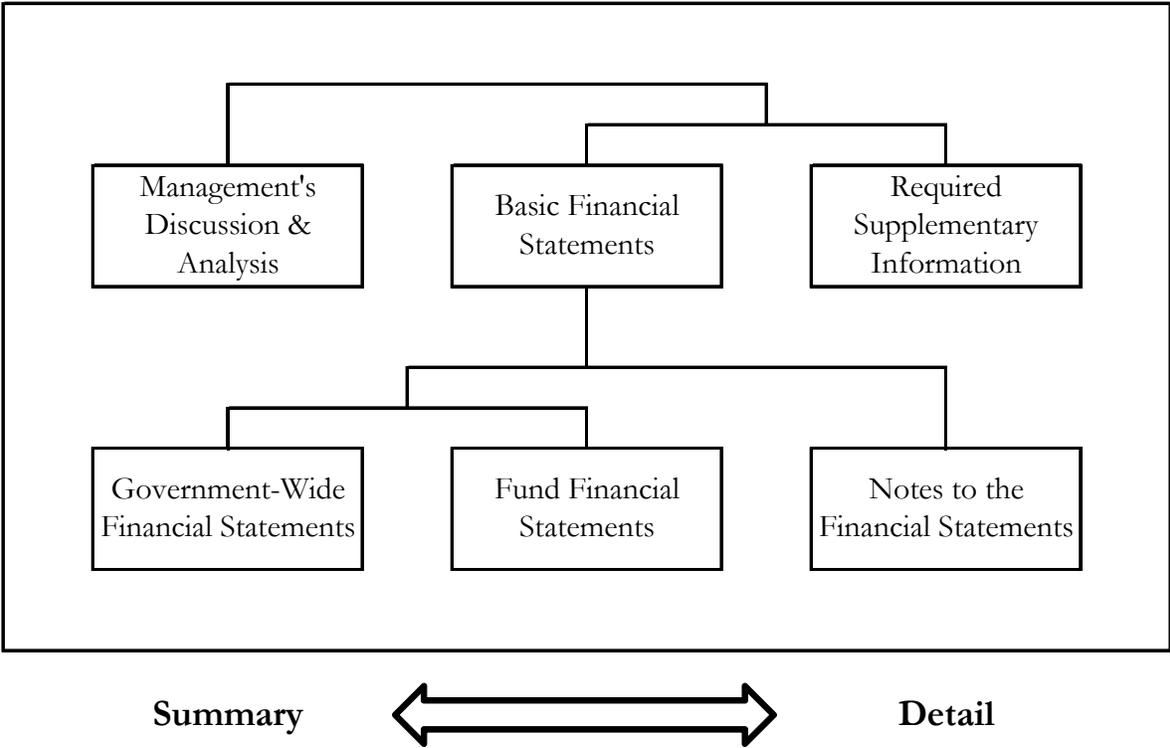
Our discussion and analysis of Culver City Unified School District's (The District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2016. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ▶ Total net position was \$(11,632,330) at June 30, 2016. This was an increase of \$2,129,087 from the prior year's net position.
  
- ▶ Overall expenses were \$98,473,722 which were exceeded by revenues of \$100,602,809.

**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, 2016**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
  
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.
  
  - ▶ **Fiduciary Funds** report balances for which the District is a custodian or *trustee* of the funds, such as Associated Student Bodies and pension funds.

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

### **Government-Wide Statements**

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

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

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula 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, 2016**

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

**Net Position**

The District's net position was \$(11,632,330) at June 30, 2016, as reflected in table below. Of this amount, \$(50,556,250) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

|                                       | <b>Governmental Activities</b> |                        |                     |
|---------------------------------------|--------------------------------|------------------------|---------------------|
|                                       | <b>2016</b>                    | <b>2015</b>            | <b>Net Change</b>   |
| <b>ASSETS</b>                         |                                |                        |                     |
| Current and other assets              | \$ 63,807,946                  | \$ 66,351,184          | \$ (2,543,238)      |
| Capital assets                        | 64,426,242                     | 59,244,124             | 5,182,118           |
| <b>Total Assets</b>                   | <b>128,234,188</b>             | <b>125,595,308</b>     | <b>2,638,880</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> | <b>7,080,988</b>               | <b>4,061,883</b>       | <b>3,019,105</b>    |
| <b>LIABILITIES</b>                    |                                |                        |                     |
| Current liabilities                   | 24,060,832                     | 20,382,760             | 3,678,072           |
| Long-term liabilities                 | 117,124,471                    | 109,981,788            | 7,142,683           |
| <b>Total Liabilities</b>              | <b>141,185,303</b>             | <b>130,364,548</b>     | <b>10,820,755</b>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  | <b>5,762,203</b>               | <b>13,058,535</b>      | <b>(7,296,332)</b>  |
| <b>NET POSITION</b>                   |                                |                        |                     |
| Net investment in capital assets      | 27,930,612                     | 23,705,214             | 4,225,398           |
| Restricted                            | 10,993,308                     | 10,760,851             | 232,457             |
| Unrestricted                          | (50,556,250)                   | (48,231,957)           | (2,324,293)         |
| <b>Total Net Position</b>             | <b>\$ (11,632,330)</b>         | <b>\$ (13,765,892)</b> | <b>\$ 2,133,562</b> |

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2016**

**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 \$100,602,809. The majority of the revenue comes from LCFF, property taxes, and federal and state aid (67%). Program revenues were approximately 29% of the District's total revenue. Miscellaneous local sources accounted for approximately 4% of revenue.

The total cost of all programs and services was \$98,473,722. The District's expenses are predominately related to educating and caring for students (63%). 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 7% of all costs. The remaining expenses were for ancillary services, community services, debt service, other outgo, and depreciation (17%).

|                                    | <b>Governmental Activities</b> |                        |                     |
|------------------------------------|--------------------------------|------------------------|---------------------|
|                                    | <b>2016</b>                    | <b>2015</b>            | <b>Net Change</b>   |
| <b>REVENUES</b>                    |                                |                        |                     |
| Program revenues                   |                                |                        |                     |
| Charges for services               | \$ 1,456,209                   | \$ 2,357,967           | \$ (901,758)        |
| Operating grants and contributions | 27,592,330                     | 26,288,572             | 1,303,758           |
| General revenues                   |                                |                        |                     |
| Property taxes                     | 27,568,948                     | 22,094,211             | 5,474,737           |
| Unrestricted federal and state aid | 39,624,407                     | 37,841,732             | 1,782,675           |
| Other                              | 4,360,915                      | 2,535,387              | 1,825,528           |
| <b>Total Revenues</b>              | <b>100,602,809</b>             | <b>91,117,869</b>      | <b>9,484,940</b>    |
| <b>EXPENSES</b>                    |                                |                        |                     |
| Instruction                        | 50,939,571                     | 46,556,018             | 4,383,553           |
| Instruction-related services       | 11,244,185                     | 10,246,701             | 997,484             |
| Pupil services                     | 9,011,602                      | 7,117,384              | 1,894,218           |
| General administration             | 4,584,017                      | 4,234,021              | 349,996             |
| Plant services                     | 6,891,450                      | 5,864,497              | 1,026,953           |
| Ancillary and community services   | 2,926                          | 6,325                  | (3,399)             |
| Debt service                       | 2,608,251                      | 2,410,216              | 198,035             |
| Other Outgo                        | 11,332,665                     | 11,809,425             | (476,760)           |
| Depreciation                       | 1,859,055                      | 1,773,579              | 85,476              |
| <b>Total Expenses</b>              | <b>98,473,722</b>              | <b>90,018,166</b>      | <b>8,455,556</b>    |
| <b>Change in net position</b>      | <b>2,129,087</b>               | <b>1,099,703</b>       | <b>1,029,384</b>    |
| <b>Net Position - Beginning*</b>   | <b>(13,765,892)</b>            | <b>(14,865,595)</b>    | <b>1,099,703</b>    |
| <b>Net Position - Ending</b>       | <b>\$ (11,632,330)</b>         | <b>\$ (13,765,892)</b> | <b>\$ 2,129,087</b> |

\* Beginning Net Position was restated for the 2015 year only

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**Changes in Net Position (continued)**

The cost of all our governmental activities this year was \$98,473,722. The net cost of these services was only \$69,425,183. The amount that our taxpayers ultimately financed for these activities through taxes was only \$27,568,948 because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions, charges for services, and other miscellaneous activities.

|                                  | <b>Net Cost of Services</b> |                      |
|----------------------------------|-----------------------------|----------------------|
|                                  | <b>2016</b>                 | <b>2015</b>          |
| Instruction                      | \$ 38,642,156               | \$ 34,543,575        |
| Instruction-related services     | 8,146,428                   | 6,481,262            |
| Pupil services                   | 4,996,499                   | 3,712,520            |
| General administration           | 3,874,005                   | 3,411,657            |
| Plant services                   | 6,792,184                   | 5,707,909            |
| Ancillary and community services | 2,900                       | 6,325                |
| Debt service                     | 2,608,251                   | 2,410,216            |
| Transfers to other agencies      | 2,503,705                   | 3,324,584            |
| Depreciation                     | 1,859,055                   | 1,773,579            |
| <b>Total Expenses</b>            | <b>\$ 69,425,183</b>        | <b>\$ 61,371,627</b> |

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$45,425,274, which is less than last year's ending fund balance of \$51,711,995. The District's General Fund had \$3,055,328 less in operating revenues than expenditures for the year ended June 30, 2016. The District's Special Education Pass-Through Fund had \$1,646 more in operating revenues than expenditures for the year ended June 30, 2016. The District's Building Fund had \$5,567,310 less in operating revenues than expenditures for the year ended June 30, 2016. The District's Financing Authority had \$745 less in operating revenues than expenditures for the year ended June 30, 2016.

**CURRENT YEAR BUDGET 2015-16**

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, 2016**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2015-16 the District had invested \$64,426,242 in capital assets, net of accumulated depreciation.

|                             | <b>Governmental Activities</b> |                      |                     |
|-----------------------------|--------------------------------|----------------------|---------------------|
|                             | <b>2016</b>                    | <b>2015</b>          | <b>Net Change</b>   |
| <b>CAPITAL ASSETS</b>       |                                |                      |                     |
| Land                        | \$ 1,517,971                   | \$ 1,517,971         | \$ -                |
| Construction in progress    | 5,434,683                      | 8,749,080            | (3,314,397)         |
| Land improvements           | 6,183,679                      | 6,621,533            | (437,854)           |
| Buildings & improvements    | 87,451,396                     | 76,722,084           | 10,729,312          |
| Furniture & equipment       | 5,660,205                      | 5,596,093            | 64,112              |
| Accumulated depreciation    | (41,821,692)                   | (39,962,637)         | (1,859,055)         |
| <b>Total Capital Assets</b> | <b>\$ 64,426,242</b>           | <b>\$ 59,244,124</b> | <b>\$ 5,182,118</b> |

**Long-Term Debt**

At year-end, the District had \$117,124,471 in long-term debt, an increase of 6% 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.)

|   | <b>Governmental Activities</b> |                      |                     |
|---|--------------------------------|----------------------|---------------------|
|   | <b>2016</b>                    | <b>2015</b>          | <b>Net Change</b>   |
| <b>LONG-TERM LIABILITIES</b>            |                                |                      |                     |
| Total general obligation bonds          | \$ 55,161,525                  | \$ 59,772,115        | \$ (4,610,590)      |
| Net OPEB obligation                     | 7,515,565                      | 6,063,216            | 1,452,349           |
| Net pension liability                   | 59,042,971                     | 48,757,047           | 10,285,924          |
| Less: current portion of long-term debt | (4,595,590)                    | (4,610,590)          | 15,000              |
| <b>Total Long-term Liabilities</b>      | <b>\$117,124,471</b>           | <b>\$109,981,788</b> | <b>\$ 7,142,683</b> |

**CULVER CITY UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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 faster than the national economy with unemployment dropping. Personal income is expected to grow 3.6%; according to the UCLA Anderson Economic Forecast, April 2016. The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and while positive remains uncertain.

The District participates in state employee pensions 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, 2016. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are 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 2016-17 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, 2016**

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|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>ASSETS</b>                                   |                                    |
| Cash and investments                            | \$ 59,854,295                      |
| Accounts receivable                             | 3,899,200                          |
| Inventory                                       | 54,451                             |
| Capital assets, not depreciated                 | 6,952,654                          |
| Capital assets, net of accumulated depreciation | 57,473,588                         |
| <b>Total Assets</b>                             | <b>128,234,188</b>                 |
| <br><b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                                    |
| Deferred outflows related to pensions           | 7,080,988                          |
| <b>Total Deferred Outflows of Resources</b>     | <b>7,080,988</b>                   |
| <br><b>LIABILITIES</b>                          |                                    |
| Accrued liabilities                             | 18,937,036                         |
| Unearned revenue                                | 446,503                            |
| Long-term liabilities, current portion          | 4,595,590                          |
| Long-term liabilities, non-current portion      | 117,124,471                        |
| <b>Total Liabilities</b>                        | <b>141,185,303</b>                 |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>        |                                    |
| Deferred inflows related to pensions            | 5,762,203                          |
| <b>Total Deferred Inflows of Resources</b>      | <b>5,762,203</b>                   |
| <br><b>NET POSITION</b>                         |                                    |
| Net investment in capital assets                | 27,930,612                         |
| Restricted:                                     |                                    |
| Capital projects                                | 2,902,327                          |
| Debt service                                    | 5,121,461                          |
| Educational programs                            | 2,969,206                          |
| All others                                      | 314                                |
| Unrestricted                                    | (50,556,250)                       |
| <b>Total Net Position</b>                       | <b>\$ (11,632,330)</b>             |

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

**CULVER CITY UNIFIED SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

| Function/Programs  | Expenses             | Program Revenues        |  | Net (Expenses)<br>Revenues and<br>Changes in<br>Net Position |
|--|----------------------|-------------------------|--|--|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions |  |
| <b>GOVERNMENTAL ACTIVITIES</b>                             |                      |                         |  |  |
| Instruction  | \$ 50,939,571        | \$ 369,335              | \$ 11,928,080                            | \$ (38,642,156)  |
| Instruction-related services                               |                      |                         |  |  |
| Instructional supervision and administration               | 3,941,253            | 9,367                   | 1,978,382                                | (1,953,504)  |
| Instructional library, media, and technology               | 602,537              | -                       | -  | (602,537)  |
| School site administration                                 | 6,700,395            | 71,735                  | 1,038,273                                | (5,590,387)  |
| Pupil services   |                      |                         |  |  |
| Home-to-school transportation                              | 744,510              | -                       | -  | (744,510)  |
| Food services  | 2,692,740            | 793,891                 | 1,577,829                                | (321,020)  |
| All other pupil services                                   | 5,574,352            | 14,750                  | 1,628,633                                | (3,930,969)  |
| General administration                                     |                      |                         |  |  |
| Centralized data processing                                | 796,038              | -                       | -  | (796,038)  |
| All other general administration                           | 3,787,979            | 13,928                  | 696,084                                  | (3,077,967)  |
| Plant services   | 6,891,450            | 4,780                   | 94,486                                   | (6,792,184)  |
| Ancillary services   | 2,926                | -                       | 26                                       | (2,900)  |
| Interest on long-term debt                                 | 2,608,251            | -                       | -  | (2,608,251)  |
| Other Outgo  | 11,332,665           | 178,423                 | 8,650,537                                | (2,503,705)  |
| Depreciation (unallocated)                                 | 1,859,055            | -                       | -  | (1,859,055)  |
| <b>Total Governmental Activities</b>                       | <b>\$ 98,473,722</b> | <b>\$ 1,456,209</b>     | <b>\$ 27,592,330</b>                     | <b>(69,425,183)</b>  |
| General revenues   |                      |                         |  |  |
| Taxes and subventions                                      |                      |                         |  |  |
| Property taxes, levied for general purposes                |                      |                         |  | 17,059,147   |
| Property taxes, levied for debt service                    |                      |                         |  | 6,690,614  |
| Property taxes, levied for other specific purposes         |                      |                         |  | 3,819,187  |
| Federal and state aid not restricted for specific purposes |                      |                         |  | 39,624,407   |
| Interest and investment earnings                           |                      |                         |  | 391,503  |
| Miscellaneous  |                      |                         |  | 3,973,887  |
| <b>Subtotal, General Revenue</b>                           |                      |                         |  | <b>71,558,745</b>  |
| <b>CHANGE IN NET POSITION</b>                              |                      |                         |  | <b>2,133,562</b>   |
| <b>Net Position - Beginning</b>                            |                      |                         |  | <b>(13,765,892)</b>  |
| <b>Net Position - Ending</b>                               |                      |                         |  | <b>\$ (11,632,330)</b>                                       |

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

**CULVER CITY UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2016**

|  | Special Education    |                      |                      | Financing<br>Authority | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|----------------------|----------------------|------------------------|------------------------------------|--------------------------------|
|  | General Fund         | Pass-Through<br>Fund | Building Fund        |                        |                                    |                                |
| <b>ASSETS</b>                              |                      |                      |                      |                        |                                    |                                |
| Cash and investments                       | \$ 28,593,498        | \$ 1,452,119         | \$ 20,132,604        | \$ 43,026              | \$ 9,633,048                       | \$ 59,854,295                  |
| Accounts receivable                        | 2,065,259            | 1,181,196            | 66,407               | -                      | 586,338                            | 3,899,200                      |
| Stores inventory                           | 24,539               | -                    | -                    | -                      | 29,912                             | 54,451                         |
| <b>Total Assets</b>                        | <b>\$ 30,683,296</b> | <b>\$ 2,633,315</b>  | <b>\$ 20,199,011</b> | <b>\$ 43,026</b>       | <b>\$ 10,249,298</b>               | <b>\$ 63,807,946</b>           |
| <b>LIABILITIES</b>                         |                      |                      |                      |                        |                                    |                                |
| Deficit cash                               | \$ -                 | \$ -                 | \$ -                 | \$ -                   | \$ 81,703                          | \$ 81,703                      |
| Accrued liabilities                        | 13,024,291           | 2,626,494            | 1,533,116            | -                      | 670,565                            | 17,854,466                     |
| Unearned revenue                           | 253,877              | -                    | -                    | -                      | 192,626                            | 446,503                        |
| <b>Total Liabilities</b>                   | <b>13,278,168</b>    | <b>2,626,494</b>     | <b>1,533,116</b>     | <b>-</b>               | <b>944,894</b>                     | <b>18,382,672</b>              |
| <b>FUND BALANCES</b>                       |                      |                      |                      |                        |                                    |                                |
| Nonspendable                               | 37,039               | -                    | -                    | -                      | 34,912                             | 71,951                         |
| Restricted                                 | 2,826,216            | -                    | 18,665,895           | 43,026                 | 9,206,636                          | 30,741,773                     |
| Assigned                                   | 1,841,842            | 6,821                | -                    | -                      | 62,856                             | 1,911,519                      |
| Unassigned                                 | 12,700,031           | -                    | -                    | -                      | -                                  | 12,700,031                     |
| <b>Total Fund Balances</b>                 | <b>17,405,128</b>    | <b>6,821</b>         | <b>18,665,895</b>    | <b>43,026</b>          | <b>9,304,404</b>                   | <b>45,425,274</b>              |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 30,683,296</b> | <b>\$ 2,633,315</b>  | <b>\$ 20,199,011</b> | <b>\$ 43,026</b>       | <b>\$ 10,249,298</b>               | <b>\$ 63,807,946</b>           |

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT**  
**OF NET POSITION**  
**JUNE 30, 2016**

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**Total Fund Balance - Governmental Funds** \$ 45,425,274

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           | \$ 106,247,934 |            |
| Accumulated depreciation | (41,821,692)   | 64,426,242 |

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:

(1,082,570)

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 | \$ 55,161,525 |               |
| Net OPEB obligation            | 7,515,565     |               |
| Net pension liability          | 59,042,971    | (121,720,061) |

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 | \$ 7,080,988 |           |
| Deferred inflows of resources related to pensions  | (5,762,203)  | 1,318,785 |

**Total Net Position - Governmental Activities** \$ (11,632,330)

**CULVER CITY UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

|  | Special Education    |                      |                      | Financing<br>Authority | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|----------------------|----------------------|------------------------|------------------------------------|--------------------------------|
|  | General Fund         | Pass-Through<br>Fund | Building Fund        |                        |                                    |                                |
| <b>REVENUES</b>                              |                      |                      |                      |                        |                                    |                                |
| LCFF sources                                 | \$ 51,459,602        | \$ -                 | \$ -                 | \$ -                   | \$ -                               | \$ 51,459,602                  |
| Federal sources                              | 2,544,193            | 3,186,569            | -                    | -                      | 1,594,534                          | 7,325,296                      |
| Other state sources                          | 14,151,713           | 8,088,987            | -                    | -                      | 1,070,853                          | 23,311,553                     |
| Other local sources                          | 3,659,386            | 1,646                | 176,846              | 4,475                  | 14,998,789                         | 18,841,142                     |
| <b>Total Revenues</b>                        | <b>71,814,894</b>    | <b>11,277,202</b>    | <b>176,846</b>       | <b>4,475</b>           | <b>17,664,176</b>                  | <b>100,937,593</b>             |
| <b>EXPENDITURES</b>                          |                      |                      |                      |                        |                                    |                                |
| Current                                      |                      |                      |                      |                        |                                    |                                |
| Instruction                                  | 46,295,799           | -                    | -                    | -                      | 3,491,921                          | 49,787,720                     |
| Instruction-related services                 |                      |                      |                      |                        |                                    |                                |
| Instructional supervision and administration | 3,966,291            | -                    | -                    | -                      | -                                  | 3,966,291                      |
| Instructional library, media, and technology | 601,512              | -                    | -                    | -                      | -                                  | 601,512                        |
| School site administration                   | 6,112,068            | -                    | -                    | -                      | 607,113                            | 6,719,181                      |
| Pupil services                               |                      |                      |                      |                        |                                    |                                |
| Home-to-school transportation                | 743,308              | -                    | -                    | -                      | -                                  | 743,308                        |
| Food services                                | 6,976                | -                    | -                    | -                      | 2,683,630                          | 2,690,606                      |
| All other pupil services                     | 5,601,909            | -                    | -                    | -                      | -                                  | 5,601,909                      |
| General administration                       |                      |                      |                      |                        |                                    |                                |
| Centralized data processing                  | 794,947              | -                    | -                    | -                      | -                                  | 794,947                        |
| All other general administration             | 3,543,732            | -                    | -                    | -                      | 245,633                            | 3,789,365                      |
| Plant services                               |                      |                      |                      |                        |                                    |                                |
| Facilities acquisition and maintenance       | -                    | -                    | 5,744,156            | 5,220                  | 975,458                            | 6,724,834                      |
| Ancillary services                           | 2,931                | -                    | -                    | -                      | -                                  | 2,931                          |
| Transfers to other agencies                  | 97,699               | 11,275,556           | -                    | -                      | -                                  | 11,373,255                     |
| Debt service                                 |                      |                      |                      |                        |                                    |                                |
| Principal                                    | -                    | -                    | -                    | -                      | 4,570,000                          | 4,570,000                      |
| Interest and other                           | -                    | -                    | -                    | -                      | 2,658,662                          | 2,658,662                      |
| <b>Total Expenditures</b>                    | <b>74,870,222</b>    | <b>11,275,556</b>    | <b>5,744,156</b>     | <b>5,220</b>           | <b>15,329,160</b>                  | <b>107,224,314</b>             |
| <b>Excess (Deficiency) of Revenues</b>       |                      |                      |                      |                        |                                    |                                |
| <b>Over Expenditures</b>                     | <b>(3,055,328)</b>   | <b>1,646</b>         | <b>(5,567,310)</b>   | <b>(745)</b>           | <b>2,335,016</b>                   | <b>(6,286,721)</b>             |
| <b>Other Financing Sources (Uses)</b>        |                      |                      |                      |                        |                                    |                                |
| Transfers in                                 | 1,400,000            | -                    | -                    | -                      | 45,000                             | 1,445,000                      |
| Transfers out                                | -                    | -                    | -                    | -                      | (1,445,000)                        | (1,445,000)                    |
| <b>Net Financing Sources (Uses)</b>          | <b>1,400,000</b>     | <b>-</b>             | <b>-</b>             | <b>-</b>               | <b>(1,400,000)</b>                 | <b>-</b>                       |
| <b>NET CHANGE IN FUND BALANCE</b>            | <b>(1,655,328)</b>   | <b>1,646</b>         | <b>(5,567,310)</b>   | <b>(745)</b>           | <b>935,016</b>                     | <b>(6,286,721)</b>             |
| <b>Fund Balance - Beginning</b>              | <b>19,060,456</b>    | <b>5,175</b>         | <b>24,233,205</b>    | <b>43,771</b>          | <b>8,369,388</b>                   | <b>51,711,995</b>              |
| <b>Fund Balance - Ending</b>                 | <b>\$ 17,405,128</b> | <b>\$ 6,821</b>      | <b>\$ 18,665,895</b> | <b>\$ 43,026</b>       | <b>\$ 9,304,404</b>                | <b>\$ 45,425,274</b>           |

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

**CULVER CITY UNIFIED SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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**Net Change in Fund Balances - Governmental Funds** \$ (6,286,721)

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: | \$ 7,041,173       |           |
| Depreciation expense:            | <u>(1,859,055)</u> | 5,182,118 |

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:

4,570,000

Unmatured interest on long-term debt:

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

50,411

Postemployment benefits other than pensions (OPEB):

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

(1,452,349)

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:

29,513

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** \$ 2,133,562

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

CULVER CITY UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2016

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|                          | <u>Agency Funds</u> |
|--------------------------|---------------------|
|                          | <u>Student Body</u> |
|                          | <u>Fund</u>         |
| <b>ASSETS</b>            |                     |
| Cash and investments     | \$ 208,066          |
| Other assets             | 512                 |
| <b>Total Assets</b>      | <u>\$ 208,578</u>   |
| <b>LIABILITIES</b>       |                     |
| Due to student groups    | \$ 208,578          |
| <b>Total Liabilities</b> | <u>\$ 208,578</u>   |

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

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

The District operates under a locally elected Board form of government and provides educational services to grades K-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

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

**Culver City 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 outstanding Series 2005 refunding bonds are described in more detail in Note 8.

**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**

**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.

**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*).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds

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

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

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

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

**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.

**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.

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

C. Basis of Presentation (*continued*)

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.

**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.

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

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

**Revenues – Exchange and Non-Exchange Transactions, *continued***

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.

**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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

**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.

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 acquisition value 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.

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*)

**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.

**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.

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**

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

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

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

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

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

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

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.

CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2016

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

F. Interfund Activity

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

G. Estimates

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

H. Budgetary Data

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

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

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, 2016

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

J. New Accounting Pronouncements (*continued*)

**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 implemented GASB Statement No. 72 for the year ended June 30, 2016.

**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. A portion of this Statement is effective for periods beginning after June 15, 2015. The District has implemented GASB Statement No. 73 for the year ended June 30, 2016.

**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.

**GASB Statement No. 80** – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard's primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2016

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NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

|                                   | <u>Governmental<br/>Funds</u> | <u>Fiduciary<br/>Funds</u> |
|-----------------------------------|-------------------------------|----------------------------|
| Investment in county treasury *   | \$ 59,793,769                 | \$ -                       |
| Cash on hand and in banks         | -                             | 208,066                    |
| Cash with fiscal agent            | 43,026                        | -                          |
| Cash in revolving fund            | 17,500                        | -                          |
| <b>Total cash and investments</b> | <u>\$ 59,854,295</u>          | <u>\$ 208,066</u>          |

\*Investment in county treasury is shown net of deficit cash.

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, 2016**

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**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<br>Remaining<br>Maturity | Maximum<br>Percentage of<br>Portfolio | Maximum<br>Investment in<br>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                                   |

**D. Fair Value**

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

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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

**D. Fair Value (continued)**

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

The District's fair value measurements at June 30, 2016 were as follows:

|   |                      |
|---|----------------------|
|   | <b>Uncategorized</b> |
| Investment in county treasury                 | \$ 59,863,624        |
| <b>Total fair market value of investments</b> | <b>\$ 59,863,624</b> |

**E. 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 \$59,863,624 and an amortized book value of \$59,793,769. The average weighted maturity for this pool is 608 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 \$43,026.

**F. 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, 2016, the pooled investments in the County Treasury were rated at least 'A' by Moody's Investors Service.

**G. 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, 2016, the District's bank balance was not exposed to custodial credit risk.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2016 consisted of the following:

|                     | <b>General Fund</b> | <b>Special Education<br/>Pass-Through<br/>Fund</b> | <b>Building Fund</b> | <b>Non-Major<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Activities</b> |
|---------------------|---------------------|--|----------------------|---|--|
| Federal Government  |                     |  |                      |   |  |
| Categorical aid     | \$ 916,108          | \$ 1,175,297                                       | \$ -                 | \$ 247,617                                  | \$ 2,339,022                                 |
| State Government    |                     |  |                      |   |  |
| Categorical aid     | 398,614             | 5,299  | -                    | 15,721                                      | 419,634                                      |
| Lottery             | 292,440             | -  | -                    | -   | 292,440                                      |
| Local Government    |                     |  |                      |   |  |
| Other local sources | 458,097             | 600  | 66,407               | 323,000                                     | 848,104                                      |
| <b>Total</b>        | <b>\$ 2,065,259</b> | <b>\$ 1,181,196</b>                                | <b>\$ 66,407</b>     | <b>\$ 586,338</b>                           | <b>\$ 3,899,200</b>                          |

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

|  | <b>Balance<br/>July 01, 2015</b> | <b>Reclass</b> | <b>Additions</b>     | <b>Deletions</b>    | <b>Balance<br/>June 30, 2016</b> |
|--|----------------------------------|----------------|----------------------|---------------------|----------------------------------|
| <b>Governmental Activities</b>             |                                  |                |                      |                     |                                  |
| Capital assets not being depreciated       |                                  |                |                      |                     |                                  |
| Land                                       | \$ 1,517,971                     | \$ -           | \$ -                 | \$ -                | \$ 1,517,971                     |
| Construction in progress                   | 8,749,080                        | -              | 5,017,695            | 8,332,092           | 5,434,683                        |
| Total Capital Assets not Being Depreciated | 10,267,051                       | -              | 5,017,695            | 8,332,092           | 6,952,654                        |
| Capital assets being depreciated           |                                  |                |                      |                     |                                  |
| Land improvements                          | 6,621,533                        | (505,151)      | 67,297               | -                   | 6,183,679                        |
| Buildings & improvements                   | 76,722,084                       | 505,151        | 10,224,161           | -                   | 87,451,396                       |
| Furniture & equipment                      | 5,596,093                        | -              | 64,112               | -                   | 5,660,205                        |
| Total Capital Assets Being Depreciated     | 88,939,710                       | -              | 10,355,570           | -                   | 99,295,280                       |
| Less Accumulated Depreciation              |                                  |                |                      |                     |                                  |
| Land improvements                          | 3,784,910                        | -              | 213,750              | -                   | 3,998,660                        |
| Buildings & improvements                   | 31,647,603                       | -              | 1,485,722            | -                   | 33,133,325                       |
| Furniture & equipment                      | 4,530,124                        | -              | 159,583              | -                   | 4,689,707                        |
| Total Accumulated Depreciation             | 39,962,637                       | -              | 1,859,055            | -                   | 41,821,692                       |
| <b>Governmental Activities</b>             |                                  |                |                      |                     |                                  |
| <b>Capital Assets, net</b>                 | <b>\$ 59,244,124</b>             | <b>\$ -</b>    | <b>\$ 13,514,210</b> | <b>\$ 8,332,092</b> | <b>\$ 64,426,242</b>             |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**NOTE 5 – INTERFUND TRANSACTIONS**

**Operating Transfers**

The District had two interfund transfers for the year ended June 30, 2016 consisting of \$45,000 in the Special Reserve Fund for Capital Outlay Projects as an outgoing transfer to the Child Development Fund for capital outlay projects for the 2015-16 fiscal year. The second transfer consisted of \$1,400,000 as an outgoing transfer from the Special Reserve Fund for Capital Outlay Projects to the General Fund for operating purposes.

**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2016 consisted of the following:

|                    | Special Education<br>Pass-Through |                     | Non-Major<br>Governmental |                   | Total<br>Governmental |                      |
|--------------------|-----------------------------------|---------------------|---------------------------|-------------------|-----------------------|----------------------|
|                    | General Fund                      | Fund                | Building Fund             | Funds             | District-Wide         | Activities           |
| Payroll            | \$ 6,035,372                      | \$ -                | \$ -                      | \$ 547,087        | \$ -                  | \$ 6,582,459         |
| Construction       | -                                 | -                   | 1,533,116                 | -                 | -                     | 1,533,116            |
| Vendors payable    | 6,988,919                         | 2,626,494           | -                         | 123,478           | -                     | 9,738,891            |
| Unmatured interest | -                                 | -                   | -                         | -                 | 1,082,570             | 1,082,570            |
| <b>Total</b>       | <b>\$ 13,024,291</b>              | <b>\$ 2,626,494</b> | <b>\$ 1,533,116</b>       | <b>\$ 670,565</b> | <b>\$ 1,082,570</b>   | <b>\$ 18,937,036</b> |

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2016 consisted of the following:

|                           | General Fund      | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Activities |
|---------------------------|-------------------|------------------------------------|-------------------------------------|
| Federal sources           | \$ 13,619         | \$ -                               | \$ 13,619                           |
| State categorical sources | 218,069           | 78,738                             | 296,807                             |
| Local sources             | 22,189            | 113,888                            | 136,077                             |
| <b>Total</b>              | <b>\$ 253,877</b> | <b>\$ 192,626</b>                  | <b>\$ 446,503</b>                   |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2016 consisted of the following:

|                                | Balance<br>July 01, 2015 | Additions            | Deductions          | Balance<br>June 30, 2016 | Balance Due<br>In One Year |
|--------------------------------|--------------------------|----------------------|---------------------|--------------------------|----------------------------|
| <b>Governmental Activities</b> |                          |                      |                     |                          |                            |
| General obligation bonds       | \$ 58,595,000            | \$ -                 | \$ 4,570,000        | \$ 54,025,000            | \$ 4,555,000               |
| Unamortized premium            | 1,177,115                | -                    | 40,590              | 1,136,525                | 40,590                     |
| Total general obligation bonds | 59,772,115               | -                    | 4,610,590           | 55,161,525               | 4,595,590                  |
| Net OPEB obligation            | 6,063,216                | 1,452,349            | -                   | 7,515,565                | -                          |
| Net pension liability          | 48,757,047               | 10,285,924           | -                   | 59,042,971               | -                          |
| <b>Total</b>                   | <b>\$ 114,592,378</b>    | <b>\$ 11,738,273</b> | <b>\$ 4,610,590</b> | <b>\$ 121,720,061</b>    | <b>\$ 4,595,590</b>        |

**A. General Obligation Bonds**

The outstanding general obligation bond debts of the District at June 30, 2016 are as follows:

| Series | Issue Date | Maturity Date | Interest Rate | Original Issue | Bonds                        |             |                     | Bonds                        |  |
|--------|------------|---------------|---------------|----------------|------------------------------|-------------|---------------------|------------------------------|--|
|        |            |               |               |                | Outstanding<br>July 01, 2015 | Additions   | Deductions          | Outstanding<br>June 30, 2016 |  |
| 2005   | 11/4/2005  | 8/1/2033      | 4.0-5.0%      | \$38,230,000   | \$ 32,095,000                | \$ -        | \$ 970,000          | \$ 31,125,000                |  |
| 2014 A | 2/1/2015   | 8/1/2044      | 2.0-4.0%      | 26,500,000     | 26,500,000                   | -           | 3,600,000           | 22,900,000                   |  |
|        |            |               |               |                | <b>\$ 58,595,000</b>         | <b>\$ -</b> | <b>\$ 4,570,000</b> | <b>\$ 54,025,000</b>         |  |

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

| Year Ended June 30, | Principal            | Interest             | Total                |
|---------------------|----------------------|----------------------|----------------------|
| 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                | 1,250,000            | 2,063,574            | 3,313,574            |
| 2022 - 2026         | 7,580,000            | 9,179,402            | 16,759,402           |
| 2027 - 2031         | 11,470,000           | 6,660,049            | 18,130,049           |
| 2032 - 2036         | 11,535,000           | 3,164,874            | 14,699,874           |
| 2037 - 2041         | 5,050,000            | 1,725,469            | 6,775,469            |
| 2042 - 2045         | 5,935,000            | 499,100              | 6,434,100            |
| <b>Total</b>        | <b>\$ 54,025,000</b> | <b>\$ 32,460,198</b> | <b>\$ 86,485,198</b> |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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

**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’s beginning net pension liability was \$48,757,047 and increased by \$10,285,924 during the year ended June 30, 2016. The ending net pension liability at June 30, 2016 was \$59,042,971. See Note 11 for additional information regarding the net pension liability.

**NOTE 9 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2016:

|                                    | General Fund         | Special Education<br>Pass-Through<br>Fund | Building Fund        | Financing<br>Authority | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|------------------------------------|----------------------|---|----------------------|------------------------|------------------------------------|--------------------------------|
| Non-spendable                      |                      |   |                      |                        |                                    |                                |
| Revolving cash                     | \$ 12,500            | \$ -                                      | \$ -                 | \$ -                   | \$ 5,000                           | \$ 17,500                      |
| Stores inventory                   | 24,539               | -   | -                    | -                      | 29,912                             | 54,451                         |
| Total non-spendable                | 37,039               | -   | -                    | -                      | 34,912                             | 71,951                         |
| Restricted                         |                      |   |                      |                        |                                    |                                |
| Educational programs               | 2,826,216            | -   | -                    | -                      | 142,990                            | 2,969,206                      |
| Capital projects                   | -                    | -   | 18,665,895           | 43,026                 | 2,859,301                          | 21,568,222                     |
| Debt service                       | -                    | -   | -                    | -                      | 6,204,031                          | 6,204,031                      |
| All others                         | -                    | -   | -                    | -                      | 314                                | 314                            |
| Total restricted                   | 2,826,216            | -   | 18,665,895           | 43,026                 | 9,206,636                          | 30,741,773                     |
| Assigned                           |                      |   |                      |                        |                                    |                                |
| Board required reserve of 2%       | 1,453,051            | -   | -                    | -                      | -                                  | 1,453,051                      |
| Other assignments                  | 388,791              | 6,821                                     | -                    | -                      | 62,856                             | 458,468                        |
| Total assigned                     | 1,841,842            | 6,821                                     | -                    | -                      | 62,856                             | 1,911,519                      |
| Unassigned                         |                      |   |                      |                        |                                    |                                |
| Reserve for economic uncertainties | 2,179,577            | -   | -                    | -                      | -                                  | 2,179,577                      |
| Remaining unassigned               | 10,520,454           | -   | -                    | -                      | -                                  | 10,520,454                     |
| Total unassigned                   | 12,700,031           | -   | -                    | -                      | -                                  | 12,700,031                     |
| <b>Total</b>                       | <b>\$ 17,405,128</b> | <b>\$ 6,821</b>                           | <b>\$ 18,665,895</b> | <b>\$ 43,026</b>       | <b>\$ 9,304,404</b>                | <b>\$ 45,425,274</b>           |

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

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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

**A. Plan Description and Contribution Information**

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

Membership of the plan consisted of the following:

|   |              |
|---|--------------|
| Retirees and beneficiaries receiving benefits | 258          |
| Active plan members                           | 757          |
| Total*  | <u>1,015</u> |
| <br>Number of participating employers         | <br>1        |

\*As of September 1, 2015 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 2015-16, the District contributed \$482,108.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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

**C. Annual OPEB Cost and Net OPEB Obligation**

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

|  |                     |
|--|---------------------|
| Annual required contribution               | \$ 1,967,552        |
| Interest on net OPEB obligation            | 272,845             |
| Adjustment to annual required contribution | <u>(305,940)</u>    |
| Annual OPEB cost (expense)                 | 1,934,457           |
| Contributions made                         | <u>(482,108)</u>    |
| Increase (decrease) in net OPEB obligation | 1,452,349           |
| Net OPEB obligation, beginning of the year | <u>6,063,216</u>    |
| Net OPEB obligation, end of the year       | <u>\$ 7,515,565</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, 2016 and the preceding three year were as follows:

| <u>Year Ended June 30,</u> | <u>Annual<br/>OPEB<br/>Cost</u> | <u>Percentage<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|----------------------------|---------------------------------|-----------------------------------|--------------------------------|
| 2016                       | \$ 1,934,457                    | 25%                               | \$ 7,515,565                   |
| 2015                       | \$ 1,494,255                    | 34%                               | \$ 6,063,216                   |
| 2014                       | \$ 1,487,988                    | 35%                               | \$ 5,083,675                   |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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

**D. Funded Status and Funding Progress**

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

| Actuarial<br>Valuation<br>Date | Actuarial Valuation<br>of Assets | Actuarial<br>Accrued<br>Liability<br>(AAL) | Unfunded<br>AAL<br>(UAAL) | Funded Ratio | Covered<br>Payroll | UAAL as a<br>Percentage of<br>Covered Payroll |
|--------------------------------|----------------------------------|--|---------------------------|--------------|--------------------|---|
| September 1, 2015              | \$ -                             | \$ 23,730,675                              | \$ 23,730,675             | 0%           | \$ 48,704,133      | 49%   |

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                | 9/1/2015                    |
| Actuarial Cost Method         | Entry Age                   |
| Amortization Method           | Level-percentage of payroll |
| Remaining Amortization Period | 29                          |
| Asset Valuation               | \$ -                        |
| Actuarial Assumptions:        |                             |
| Investment rate of return     | 4.5%                        |
| Discount rate                 | 4.5%                        |
| Health care trend rate        | 4.0%                        |
| Inflation rate                | 2.8%                        |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**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 reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

|              | <b>Net pension<br/>liability</b> | <b>Deferred<br/>outflows related<br/>to pensions</b> | <b>Deferred inflows<br/>related to<br/>pensions</b> | <b>Pension expense</b> |
|--------------|----------------------------------|--|---|------------------------|
| STRS Pension | \$ 44,342,979                    | \$ 4,185,936   | \$ 4,355,654  | \$ 3,532,269           |
| PERS Pension | 14,699,992                       | 2,895,052  | 1,406,549   | 1,546,738              |
| <b>Total</b> | <b>\$ 59,042,971</b>             | <b>\$ 7,080,988</b>                                  | <b>\$ 5,762,203</b>                                 | <b>\$ 5,079,007</b>    |

**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.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**NOTE 11 – PENSION PLANS (continued)**

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

*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.

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 9.20% and 8.56% of their salary for fiscal year 2016, respectively, 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 2016 was 10.73% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$3,595,997 for the year ended June 30, 2016.

**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 \$2,146,484 to CalSTRS (7.126% of 2013-14 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, 2016, 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                           | \$ | 44,342,979        |
| State's proportionate share of the net pension liability associated with the District |    | 23,452,485        |
| Total   | \$ | <u>67,795,464</u> |

The net pension liability was measured as of June 30, 2015, 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, 2014, and rolling forward the total pension liability to June 30, 2015. 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, 2015, the District’s proportion was 0.066 percent, which was an increase of .001 percent from its proportion measured as of June 30, 2014.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**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, 2016, the District recognized pension expense of \$3,532,269. In addition, the District recognized pension expense and revenue of \$1,816,175 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between projected and actual earnings on plan investments   | \$ -                                      | \$ 3,614,673                             |
| Differences between expected and actual experience  | -   | 740,981                                  |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 589,939                                   | -  |
| District contributions subsequent to the measurement date   | 3,595,997                                 | -  |
|   | <u>\$ 4,185,936</u>                       | <u>\$ 4,355,654</u>                      |

The \$3,595,997 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, 2017. 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------|---|--|
| 2017                       | \$ 98,323                                 | \$ 1,027,165                             |
| 2018                       | 98,323                                    | 1,027,165                                |
| 2019                       | 98,323                                    | 1,027,165                                |
| 2020                       | 98,323                                    | 1,027,165                                |
| 2021                       | 98,323                                    | 123,497                                  |
| 2022                       | 98,324                                    | 123,497                                  |
|                            | <u>\$ 589,939</u>                         | <u>\$ 4,355,654</u>                      |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

|                          |       |
|--------------------------|-------|
| Consumer Price Inflation | 3.00% |
| Investment Yield*        | 7.60% |
| Wage Inflation           | 3.75% |

\* Net of investment expenses, but gross of administrative expenses.

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, 2014 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:

| <u>Asset Class</u>  | <u>Assumed Asset Allocation</u> | <u>Long-Term* Expected Real Rate of Return</u> |
|---------------------|---------------------------------|--|
| 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%  |
|                     | <u>100%</u>                     |  |

\* 10-year geometric average

**CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2016**

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**NOTE 11 – PENSION PLANS (continued)**

**California Public Employees’ 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:

|  | <b>1%<br/>Decrease<br/>(6.60%)</b> | <b>Current<br/>Discount Rate<br/>(7.60%)</b> | <b>1%<br/>Increase<br/>(8.60%)</b> |
|--|------------------------------------|--|------------------------------------|
| District's proportionate share of<br>the net pension liability | \$ 66,954,447                      | \$ 44,342,979                                | \$ 25,551,025                      |

**Pension plan fiduciary net position**

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

**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.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**NOTE 11 – PENSION PLANS (continued)**

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

**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 2016 was 11.847% of annual payroll. Contributions to the plan from the District were \$1,512,523 for the year ended June 30, 2016.

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

At June 30, 2016, the District reported a liability of \$14,699,992 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014, and rolling forward the total pension liability to June 30, 2015. 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, 2015, the District’s proportion was 0.100 percent, which was an increase of 0.005 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$1,546,738. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between projected and actual earnings on plan investments   | \$ -                                      | \$ 503,340                               |
| Differences between expected and actual experience  | 840,126                                   | -  |
| Changes in assumptions  | -   | 903,209                                  |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 542,403                                   | -  |
| District contributions subsequent to the measurement date   | 1,512,523                                 | -  |
|   | <u>\$ 2,895,052</u>                       | <u>\$ 1,406,549</u>                      |

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**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)**

The \$1,512,523 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, 2017. 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<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|----------------------------|---|--|
| 2017                       | \$ 476,327                                | \$ 437,286                               |
| 2018                       | 476,327                                   | 437,286                                  |
| 2019                       | 429,875                                   | 406,141                                  |
| 2020                       | -   | 125,836                                  |
|                            | <u>\$ 1,382,529</u>                       | <u>\$ 1,406,549</u>                      |

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2014, and rolling forward the total pension liability to June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

|                          |                                 |
|--------------------------|---------------------------------|
| Consumer Price Inflation | 2.75%                           |
| Investment Yield*        | 7.65%                           |
| Wage Inflation           | Varies by Entry Age and Service |

\* Net of investment expenses, but gross of administrative expenses.

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, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**NOTE 11 – PENSION PLANS (continued)**

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

**Actuarial assumptions (continued)**

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.

| <b>Asset Class</b>            | <b>Assumed Asset Allocation</b> | <b>Real Return Years 1-10*</b> | <b>Real Return Years 11+**</b> |
|-------------------------------|---------------------------------|--------------------------------|--------------------------------|
| Global Equity                 | 51%                             | 5.25%                          | 5.71%                          |
| Global Fixed Income           | 19%                             | 0.99%                          | 2.43%                          |
| Inflation Sensitive           | 6%                              | 0.45%                          | 3.36%                          |
| Private Equity                | 10%                             | 6.83%                          | 6.95%                          |
| Real Estate                   | 10%                             | 4.50%                          | 5.13%                          |
| Infrastructure and Forestland | 2%                              | 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

**Discount rate**

The discount rate used to measure the total pension liability was 7.65 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.

CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2016

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NOTE 11 – PENSION PLANS (continued)

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

**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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

|  | 1%<br>Decrease<br>(6.65%) | Current<br>Discount Rate<br>(7.65%) | 1%<br>Increase<br>(8.65%) |
|--|---------------------------|-------------------------------------|---------------------------|
| District's proportionate share of<br>the net pension liability | \$ 23,925,462             | \$ 14,699,992                       | \$ 7,028,398              |

**Pension plan fiduciary net position**

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

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, 2016.

**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, 2016.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2016**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)**

**C. Construction Commitments**

As of June 30, 2016, the District had commitments with respect to unfinished capital projects as follows:

|   | <b>Remaining<br/>Construction<br/>Commitment</b> | <b>Expected Date of<br/>Completion</b> |
|---|--|--|
| Capital Projects                              |  |  |
| CCMS Multi-Purpose Room                       | \$ 25,900  | September 1, 2016                      |
| Robert Frost Auditorium                       | 259,863  | Early 2018                             |
| Playground Improvements                       | 960,332  | October 1, 2016                        |
| El Marino Indoor Air Quality Improvements     | 96,927   | August 1, 2016                         |
| Design Standards - District Wide              | 89,200   | December 1, 2016                       |
| Restrooms - Design                            | 292,666  | To Be Determined                       |
| Phase I Projects                              | 5,036,713  | August 1, 2016                         |
| Program Management - District Wide            | 1,473,981  | January 1, 2018                        |
| Educational Standards and Master Plan Updates | 57,397   | February 1, 2017                       |
| CCHS Digital Media Lab                        | 4,095  | September 1, 2016                      |
| Total   | <u>\$ 8,297,074</u>                              |  |

**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.

**NOTE 14 – MEASURE EE PARCEL TAX**

On November 3, 2009, the District voters passed the Culver City Unified School District Measure EE Parcel Tax. This Measure results in a tax of \$96 per parcel with exemptions for parcels owned and occupied by persons age 65 or older. The revenues raised by this Measure shall be used to preserve the quality of education in the Culver City Unified School District by continuing funding to maintain math, science, technology, music and art programs, updated instructional materials, quality teachers, school libraries and small class sizes. The District received \$37,338 in Measure EE funds during the year ended June 30, 2016.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2016**

|  | Budgeted Amounts     |                      | Actual*<br>(Budgetary Basis) | Variances -<br>Final to Actual |
|--|----------------------|----------------------|------------------------------|--------------------------------|
|  | Original             | Final                |                              |                                |
| <b>REVENUES</b>  |                      |                      |                              |                                |
| LCFF sources   | \$ 51,432,546        | \$ 51,377,188        | \$ 51,459,602                | \$ 82,414                      |
| Federal sources  | 2,109,452            | 2,181,424            | 2,331,000                    | 149,576                        |
| Other state sources  | 10,837,636           | 12,716,194           | 12,648,385                   | (67,809)                       |
| Other local sources  | 2,959,912            | 3,396,494            | 3,257,910                    | (138,584)                      |
| <b>Total Revenues</b>  | <b>67,339,546</b>    | <b>69,671,300</b>    | <b>69,696,897</b>            | <b>25,597</b>                  |
| <b>EXPENDITURES</b>  |                      |                      |                              |                                |
| Certificated salaries  | 31,117,777           | 32,018,134           | 32,380,738                   | (362,604)                      |
| Classified salaries  | 10,777,921           | 11,174,628           | 11,137,039                   | 37,589                         |
| Employee benefits  | 10,919,972           | 13,202,207           | 14,255,820                   | (1,053,613)                    |
| Books and supplies   | 3,649,718            | 4,703,383            | 5,028,891                    | (325,508)                      |
| Services and other operating expenditures                    | 8,249,458            | 9,574,559            | 9,845,760                    | (271,201)                      |
| Capital outlay   | 25,000               | 252,000              | 233,551                      | 18,449                         |
| Other outgo  |                      |                      |                              |                                |
| Excluding transfers of indirect costs                        | 100,000              | 100,000              | 97,699                       | 2,301                          |
| Transfers of indirect costs                                  | (395,008)            | (392,284)            | (326,954)                    | (65,330)                       |
| <b>Total Expenditures</b>                                    | <b>64,444,838</b>    | <b>70,632,627</b>    | <b>72,652,544</b>            | <b>(2,019,917)</b>             |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>2,894,708</b>     | <b>(961,327)</b>     | <b>(2,955,647)</b>           | <b>(1,994,320)</b>             |
| <b>Other Financing Sources (Uses)</b>                        |                      |                      |                              |                                |
| Transfers in   | 1,200,000            | 1,400,000            | 1,400,000                    | -                              |
| Transfers out  | (2,200,000)          | -                    | -                            | -                              |
| <b>Net Financing Sources (Uses)</b>                          | <b>(1,000,000)</b>   | <b>1,400,000</b>     | <b>1,400,000</b>             | <b>-</b>                       |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>1,894,708</b>     | <b>438,673</b>       | <b>(1,555,647)</b>           | <b>(1,994,320)</b>             |
| <b>Fund Balance - Beginning</b>                              | <b>18,194,660</b>    | <b>18,194,660</b>    | <b>18,194,660</b>            | <b>-</b>                       |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 20,089,368</b> | <b>\$ 18,633,333</b> | <b>\$ 16,639,013</b>         | <b>\$ (1,994,320)</b>          |

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

- 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, 2016**

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|  | Budgeted Amounts  |                   | Actual<br>(Budgetary Basis) | Variances -<br>Final to Actual |
|--|-------------------|-------------------|-----------------------------|--------------------------------|
|  | Original          | Final             |                             |                                |
| <b>REVENUES</b>  |                   |                   |                             |                                |
| Federal sources  | \$ 3,178,657      | \$ 3,186,569      | \$ 3,186,569                | \$ -                           |
| Other state sources  | 7,620,652         | 7,976,083         | 8,088,987                   | 112,904                        |
| Other local sources  | -                 | 1,199             | 1,646                       | 447                            |
| <b>Total Revenues</b>  | <b>10,799,309</b> | <b>11,163,851</b> | <b>11,277,202</b>           | <b>113,351</b>                 |
| <b>EXPENDITURES</b>  |                   |                   |                             |                                |
| Other outgo  |                   |                   |                             |                                |
| Excluding transfers of indirect costs                        | 10,799,309        | 11,162,652        | 11,275,556                  | (112,904)                      |
| <b>Total Expenditures</b>                                    | <b>10,799,309</b> | <b>11,162,652</b> | <b>11,275,556</b>           | <b>(112,904)</b>               |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>-</b>          | <b>1,199</b>      | <b>1,646</b>                | <b>447</b>                     |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>-</b>          | <b>1,199</b>      | <b>1,646</b>                | <b>447</b>                     |
| <b>Fund Balance - Beginning</b>                              | <b>5,175</b>      | <b>5,175</b>      | <b>5,175</b>                | <b>-</b>                       |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 5,175</b>   | <b>\$ 6,374</b>   | <b>\$ 6,821</b>             | <b>\$ 447</b>                  |

See accompanying note to required supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2016**

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| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial Valuation<br/>of Assets</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL)</b> | <b>Unfunded<br/>AAL<br/>(UAAL)</b> | <b>Funded Ratio</b> | <b>Covered<br/>Payroll</b> | <b>UAAAL as a<br/>Percentage of<br/>Covered Payroll</b> |
|---|--|--|------------------------------------|---------------------|----------------------------|---|
| September 1, 2015                       | \$ -                                     | \$ 23,730,675  | \$ 23,730,675                      | 0%                  | \$ 48,704,133              | 49%   |
| 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%   |

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, 2016**

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|   | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| District's proportion of the net pension liability  | 0.066%               | 0.065%               |
| District's proportionate share of the net pension liability   | \$ 44,342,979        | \$ 37,950,027        |
| States's proportionate share of the net pension liability associated with the District                      | 23,452,485           | 22,915,865           |
| Total   | <u>\$ 67,795,464</u> | <u>\$ 60,865,892</u> |
| District's covered-employee payroll   | \$ 34,623,880        | \$ 31,970,109        |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 128.1%               | 118.7%               |
| Plan fiduciary net position as a percentage of the total pension liability.                                 | 76.5%                | 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, 2016**

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|   | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| District's proportion of the net pension liability  | 0.100%               | 0.095%               |
| District's proportionate share of the net pension liability   | \$ 14,699,992        | \$ 10,807,020        |
| District's covered-employee payroll   | \$ 14,080,252        | \$ 12,655,409        |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 104.4%               | 85.4%                |
| Plan fiduciary net position as a percentage of the total pension liability.                                 | 83.4%                | 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, 2016**

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|  | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|--|----------------------|----------------------|
| Contractually required contribution                                      | \$ 3,595,997         | \$ 2,718,724         |
| Contributions in relation to the<br>contractually required contribution* | (3,595,997)          | (2,718,724)          |
| Contribution deficiency (excess)   | <u>\$ -</u>          | <u>\$ -</u>          |
| District's covered-employee payroll                                      | \$ 34,623,880        | \$ 31,970,109        |
| Contributions as a percentage of<br>covered-employee payroll             | 10.39%               | 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, 2016**

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|   | <u>June 30, 2016</u> | <u>June 30, 2015</u> |
|---|----------------------|----------------------|
| Contractually required contribution                                     | \$ 1,512,523         | \$ 1,295,931         |
| Contributions in relation to the<br>contractually required contribution | (1,512,523)          | (1,295,931)          |
| Contribution deficiency (excess)  | <u>\$ -</u>          | <u>\$ -</u>          |
| District's covered-employee payroll                                     | \$ 14,080,252        | \$ 12,655,409        |
| Contributions as a percentage of<br>covered-employee payroll            | 10.74%               | 10.24%               |

See accompanying note to required supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2016**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of Funding Progress**

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

**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, 2016**

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

For the year ended June 30, 2016, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

|   | <b>Expenditures and Other Uses</b> |               |               |
|---|------------------------------------|---------------|---------------|
|   | <b>Budget</b>                      | <b>Actual</b> | <b>Excess</b> |
| General Fund                              |                                    |               |               |
| Certificated salaries                     | \$ 32,018,134                      | \$ 32,380,738 | \$ 362,604    |
| Employee benefits                         | \$ 13,202,207                      | \$ 14,255,820 | \$ 1,053,613  |
| Books and supplies                        | \$ 4,703,383                       | \$ 5,028,891  | \$ 325,508    |
| Services and other operating expenditures | \$ 9,574,559                       | \$ 9,845,760  | \$ 271,201    |
| Other outgo                               |                                    |               |               |
| Transfers of indirect costs               | \$ (392,284)                       | \$ (326,954)  | \$ 65,330     |
| Special Education Pass-Through Fund       |                                    |               |               |
| Other outgo                               |                                    |               |               |
| Excluding transfers of indirect costs     | \$ 11,162,652                      | \$ 11,275,556 | \$ 112,904    |

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**SUPPLEMENTARY  
INFORMATION**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

| <u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>                  | <u>CFDA Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Federal Expenditures</u> | <u>Expenditures to Subrecipients</u> |
|---|--------------------|---|-----------------------------|--------------------------------------|
| U. S. DEPARTMENT OF EDUCATION:  |                    |   |                             |                                      |
| <i>Passed through California Department of Education:</i>                       |                    |   |                             |                                      |
| Title I, Part A, Basic Grants Low-Income and Neglected [1]<br>Adult Education   | 84.010             | 14329   | \$ 444,797                  | -                                    |
| Adult Education: Adult Basic Education & ESL                                    | 84.002A            | 14508   | 83,520                      | -                                    |
| Adult Education: Adult Secondary Education                                      | 84.002A            | 13978   | 84,615                      | -                                    |
| Adult Education: English Literacy and Civics Education                          | 84.002A            | 14109   | 45,058                      | -                                    |
| Subtotal Adult Education  |                    |   | <u>213,193</u>              | <u>-</u>                             |
| Title I, Migrant Education  | 84.011             | 14838   | -                           | -                                    |
| Title II, Part A  |                    |   |                             |                                      |
| Title II, Part A, Teacher Quality   | 84.367             | 14341   | 206,234                     | -                                    |
| Subtotal Title II, Part A   |                    |   | <u>206,234</u>              | <u>-</u>                             |
| Title II, Part B, CA Mathematics and Science Partnerships                       | 84.366             | 14512   | -                           | -                                    |
| Title II, Part D, Enhancing Education Through Technology, Formula Grants        | 84.318             | 14334   | -                           | -                                    |
| Title III   |                    |   |                             |                                      |
| Title III, Limited English Proficient (LEP) Student Program                     | 84.365             | 14346   | 14,666                      | -                                    |
| Title III, Immigrant Education Program  | 84.365             | 15146   | 22,495                      | -                                    |
| Subtotal Title III  |                    |   | <u>37,161</u>               | <u>-</u>                             |
| Special Education Cluster   |                    |   |                             |                                      |
| IDEA Basic Local Assistance Entitlement, Part B, Sec 611                        | 84.027             | 13379   | 4,090,593                   | 2,951,771                            |
| IDEA Mental Health Allocation Plan, Part B, Sec 611                             | 84.027             | 14468   | 247,288                     | -                                    |
| Part B, Preschool Grants  | 84.173             | 13430   | 112,488                     | 82,886                               |
| IDEA Preschool Local Entitlement, Part B, Sec 611                               | 84.027A            | 13682   | 332,773                     | 151,912                              |
| Preschool Staff Development   | 84.173A            | 13431   | 1,000                       | -                                    |
| Alternate Dispute Resolution, Part B, Sec 611                                   | 84.173             | 13007   | 21,097                      | -                                    |
| Subtotal Special Education Cluster  |                    |   | <u>4,805,239</u>            | <u>3,186,569</u>                     |
| IDEA Early Intervention Grants  | 84.181             | 23761   | 58,199                      | 58,199                               |
| Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act) | 84.048             | 14893   | 16,548                      | -                                    |
| <b>Total U. S. Department of Education</b>                                      |                    |   | <u>5,781,371</u>            | <u>3,244,768</u>                     |
| U. S. DEPARTMENT OF AGRICULTURE:  |                    |   |                             |                                      |
| <i>Passed through California Department of Education:</i>                       |                    |   |                             |                                      |
| Child Nutrition Cluster [1]   |                    |   |                             |                                      |
| National School Lunch Program   | 10.555             | 13391   | 1,287,866                   | -                                    |
| USDA Commodities [2]  | 10.555             | *   | 111,823                     | -                                    |
| Subtotal Child Nutrition Cluster  |                    |   | <u>1,399,689</u>            | <u>-</u>                             |
| Child Care Food Program Claims - Centers and Family Day Care Homes              | 10.558             | 13394   | 97,876                      | -                                    |
| <b>Total U. S. Department of Agriculture</b>                                    |                    |   | <u>1,497,565</u>            | <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   | 208,791                     | -                                    |
| <i>Passed through California Department of Health Services:</i>                 |                    |   |                             |                                      |
| Medicaid  |                    |   |                             |                                      |
| Medi-Cal Billing Option   | 93.778             | 10013   | 175,913                     | -                                    |
| Medi-Cal Administrative Activities  | 93.778             | 10060   | 33,949                      | -                                    |
| Subtotal Medicaid   |                    |   | <u>209,862</u>              | <u>-</u>                             |
| <b>Total U. S. Department of Health &amp; Human Services</b>                    |                    |   | <u>418,653</u>              | <u>-</u>                             |
| <b>Total Federal Expenditures</b>   |                    |   | <u>\$ 7,697,589</u>         | <u>\$ 3,244,768</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, 2016**

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|   | <b>Second<br/>Period<br/>Report</b> | <b>Annual<br/>Report</b> |
|---|-------------------------------------|--------------------------|
| SCHOOL DISTRICT                                     |                                     |                          |
| TK/K through Third                                  |                                     |                          |
| Regular ADA   | 1,969.92                            | 1,971.15                 |
| Extended Year Special Education                     | 3.31                                | 3.31                     |
| Special Education - Nonpublic Schools               | 1.17                                | 1.88                     |
| Extended Year Special Education - Nonpublic Schools | 0.26                                | 0.26                     |
| Total TK/K through Third                            | 1,974.66                            | 1,976.60                 |
| Fourth through Sixth                                |                                     |                          |
| Regular ADA   | 1,491.46                            | 1,490.30                 |
| Extended Year Special Education                     | 1.89                                | 1.89                     |
| Special Education - Nonpublic Schools               | 1.59                                | 3.18                     |
| Extended Year Special Education - Nonpublic Schools | 0.23                                | 0.23                     |
| Total Fourth through Sixth                          | 1,495.17                            | 1,495.60                 |
| Seventh through Eighth                              |                                     |                          |
| Regular ADA   | 972.33                              | 975.55                   |
| Extended Year Special Education                     | 0.82                                | 0.82                     |
| Special Education - Nonpublic Schools               | 3.96                                | 7.66                     |
| Extended Year Special Education - Nonpublic Schools | 0.99                                | 0.99                     |
| Total Seventh through Eighth                        | 978.10                              | 985.02                   |
| Ninth through Twelfth                               |                                     |                          |
| Regular ADA   | 2,024.32                            | 2,019.70                 |
| Extended Year Special Education                     | 2.59                                | 2.59                     |
| Special Education - Nonpublic Schools               | 9.09                                | 16.30                    |
| Extended Year Special Education - Nonpublic Schools | 2.28                                | 2.28                     |
| Total Ninth through Twelfth                         | 2,038.28                            | 2,040.87                 |
| TOTAL SCHOOL DISTRICT                               | 6,486.21                            | 6,498.09                 |

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2016**

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| <b>Grade Level</b> | <b>Minutes Requirement</b> | <b>2015-16 Actual Minutes</b> | <b>Number of Days</b> | <b>Status</b> |
|--------------------|----------------------------|-------------------------------|-----------------------|---------------|
| Kindergarten       | 36,000                     | 51,930                        | 180                   | Complied      |
| Grade 1            | 50,400                     | 54,630                        | 180                   | Complied      |
| Grade 2            | 50,400                     | 54,630                        | 180                   | Complied      |
| Grade 3            | 50,400                     | 54,630                        | 180                   | Complied      |
| Grade 4            | 54,000                     | 54,630                        | 180                   | Complied      |
| Grade 5            | 54,000                     | 54,630                        | 180                   | Complied      |
| Grade 6            | 54,000                     | 56,772                        | 180                   | Complied      |
| Grade 7            | 54,000                     | 56,772                        | 180                   | Complied      |
| Grade 8            | 54,000                     | 56,772                        | 180                   | Complied      |
| Grade 9            | 64,800                     | 72,065                        | 180                   | Complied      |
| Grade 10           | 64,800                     | 72,065                        | 180                   | Complied      |
| Grade 11           | 64,800                     | 72,065                        | 180                   | Complied      |
| Grade 12           | 64,800                     | 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, 2016**

|  | 2017 (Budget)  | 2016           | 2015           | 2014          |
|--|----------------|----------------|----------------|---------------|
| General Fund - Budgetary Basis**               |                |                |                |               |
| Revenues And Other Financing Sources           | \$ 71,071,300  | \$ 71,096,897  | \$ 63,734,771  | \$ 58,841,082 |
| Expenditures And Other Financing Uses          | 70,632,627     | 72,652,544     | 65,554,645     | 58,226,980    |
| Net change in Fund Balance                     | \$ 438,673     | \$ (1,555,647) | \$ (1,819,874) | \$ 614,102    |
| Ending Fund Balance                            | \$ 17,077,686  | \$ 16,639,013  | \$ 18,194,660  | \$ 20,005,855 |
| Available Reserves*                            | \$ 14,842,549  | \$ 12,700,029  | \$ 13,688,798  | \$ 16,012,449 |
| Available Reserves As A<br>Percentage Of Outgo | 21.01%         | 17.48%         | 20.88%         | 27.50%        |
| Long-term Debt                                 | \$ 117,124,471 | \$ 121,720,061 | \$ 114,592,378 | \$ 38,088,675 |
| Average Daily<br>Attendance At P-2             | 6,479          | 6,486          | 6,448          | 6,505         |

The General Fund balance has decreased by \$3,366,842 over the past two years. The fiscal year 2016-17 budget projects an increase of \$438,673. 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 last three years and surplus in one year and anticipates incurring an operating surplus during the 2016-17 fiscal year. Total long term obligations have increased by \$83,631,386 over the past two years.

Average daily attendance has decreased by 19 ADA over the past two years. ADA is anticipated to decrease by 7 during the 2016-17 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 reason:

- 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, 2016**

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|  | <b>General<br/>Fund</b> | <b>Adult<br/>Education Fund</b> | <b>Deferred<br/>Maintenance Fund</b> |
|--|-------------------------|---------------------------------|--------------------------------------|
| June 30, 2016, annual financial and budget report fund balance | \$16,639,013            | \$ 727,795                      | \$ 38,320                            |
| Adjustments and reclassifications:                             |                         |                                 |                                      |
| Increase (decrease) in total fund balances:                    |                         |                                 |                                      |
| Fund balance transfer (GASB 54)                                | 766,115                 | (727,795)                       | (38,320)                             |
| Net adjustments and reclassifications                          | 766,115                 | (727,795)                       | (38,320)                             |
| June 30, 2016, audited financial statement fund balance        | <u>\$17,405,128</u>     | <u>\$ -</u>                     | <u>\$ -</u>                          |

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2016**

|   | Child<br>Development<br>Fund | Cafeteria Fund    | Capital Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Bond Interest &<br>Redemption Fund | Non-Major<br>Governmental<br>Funds |
|---|------------------------------|-------------------|----------------------------|--|------------------------------------|------------------------------------|
| <b>ASSETS</b>                             |                              |                   |                            |  |                                    |                                    |
| Cash and investments                      | \$ 789,183                   | \$ -              | \$ 348,536                 | \$ 2,291,298   | \$ 6,204,031                       | \$ 9,633,048                       |
| Accounts receivable                       | 68,228                       | 215,122           | 301,213                    | 1,775  | -                                  | 586,338                            |
| Stores inventory                          | -                            | 29,912            | -                          | -  | -                                  | 29,912                             |
| <b>Total Assets</b>                       | <b>\$ 857,411</b>            | <b>\$ 245,034</b> | <b>\$ 649,749</b>          | <b>\$ 2,293,073</b>                                    | <b>\$ 6,204,031</b>                | <b>\$ 10,249,298</b>               |
| <b>LIABILITIES</b>                        |                              |                   |                            |  |                                    |                                    |
| Deficit cash                              | \$ -                         | \$ 81,703         | \$ -                       | \$ -   | \$ -                               | \$ 81,703                          |
| Accrued liabilities                       | 470,063                      | 116,981           | 7,500                      | 76,021   | -                                  | 670,565                            |
| Unearned revenue                          | 192,626                      | -                 | -                          | -  | -                                  | 192,626                            |
| <b>Total Liabilities</b>                  | <b>662,689</b>               | <b>198,684</b>    | <b>7,500</b>               | <b>76,021</b>  | <b>-</b>                           | <b>944,894</b>                     |
| <b>FUND BALANCES</b>                      |                              |                   |                            |  |                                    |                                    |
| Non-spendable                             | 5,000                        | 29,912            | -                          | -  | -                                  | 34,912                             |
| Restricted                                | 142,990                      | 314               | 642,249                    | 2,217,052  | 6,204,031                          | 9,206,636                          |
| Assigned                                  | 46,732                       | 16,124            | -                          | -  | -                                  | 62,856                             |
| <b>Total Fund Balances</b>                | <b>194,722</b>               | <b>46,350</b>     | <b>642,249</b>             | <b>2,217,052</b>                                       | <b>6,204,031</b>                   | <b>9,304,404</b>                   |
| <b>Total Liabilities and Fund Balance</b> | <b>\$ 857,411</b>            | <b>\$ 245,034</b> | <b>\$ 649,749</b>          | <b>\$ 2,293,073</b>                                    | <b>\$ 6,204,031</b>                | <b>\$ 10,249,298</b>               |

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

|  | Child<br>Development<br>Fund | Cafeteria Fund   | Capital Facilities<br>Fund | Special Reserve<br>Fund for Capital<br>Outlay Projects | Bond Interest &<br>Redemption Fund | Non-Major<br>Governmental<br>Funds |
|--|------------------------------|------------------|----------------------------|--|------------------------------------|------------------------------------|
| <b>REVENUES</b>  |                              |                  |                            |  |                                    |                                    |
| Federal sources  | \$ 306,667                   | \$ 1,287,867     | \$ -                       | \$ -   | \$ -                               | \$ 1,594,534                       |
| Other state sources  | 926,734                      | 107,579          | -                          | -  | 36,540                             | 1,070,853                          |
| Other local sources  | 3,222,399                    | 790,372          | 516,324                    | 3,779,181  | 6,690,513                          | 14,998,789                         |
| <b>Total Revenues</b>  | <b>4,455,800</b>             | <b>2,185,818</b> | <b>516,324</b>             | <b>3,779,181</b>                                       | <b>6,727,053</b>                   | <b>17,664,176</b>                  |
| <b>EXPENDITURES</b>  |                              |                  |                            |  |                                    |                                    |
| Current  |                              |                  |                            |  |                                    |                                    |
| Instruction  | 3,491,921                    | -                | -                          | -  | -                                  | 3,491,921                          |
| Instruction-related services                                 |                              |                  |                            |  |                                    |                                    |
| School site administration                                   | 607,113                      | -                | -                          | -  | -                                  | 607,113                            |
| Pupil services   |                              |                  |                            |  |                                    |                                    |
| Food services  | 251,590                      | 2,432,040        | -                          | -  | -                                  | 2,683,630                          |
| General administration                                       |                              |                  |                            |  |                                    |                                    |
| All other general administration                             | 245,633                      | -                | -                          | -  | -                                  | 245,633                            |
| Plant services   | 90,431                       | 6,312            | -                          | -  | -                                  | 96,743                             |
| Facilities acquisition and maintenance                       | -                            | -                | 82,792                     | 892,666  | -                                  | 975,458                            |
| Debt service   |                              |                  |                            |  |                                    |                                    |
| Principal  | -                            | -                | -                          | -  | 4,570,000                          | 4,570,000                          |
| Interest and other   | -                            | -                | -                          | -  | 2,658,662                          | 2,658,662                          |
| <b>Total Expenditures</b>                                    | <b>4,686,688</b>             | <b>2,438,352</b> | <b>82,792</b>              | <b>892,666</b>   | <b>7,228,662</b>                   | <b>15,329,160</b>                  |
| <b>Excess (Deficiency) of Revenues<br/>Over Expenditures</b> | <b>(230,888)</b>             | <b>(252,534)</b> | <b>433,532</b>             | <b>2,886,515</b>                                       | <b>(501,609)</b>                   | <b>2,335,016</b>                   |
| <b>Other Financing Sources (Uses)</b>                        |                              |                  |                            |  |                                    |                                    |
| Transfers in   | 45,000                       | -                | -                          | -  | -                                  | 45,000                             |
| Transfers out  | -                            | -                | -                          | (1,445,000)  | -                                  | (1,445,000)                        |
| <b>Net Financing Sources (Uses)</b>                          | <b>45,000</b>                | <b>-</b>         | <b>-</b>                   | <b>(1,445,000)</b>                                     | <b>-</b>                           | <b>(1,400,000)</b>                 |
| <b>NET CHANGE IN FUND BALANCE</b>                            | <b>(185,888)</b>             | <b>(252,534)</b> | <b>433,532</b>             | <b>1,441,515</b>                                       | <b>(501,609)</b>                   | <b>935,016</b>                     |
| <b>Fund Balance - Beginning</b>                              | <b>380,610</b>               | <b>298,884</b>   | <b>208,717</b>             | <b>775,537</b>   | <b>6,705,640</b>                   | <b>8,369,388</b>                   |
| <b>Fund Balance - Ending</b>                                 | <b>\$ 194,722</b>            | <b>\$ 46,350</b> | <b>\$ 642,249</b>          | <b>\$ 2,217,052</b>                                    | <b>\$ 6,204,031</b>                | <b>\$ 9,304,404</b>                |

See accompanying note to supplementary information.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
 LOCAL EDUCATION AGENCY ORGANIZATIONAL STRUCTURE  
 FOR THE YEAR ENDED JUNE 30, 2016**

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

**GOVERNING BOARD**

| <b>Member</b>      | <b>Office</b>                    | <b>Term Expires</b> |
|--------------------|----------------------------------|---------------------|
| Steven M. Levin    | President                        | November 2017       |
| Katherine Paspalis | Vice President / Parliamentarian | November 2017       |
| Susanne Robins     | Clerk                            | November 2017       |
| Anne Allaire-Burke | Member                           | November 2019       |
| Kelly Kent         | Member                           | November 2019       |

**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*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
 NOTES TO SUPPLEMENTARY INFORMATION  
 JUNE 30, 2016**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the 10 percent de minimis indirect cost rate.

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, 2016 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2016.

|   | CFDA   |                     |
|---|--------|---------------------|
|   | Number | Amount              |
|   | <hr/>  | <hr/>               |
| Total Federal Revenues reported in the<br>Statement of Revenues, Expenditures, and<br>Changes in Fund Balance |        | \$ 7,325,296        |
| Medi-Cal Billing Option   | 93.778 | <u>372,293</u>      |
| Total Expenditures reported in the Schedule of<br>Expenditures of Federal Awards                              |        | <u>\$ 7,697,589</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.

**CULVER CITY UNIFIED SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued**  
**FOR THE YEAR ENDED JUNE 30, 2016**

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

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

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, 2016, the District participated in the Longer Day incentive funding program. As of June 30, 2016, the District had not yet met its target funding.

**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.

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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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

Christy White, CPA

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, 2016, and the related notes to the financial statements, which collectively comprise the Culver City Unified School District's basic financial statements, and have issued our report thereon dated November 16, 2016.

**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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*Licensed by the California  
State Board of Accountancy*

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.

### **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*.

### **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.

*Christy White Associates*

San Diego, California  
November 16, 2016

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE

Independent Auditors' Report

Governing Board  
Culver City Unified School District  
Culver City, California

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

We have audited Culver City Unified School District's compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

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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, 2016.

### **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Christy White Associates*

San Diego, California  
November 16, 2016

## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

Governing Board  
Culver City Unified School District  
Culver City, California

### **Report on State Compliance**

We have audited Culver City Unified School District's compliance with the types of compliance requirements described in the *2015-16 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, 2016, 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 *2015-16 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.

### ***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, 2016.

Christy White, CPA

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Heather Rubio

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State Board of Accountancy*

*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  | No                          |
| Instructional Time  | Yes                         |
| Instructional Materials   | Yes                         |
| Ratios of Administrative Employees to Teachers                                      | Yes                         |
| Classroom Teacher Salaries  | Yes                         |
| Early Retirement Incentive  | Not Applicable              |
| Gann Limit Calculation  | Yes                         |
| School Accountability Report Card   | Yes                         |
| Juvenile Court Schools  | Not Applicable              |
| Middle or Early College High Schools  | Not Applicable              |
| K-3 Grade Span Adjustment   | Yes                         |
| Transportation Maintenance of Effort  | Yes                         |
| Educator Effectiveness  | No                          |
| California Clean Energy Jobs Act  | No                          |
| After School Education and Safety Program   | Yes                         |
| Proper Expenditure of Education Protection Account Funds                            | Yes                         |
| Unduplicated Local Control Funding Formula Pupil Counts                             | Yes                         |
| Local Control and Accountability Plan   | Yes                         |
| Independent Study-Course Based  | Not Applicable              |
| Immunizations   | Yes                         |
| Attendance; for charter schools   | Not Applicable              |
| Mode of Instruction; for charter schools  | Not Applicable              |
| Nonclassroom-Based Instruction/Independent Study;<br>for charter schools            | Not Applicable              |
| Determination of Funding for Nonclassroom-Based<br>Instruction; for charter schools | Not Applicable              |
| Annual Instructional Minutes – Classroom Based; for<br>charter schools              | Not Applicable              |
| Charter School Facility Grant Program   | Not Applicable              |

We did not perform testing for Independent Study and Continuation Education because these programs were below the threshold required for testing. We did not perform testing for California Clean Energy Jobs Act and Educator Effectiveness because the District did not incur expenditures during the year ended June 30, 2016.

*Christy White Associates*

San Diego, California  
November 16, 2016

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**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FINANCIAL STATEMENTS**

|  |                      |
|--|----------------------|
| Type of auditors' report issued:                       | <u>Unmodified</u>    |
| Internal control over financial reporting:             |                      |
| Material weakness(es) identified?                      | <u>No</u>            |
| Significant deficiency(ies) identified?                | <u>None Reported</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 Uniform Guidance 2 CFR 200.516(a)? | <u>No</u>            |
| Identification of major programs:   |                      |

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

|  |                   |
|--|-------------------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$ 750,000</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>None Reported</u> |
| Type of auditors' report issued on compliance for state programs: | <u>Unmodified</u>    |

**CULVER CITY UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FIVE DIGIT CODE**

20000

30000

60000

**AB 3627 FINDING TYPE**

Inventory of Equipment

Internal Control

Miscellaneous

*There were no financial statement findings for the year ended June 30, 2016.*

CULVER CITY UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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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, 2016.*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Program  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

*There were no state award findings and questioned costs for the year ended June 30, 2016.*

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

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**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, 2016, 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, 2016.

**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.

**Current Status:** Implemented.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2016**

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**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  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**Questioned Costs:** \$597, as calculated below:

| <b>LCFF Target Base Grant Amount and Pupil Counts</b>                        |                       |                       |
|--|-----------------------|-----------------------|
| 1) Total Base Grant Amount   | 50,977,471            |                       |
|  | <b>Section 1: UPP</b> | <b>Section 2: UPP</b> |
| 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                 |
| <b>Unduplicated Pupil Percentage Adjustment</b>                              |                       |                       |
| 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                |
| <b>9) Funded UPP (Greater of Section 1 or 2)</b>                             |                       | <b>0.4136</b>         |
| <b>Target Supplemental Audit Adjustment</b>                                  |                       |                       |
| 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)               |
| <b>Target Concentration Audit Adjustment</b>                                 |                       |                       |
| 13) Target Concentration grant funding calculated at P-2                     | -                     | -                     |
| 14) Adjusted target concentration grant funding                              | -                     | -                     |
| 15) Target concentration audit adjustment                                    | -                     | -                     |
| <b>Value of Adjustment in Current Year</b>                                   |                       |                       |
| 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 |                       | <b>(597)</b>          |

**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.

**Current Status:** Implemented.

**CULVER CITY UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2016**

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**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.

**Current Status:** Implemented.