

**CULVER CITY UNIFIED SCHOOL DISTRICT
LOS ANGELES COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2022**

CULVER CITY UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2022

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Financial Section

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 87, *Leases*. Accordingly, the beginning balances of leases receivable and deferred inflows of resources from leases have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, schedule of pension contributions, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net OPEB liability-MPP Program, and the notes to the required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

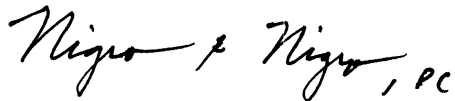
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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. The information, except for the LEA Organization Structure, 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the LEA Organization Structure, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
January 26, 2023

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

This discussion and analysis of Culver City Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$13.9 million, or 102.2%.
- Governmental expenses were about \$116.5 million. Revenues were about \$130.5 million.
- The District acquired over \$2.5 million in new capital assets during the year.
- Governmental funds increased by \$5.9 million, or 12.9%.
- Reserves for the General Fund increased by \$0.2 million or 2.3%. Revenues were and other financing sources \$99.1 million, and expenditures and other financing uses were \$97.7 million.

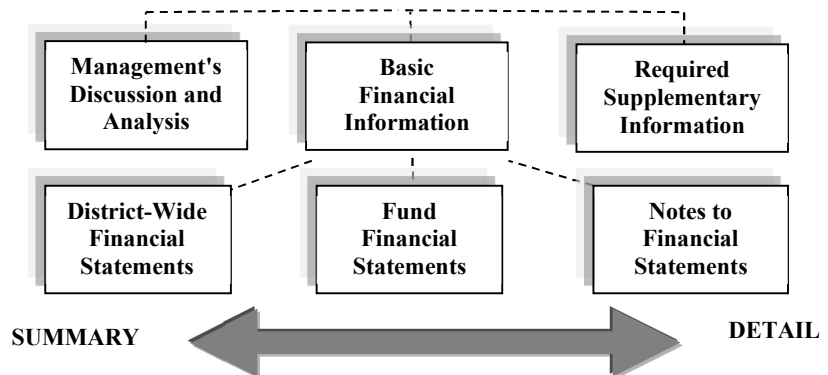
OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *district-wide financial* statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial* statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.

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

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



CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

District-Wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

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

Fund Financial Statements

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

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

The District has one fund type:

- 1) ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2022, than it was the year before – increasing 102.2% to \$0.3 million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2022	2021	Net Change
Assets			
Current assets	\$ 98,945,194	\$ 61,476,509	\$ 37,468,685
Capital assets	167,570,459	168,053,847	(483,388)
Total assets	<u>266,515,653</u>	<u>229,530,356</u>	<u>36,985,297</u>
Total Deferred outflows of resources	<u>25,701,256</u>	<u>26,148,615</u>	<u>(447,359)</u>
Liabilities			
Current liabilities	17,702,250	17,778,331	(76,081)
Long-term liabilities	200,345,686	247,703,073	(47,357,387)
Total liabilities	<u>218,047,936</u>	<u>265,481,404</u>	<u>(47,433,468)</u>
Total Deferred inflows of resources	<u>73,868,298</u>	<u>3,843,341</u>	<u>70,024,957</u>
Net position			
Net investment in capital assets	48,359,521	46,885,987	1,473,534
Restricted	39,678,940	30,590,875	9,088,065
Unrestricted	(87,737,786)	(91,122,636)	3,384,850
Total net position	<u>\$ 300,675</u>	<u>\$ (13,645,774)</u>	<u>\$ 13,946,449</u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities. The District's total revenues increased 4.8% to \$130.5 million (See Table A-2). The increase is due primarily to increased federal and state grant funds.

The total cost of all programs and services decreased 2.7% to \$116.5 million. The District's expenses are predominantly related to educating and caring for students, 66.7%. The purely administrative activities of the District accounted for just 6.2% of total costs. A significant contributor to the decrease in costs was reduced pension expense resulting from revised actuarial estimates.

Table A-2: Statement of Activities

	Governmental Activities		
	2022	2021	Net Change
Revenues			
Program Revenues:			
Charges for services	\$ 1,191,324	\$ 946,565	\$ 244,759
Operating grants and contributions	42,030,132	38,707,204	3,322,928
Capital grants and contributions	-	3,457,208	(3,457,208)
General Revenues:			
Property taxes	46,077,436	44,914,920	1,162,516
Federal and state aid not restricted	38,300,129	35,595,879	2,704,250
Other general revenues	2,851,334	899,748	1,951,586
Total Revenues	130,450,355	124,521,524	5,928,831
Expenses			
Instruction-related	65,253,246	73,941,536	(8,688,290)
Pupil services	12,433,198	10,994,495	1,438,703
Administration	7,182,675	7,494,980	(312,305)
Plant services	9,066,359	7,648,555	1,417,804
All other activities	22,568,428	19,622,044	2,946,384
Total Expenses	116,503,906	119,701,610	(3,197,704)
Increase (decrease) in net position	\$ 13,946,449	\$ 4,819,914	\$ 9,126,535
Total Net Position	\$ 300,675	\$ (13,645,774)	

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$51.7 million, which is above last year's ending fund balance of \$45.8 million. The primary cause of the increased fund balance is increased funding and decreased expenditures in the Special Revenue Fund for Capital Outlay.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2021	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2022
General Fund	\$ 15,028,358	\$ 96,921,231	\$ 97,453,203	\$ 1,912,451	\$ 16,408,837
Student Activities Fund	371,611	567,711	600,078	-	339,244
Special Education Pass-Through Fund	4,388	14,257,191	14,255,797	-	5,782
Adult Education Fund	2,153,896	3,134,101	2,294,369	-	2,993,628
Child Development Fund	282,523	5,157,627	5,499,207	275,000	215,943
Cafeteria Fund	96,056	3,372,831	2,829,304	-	639,583
Capital Facilities Fund	4,881,912	753,799	169,292	-	5,466,419
County School Facilities Fund	1,642,372	7,493	760,185	-	889,680
Special Reserve Fund (Capital Outlay)	16,344,633	7,063,202	1,423,859	(2,187,451)	19,796,525
Bond Interest and Redemption Fund	4,955,384	6,606,023	6,666,667	-	4,894,740
Financing Authority	23,805	1,444	3,694	-	21,555
	<u>\$ 45,784,938</u>	<u>\$ 137,842,653</u>	<u>\$ 131,955,655</u>	<u>\$ -</u>	<u>\$ 51,671,936</u>

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by \$5.5 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$1.8 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$4.0 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$2.0 million, the actual results for the year show that expenditures exceeded revenues by roughly \$0.5 million. Actual revenues were \$1.4 million more than anticipated, and expenditures were slightly less than budgeted.

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021-22 the District had acquired \$2.5 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$3.0 million.

Table A-4: Capital Assets at Year End, Net of Depreciation

	Governmental Activities		
	2022	2021	Net Change
Land	\$ 1,517,971	\$ 1,517,971	\$ -
Improvement of sites	1,143,382	1,263,813	(120,431)
Buildings	162,963,427	122,660,896	40,302,531
Equipment	1,504,411	1,530,404	(25,993)
Construction in progress	441,268	41,080,763	(40,639,495)
Total	<u>\$ 167,570,459</u>	<u>\$ 168,053,847</u>	<u>\$ (483,388)</u>

Long-Term Debt

At year-end the District had \$200.3 million in long-term liabilities – a decrease of 19.1% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

Table A-5: Outstanding Long-Term Debt at Year-End

	Governmental Activities		
	2022	2021	Net Change
General obligation bonds	\$ 119,210,938	\$ 121,167,860	\$ (1,956,922)
Compensated absences	1,608,450	1,049,514	558,936
Other postemployment benefits	27,374,618	26,183,937	1,190,681
Net pension liability	52,151,680	99,301,762	(47,150,082)
Total	<u>\$ 200,345,686</u>	<u>\$ 247,703,073</u>	<u>\$ (47,357,388)</u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed a final budget package on June 29, 2022. The budget package assumes that 2022-23 will end with nearly \$28 billion in total reserves. This consists of: (1) \$23.3 billion in the Budget Stabilization Account; (2) \$3.5 billion in the Special Fund for Economic Uncertainties (SFEU); and (3) \$900 million in the Safety Net Reserve, which is available for spending on the State's safety net programs, like Medi-Cal. In addition to the general-purpose reserves described above, the Proposition 98 Reserve (dedicated to school and community college spending) would reach \$9.5 billion under the spending plan.

Federal Funds Expected to Decline Significantly Between 2021-22 and 2022-23

In the budget federal funds decline \$175 billion, or 55 percent, between 2021-22 and 2022-23. This decline is the result of several significant federal programs enacted in response to COVID-19 expiring in 2022-23. For example, the enhanced Federal Medical Assistance Percentage for the State's Medicaid program (which the administration assumes will expire in December 2022) and \$27 billion in fiscal relief funding from the American Rescue Plan. However, there are also some increases in federal funds in 2022-23 related to the Infrastructure Investment and Jobs Act.

Significant Increase in School and Community College Funding

The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in State General Fund revenue. For 2021-22, the guarantee is up \$16.5 billion (17.6 percent) compared with the estimates made in June 2021. This increase represents one of the largest upward revisions since the adoption of Proposition 98 and is due to higher General Fund revenue estimates. For 2022-23, the guarantee increases by an additional \$117 million (0.1 percent) relative to the revised 2021-22 level.

Makes Required Reserve Deposit and Funds New Programs

When the minimum funding requirement is growing quickly, the Constitution requires the State to deposit some of the available funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the State deposits a total of \$9.5 billion into this account across the 2020-21 through 2022-23 period—an increase of \$4.5 billion compared with the estimates made in June 2021. The budget allocates the remaining funds for significant one-time and ongoing program increases. For schools, the largest ongoing augmentation is \$7.9 billion to provide a 13 percent increase to the Local Control Funding Formula and provide greater fiscal stability to school districts experiencing declining attendance. The budget plan also includes \$12.1 billion in one-time funding for two K-12 block grants—\$7.9 billion focused on learning recovery and \$3.6 billion intended for arts, music, and instructional materials. In addition, the budget plan includes \$841 million one time for facilities maintenance and instructional equipment and \$650 million one time for a COVID-19 block grant.

Adjusts Guarantee Upwards for Expansion of Transitional Kindergarten

The June 2021 budget plan established a plan to expand eligibility for transitional kindergarten beginning in 2022-23. Under the plan, all four-year old children will be eligible by 2025-26. (Previously, only children born between September 2 and December 2 were eligible.) The Legislature and Governor also agreed the State would cover the associated costs by adjusting the Proposition 98 formulas to increase the share of General Fund revenue allocated to schools. Consistent with this agreement, the budget plan includes an increase in the 2022-23 guarantee of \$614 million related to the first-year costs of the expansion.

School Facilities Grants

The budget allocates \$1.4 billion (non-Proposition 98 General Fund) attributable to 2021-22 for school facilities grants. Of this total, \$1.3 billion is to cover the State share for new construction and modernization projects under the School Facilities Program. These funds supplement existing funds from Proposition 51, the State school bond approved by voters in 2016. (Funding from Proposition 51 will likely be exhausted in 2022-23.) The remaining \$100 million is for schools to construct or renovate State Preschool, transitional kindergarten, and full-day kindergarten classrooms.

CULVER CITY UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Reserve Cap Triggered

As a result of the balance in the Public School System Stabilization Account, the statutory limitation on school district reserves has been triggered for the 2022-23 budget period, pursuant to Education Code (EC) Section 42127.01(e). Beginning with the 2022-23 fiscal year, the district reserve cap requires that a school district's adopted or revised budget pursuant to EC Section 42127 shall not contain a combined assigned or unassigned ending general fund balance of more than 10 percent of those funds. Assigned and unassigned balances within the Special Fund for Other than Capital Outlay shall also be included within the 10 percent reserve cap. The reserve cap requirement does not apply to small school districts or basic aid school districts pursuant to EC Section 42127.01(c).

All of these factors were considered in preparing the Culver City Unified School District budget for the 2022-23 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. Robert Quinn, Assistant Superintendent of Business Services at (310) 842-4225.

CULVER CITY UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 59,972,866
Accounts receivable	7,059,808
Inventories	111,942
Lease receivables	31,800,578
Capital assets:	
Non-depreciable capital assets	1,959,239
Depreciable capital assets	221,923,721
Less accumulated depreciation	<u>(56,312,501)</u>
Total assets	<u>266,515,653</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to OPEB	5,330,706
Deferred outflows related to pensions	<u>20,370,550</u>
Total deferred outflows of resources	<u>25,701,256</u>
LIABILITIES	
Accounts payable	14,273,977
Accrued interest payable	2,047,962
Unearned revenue	1,380,311
Noncurrent liabilities:	
Due or payable within one year	2,211,921
Due in more than one year:	
Other than OPEB and pensions	118,607,467
Total OPEB liability	27,374,618
Net pension liability	<u>52,151,680</u>
Total liabilities	<u>218,047,936</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	31,618,970
Deferred inflows related to OPEB	3,674,100
Deferred inflows related to pensions	<u>38,575,228</u>
Total deferred inflows of resources	<u>73,868,298</u>
NET POSITION	
Net investment in capital assets	48,359,521
Restricted for:	
Capital projects	25,609,659
Debt service	4,916,295
Student activities	339,244
Categorical programs	8,813,742
Unrestricted	<u>(87,737,786)</u>
Total net position	<u>\$ 300,675</u>

CULVER CITY UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction	\$ 51,125,121	\$ 437,832	\$ 13,353,360	\$ (37,333,929)
Instruction-Related Services:				
Supervision of instruction	5,589,615	21,478	4,794,756	(773,381)
Instructional library, media and technology	643,722	662	1,274	(641,786)
School site administration	7,894,788	51,837	2,621,555	(5,221,396)
Pupil Support Services:				
Home-to-school transportation	771,611	-	-	(771,611)
Food services	2,907,898	5,845	3,453,590	551,537
All other pupil services	8,753,689	43,094	2,805,592	(5,905,003)
General Administration Services:				
Data processing services	1,615,854	-	618,106	(997,748)
Other general administration	5,566,821	13,042	1,121,165	(4,432,614)
Plant services	9,066,359	3,248	643,340	(8,419,771)
Ancillary services	603,815	-	567,711	(36,104)
Interest on long-term debt	4,670,947	-	-	(4,670,947)
Other outgo	14,289,744	614,286	12,049,683	(1,625,775)
Depreciation (unallocated)	3,003,922	-	-	(3,003,922)
Total Governmental Activities	<u>\$ 116,503,906</u>	<u>\$ 1,191,324</u>	<u>\$ 42,030,132</u>	<u>(73,282,450)</u>

General Revenues:

Property taxes	46,077,436
Federal and state aid not restricted to specific purpose	38,300,129
Interest and investment earnings	269,408
Miscellaneous	2,581,926
Subtotal general revenues	<u>87,228,899</u>
Change in net position	13,946,449
Net position - July 1, 2021	<u>(13,645,774)</u>
Net position - June 30, 2022	<u>\$ 300,675</u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 21,117,853	\$ 3,422,071	\$ 19,979,175	\$ 15,453,767	\$ 59,972,866
Accounts receivable	4,791,276	1,419,199	47,299	802,034	7,059,808
Stores inventories	61,160	-	-	50,782	111,942
Lease receivables	31,800,578	-	-	-	31,800,578
Total Assets	\$ 57,770,867	\$ 4,841,270	\$ 20,026,474	\$ 16,306,583	\$ 98,945,194
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 8,465,871	\$ 4,835,488	\$ 229,949	\$ 742,669	\$ 14,273,977
Unearned revenue	1,277,189	-	-	103,122	1,380,311
Total Liabilities	9,743,060	4,835,488	229,949	845,791	15,654,288
Deferred Inflows of Resources					
Deferred inflows related to leases	31,618,970	-	-	-	31,618,970
Fund Balances					
Nonspendable	70,160	-	-	59,282	129,442
Restricted	5,077,676	-	19,253,560	15,288,422	39,619,658
Assigned	1,954,565	5,782	542,965	113,088	2,616,400
Unassigned	9,306,436	-	-	-	9,306,436
Total Fund Balances	16,408,837	5,782	19,796,525	15,460,792	51,671,936
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 57,770,867	\$ 4,841,270	\$ 20,026,474	\$ 16,306,583	\$ 98,945,194

CULVER CITY UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2022

Total fund balances - governmental funds \$ 51,671,936

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

Capital assets at historical cost:	223,882,960	
Accumulated depreciation:	<u>(56,312,501)</u>	
Net:		167,570,459

In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was: (2,047,962)

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

General obligation bonds payable	119,210,938	
Compensated absences payable	1,608,450	
Other postemployment benefits	27,374,618	
Net pension liability	<u>52,151,680</u>	
Total		(200,345,686)

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

Deferred outflows of resources	5,330,706	
Deferred inflows of resources	<u>(3,674,100)</u>	
Total		1,656,606

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 inflows and outflows relating to pensions for the period were:

Deferred outflows of resources	20,370,550	
Deferred inflows of resources	<u>(38,575,228)</u>	
Total		<u>(18,204,678)</u>

Total net position - governmental activities \$ 300,675

CULVER CITY UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Fiscal Year Ended June 30, 2022

	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 66,878,869	\$ -	\$ -	\$ -	\$ 66,878,869
Federal sources	4,440,130	3,874,959	-	4,261,402	12,576,491
Other state sources	20,000,692	10,380,838	-	3,645,164	34,026,694
Other local sources	5,601,540	1,394	7,063,202	11,694,463	24,360,599
Total Revenues	96,921,231	14,257,191	7,063,202	19,601,029	137,842,653
EXPENDITURES					
Current:					
Instruction	56,301,910	-	-	5,259,766	61,561,676
Instruction-Related Services:					
Supervision of instruction	6,726,957	-	-	11	6,726,968
Instructional library, media and	682,851	-	-	-	682,851
School site administration	7,382,286	-	-	1,435,084	8,817,370
Pupil Support Services:					
Home-to-school transportation	837,542	-	-	-	837,542
Food services	-	-	-	3,035,095	3,035,095
All other pupil services	9,929,783	-	-	256,167	10,185,950
Ancillary services	3,600	-	-	600,078	603,678
General Administration Services:					
Data processing services	1,688,051	-	-	-	1,688,051
Other general administration	5,018,406	14,255,797	-	3,694	19,277,897
Transfers of indirect costs	(450,095)	-	-	450,095	-
Plant services	9,253,517	-	-	186,662	9,440,179
Capital outlay	44,448	-	1,423,859	929,477	2,397,784
Intergovernmental transfers	33,947	-	-	-	33,947
Debt service:					
Principal	-	-	-	1,705,000	1,705,000
Interest	-	-	-	4,961,667	4,961,667
Total Expenditures	97,453,203	14,255,797	1,423,859	18,822,796	131,955,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(531,972)	1,394	5,639,343	778,233	5,886,998
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	2,187,451	-	-	275,000	2,462,451
Interfund transfers out	(275,000)	-	(2,187,451)	-	(2,462,451)
Total Other Financing Sources and Uses	1,912,451	-	(2,187,451)	275,000	-
Net Change in Fund Balances	1,380,479	1,394	3,451,892	1,053,233	5,886,998
Fund Balances, July 1, 2021	15,028,358	4,388	16,344,633	14,407,559	45,784,938
Fund Balances, June 30, 2022	\$ 16,408,837	\$ 5,782	\$ 19,796,525	\$ 15,460,792	\$ 51,671,936

CULVER CITY UNIFIED SCHOOL DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Total net change in fund balances - governmental funds \$ 5,886,998

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

In governmental funds, the costs of capital assets and lease assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets and lease assets are allocated over their estimated useful lives and their lease terms as depreciation expense and amortization expense, respectively. The difference between capital outlay expenditures and depreciation expense and amortization expense for the period is:

Expenditures for capital outlay	2,520,534	
Depreciation expense	<u>(3,003,922)</u>	
Net:		(483,388)

In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

1,705,000

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 premiums or discount for the period was:

251,922

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

38,798

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

(558,936)

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

8,767,012

In government 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 accrual-basis OPEB costs and actual employer contributions was:

(1,660,957)

Change in net position of governmental activities \$ 13,946,449

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Culver City Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

A. Reporting Entity

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 of the District.

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.

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 for financial reporting purposes.

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District) and its component units. 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 revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). 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 nonmajor funds.

Major Governmental Funds

The District maintains the following major governmental funds:

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

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

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of general fund moneys for capital outlay purposes (*Education Code* Section 42840). This fund may also be used to account for any other revenues specifically for capital projects that are not restricted to fund 21, 25, 30, 35, or 49.

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs.

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code* sections 38090 and 38093).

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* sections 17620-17626 and *Government Code* Section 65995 et seq.).

County School Facilities Fund: This fund is used to account for state apportionments provided for modernization of school facilities under SB50.

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).

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

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

3. Revenues - Exchange and Non-Exchange Transactions

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

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

C. Budgetary Data

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

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

D. Encumbrances

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

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Buildings	20-50 years
Improvements/Infrastructure	5-50 years
Equipment	5-20 years

4. 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 combined 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.

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 Statement of Net Position 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 will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program 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, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

9. Pensions

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

10. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

11. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

F. Minimum Fund Balance Policy

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.

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

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

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

NOTE 2 – DEPOSITS AND INVESTMENTS

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

Governmental funds and activities	<u>\$ 59,972,866</u>
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Deposits and investments as of June 30, 2022 consist of the following:

Cash on hand and in banks	\$ 339,244
Cash in revolving fund	17,500
Investments	<u>59,616,122</u>
Total deposits and investments	<u>\$ 59,972,866</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasury. The County pools and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited annually to participating funds. Any investment losses are proportionately shared by all funds in the pool.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

In accordance with applicable state laws, the County Treasurer may invest in derivative securities with the State of California. However, at June 30, 2022, the County Treasurer has represented that the Pooled Investment Fund contained no derivatives or other investments with similar risk profiles.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2022, \$1,446,390 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Board of Trustees. Investments purchased with maturities greater than one year require written approval by the Superintendent prior to commitment. Maturities of investments held at June 30, 2022, consist of the following:

	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Investment maturities:					
U.S. Bank First American Treasury Obligations	AA	\$ 21,555	\$ 21,555	\$ -	Level 2
Los Angeles County Investment Pool	N/A	59,594,567	59,594,567	-	Uncategorized
Total Investments		<u>\$ 59,616,122</u>	<u>\$ 59,616,122</u>	<u>\$ -</u>	

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2022, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2022, the District had the following investments that represents more than five percent of the District's net investments, other than the County Pool.

First America Treasury Obligations	
U.S. Bank First American Treasury Obligations	100%

Fair Value Measurements

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

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

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

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

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

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

CULVER CITY UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2022

NOTE 3 – ACCOUNTS RECEIVABLE

A. Accounts Receivable

Accounts receivable as of June 30, 2022, consisted of the following:

	Governmental Activities				
	General Fund	Special Education Pass-Through Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:					
Categorical aid programs	\$ 1,779,550	\$ 1,416,592	\$ -	\$ 695,012	\$ 3,891,154
State Government:					
LCFF sources	1,195,226	-	-	-	1,195,226
Special education	-	2,000	-	-	2,000
Lottery	407,927	-	-	-	407,927
Categorical aid programs	819,347	-	-	247	819,594
Local:					
Interest	-	607	47,299	23,085	70,991
Other local	589,226	-	-	83,690	672,916
Total	<u>\$ 4,791,276</u>	<u>\$ 1,419,199</u>	<u>\$ 47,299</u>	<u>\$ 802,034</u>	<u>\$ 7,059,808</u>

B. Leases Receivable

In accordance with GASB No. 87, the District recognizes a lease receivable and a deferred inflow of resources for two leases the District maintains with the Wildwood School and Echo Foundation. For these leases, the District is reporting lease receivables of \$31,800,578 at June 30, 2022. For the fiscal year ended June 30, 2022, the District reported lease revenue of \$1,339,535 related to lease payments received.

The leases held by the District do not have an implicit rate of return, therefore the District used the State’s incremental borrowing rate of 1.5% to discount the lease revenue to the net present value. The leases reported under GASB 87 contains a termination clause, which requires the lessee or lessor to show cause to terminate the lease. Measurement policies and key estimates related to leases can be found in Note 1.E.7.

The GASB No. 87 included leases are summarized as follows:

Real Property

The District leases real property to the Wildwood School. The term of the lease is for 35 years through June 30, 2046, with monthly payments increasing each year by the Consumer Price Index (CPI). The District also has a lease with the Echo Foundation for real property, where the District receives monthly payments for ten years through June 30, 2032.

The annual payments receivable as of June 30, 2022 are as follows:

Fiscal Year	Principal	Interest	Total
2022-2023	\$ 985,709	\$ 472,071	\$ 1,457,780
2023-2024	1,028,376	457,211	1,485,587
2024-2025	1,068,190	441,710	1,509,900
2025-2026	1,111,177	425,611	1,536,788
2026-2027	1,155,450	408,866	1,564,316
2027-2032	6,488,851	1,769,163	8,258,014
2032-2037	5,841,211	1,329,604	7,170,815
2037-2042	7,214,175	851,564	8,065,739
2042-2046	6,907,440	561,258	7,468,697
Totals	<u>\$ 31,800,578</u>	<u>\$ 6,717,059</u>	<u>\$ 38,517,637</u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 4 – INTERFUND TRANSACTIONS

Interfund Transfers In/Out

Interfund transfers between funds during the year ended June 30, 2022 were:

Special Reserve Fund for Capital Outlay Projects transfer to General Fund for property tax distributio	\$ 2,187,451
General Fund transfer to Child Development Fund to cover program expenditures	275,000
Total interfund transfers	<u>\$ 2,462,451</u>

NOTE 5 – FUND BALANCES

At June 30, 2022, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Special Education Pass-Through Fund	Special Reserve for Capital Outlay Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 9,000	\$ -	\$ -	\$ 8,500	\$ 17,500
Stores inventories	61,160	-	-	50,782	111,942
Total Nonspendable	<u>70,160</u>	<u>-</u>	<u>-</u>	<u>59,282</u>	<u>129,442</u>
Restricted:					
Categorical programs	5,077,676	-	-	-	5,077,676
Student activity funds	-	-	-	339,244	339,244
Adult education program	-	-	-	2,893,432	2,893,432
Child development program	-	-	-	210,943	210,943
Child nutrition program	-	-	-	572,409	572,409
Capital projects	-	-	19,253,560	6,356,099	25,609,659
Debt service	-	-	-	4,916,295	4,916,295
Total Restricted	<u>5,077,676</u>	<u>-</u>	<u>19,253,560</u>	<u>15,288,422</u>	<u>39,619,658</u>
Assigned:					
Board required reserve of 2%	1,954,565	-	-	-	1,954,565
Special education programs	-	5,782	-	-	5,782
Capital projects	-	-	542,965	-	542,965
Other assignments	-	-	-	113,088	113,088
Total Assigned	<u>1,954,565</u>	<u>5,782</u>	<u>542,965</u>	<u>113,088</u>	<u>2,616,400</u>
Unassigned:					
Reserve for economic uncertainties	2,931,847	-	-	-	2,931,847
Remaining unassigned balances	6,374,589	-	-	-	6,374,589
Total Unassigned	<u>9,306,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,306,436</u>
Total	<u>\$ 16,408,837</u>	<u>\$ 5,782</u>	<u>\$ 19,796,525</u>	<u>\$ 15,460,792</u>	<u>\$ 51,671,936</u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2022

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

	Balance, July 1, 2021	Additions	Deletions	Balance, June 30, 2022
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,517,971	\$ -	\$ -	\$ 1,517,971
Construction in progress	41,080,763	152,438	40,791,933	441,268
Total capital assets not being depreciated	42,598,734	152,438	40,791,933	1,959,239
Capital assets being depreciated				
Site improvements	6,218,877	-	-	6,218,877
Buildings	165,560,374	42,952,880	-	208,513,254
Furniture and equipment	6,984,441	207,149	-	7,191,590
Total capital assets being depreciated	178,763,692	43,160,029	-	221,923,721
Less accumulated depreciation:				
Site improvements	(4,955,064)	(120,431)	-	(5,075,495)
Buildings	(42,899,478)	(2,650,349)	-	(45,549,827)
Furniture and equipment	(5,454,037)	(233,142)	-	(5,687,179)
Total accumulated depreciation	(53,308,579)	(3,003,922)	-	(56,312,501)
	125,455,113	40,156,107	-	165,611,220
Governmental Activities Capital Assets, net	<u>\$ 168,053,847</u>	<u>\$ 40,308,545</u>	<u>\$ 40,791,933</u>	<u>\$ 167,570,459</u>

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term liabilities other than OPEB or pensions for the fiscal year ended June 30, 2022, were as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 115,585,000	\$ -	\$ 1,705,000	\$ 113,880,000	\$ 1,960,000
Unamortized Premium	5,582,860	-	251,922	5,330,938	251,921
Total G.O. Bonds	121,167,860	-	1,956,922	119,210,938	2,211,921
Compensated Absences	1,049,514	558,936	-	1,608,450	-
Sub-Totals	<u>\$ 122,217,374</u>	<u>\$ 558,936</u>	<u>\$ 1,956,922</u>	<u>\$ 120,819,388</u>	<u>\$ 2,211,921</u>

Payments on the General Obligation Bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. The compensated absences will be paid by the fund for which the employee worked.

Financing Authority Bonds

On November 16, 2005, the District issued \$38,230,000 Revenue Bonds, Series 2005, through the Culver City School Facilities Financing Authority. The bonds were issued to purchase the Culver City Unified School District General Obligation Refunding Bonds, Series 2005, finance certain school facilities to be acquired and/or constructed by the Authority, pay the premium for a bond insurance policy, and pay certain costs of issuance associated with the bonds.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

Election of 2014 (Measure CC)

On June 3, 2014, the voters of the District approved, by more than a 55% majority, Measure “CC”, authorizing the District to issue up to \$106 million in bonds with revenue going to finance the repair, upgrading, acquisition, construction and equipping of District sites and facilities.

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to annually levy such ad valorem property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

A summary of all bonds issued and outstanding at June 30, 2022 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2021	Issuances	Redemptions	Balance, June 30, 2022
Financing Authority Revenue Bonds								
Series 2005	11/16/2005	8/1/2033	3.75% - 5.50%	\$ 38,230,000	\$ 25,485,000	\$ -	\$ 1,320,000	\$ 24,165,000
Election of 2014 (Measure CC)								
Series A	10/30/2014	8/1/2044	2.00% - 5.00%	26,500,000	16,085,000	-	-	16,085,000
Series B	2/2/2017	8/1/2043	3.25% - 5.00%	53,000,000	47,820,000	-	-	47,820,000
Series C	1/25/2018	8/1/2034	3.00% - 8.00%	26,500,000	26,195,000	-	385,000	25,810,000
					<u>\$ 115,585,000</u>	<u>\$ -</u>	<u>\$ 1,705,000</u>	<u>\$ 113,880,000</u>

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

Fiscal Year	Principal	Interest	Total
2022-2023	\$ 1,960,000	\$ 4,854,495	\$ 6,814,495
2023-2024	2,250,000	4,721,950	6,971,950
2024-2025	2,555,000	4,579,369	7,134,369
2025-2026	2,880,000	4,432,359	7,312,359
2026-2027	3,220,000	4,274,088	7,494,088
2027-2032	22,410,000	18,301,993	40,711,993
2032-2037	26,895,000	11,906,410	38,801,410
2037-2042	32,735,000	6,913,094	39,648,094
2042-2045	18,975,000	840,319	19,815,319
Total	<u>\$ 113,880,000</u>	<u>\$ 60,824,076</u>	<u>\$ 174,704,076</u>

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2022, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 26,949,369	\$ 5,330,706	\$ 3,674,100	\$ 2,055,454
MPP Program	425,249	-	-	(35,534)
Totals	<u>\$ 27,374,618</u>	<u>\$ 5,330,706</u>	<u>\$ 3,674,100</u>	<u>\$ 2,019,920</u>

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

The details of each plan are as follows:

District Plan

Plan description

The District's single-employer defined benefit OPEB plan provides OPEB for eligible certificated, classified, and management employees of the District. The authority to establish and amend the benefit terms and financing requirements are governed by collective bargaining agreements with plan members. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided

The postretirement health plans and the District's obligation vary by employee group as described below.

Employees become eligible to retire and receive District-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or age 55 and 5 years for STRS members. Benefits are paid for the lifetime of the retiree, spouse or surviving spouse, and dependents up to the age of 26. The District's contribution on behalf of all eligible retirees and surviving spouses is the same as its contribution for active employees (\$149.00 for 2021 and \$151.00 for 2022, indexed by the Medical CPI thereafter.) The District pays the PEMHCA administrative fee of 0.33% of premium.

In addition to the PEMHCA minimum and administrative fee, the District pays supplemental benefits for retirees who meet additional age and service requirements, as follows: Certificated and Classified employees other than members of the Management Association of Culver City Schools (MACCS) hired prior to July 1, 2006 who fully retire under PERS or STRS after the later of age 55 and 10 years of service are entitled to reimbursements for up to the single or two-party medical cap applicable to active employees in the year of retirement. The single cap is currently \$8,000 and the two-party cap is \$12,065.90. In order to be eligible for this benefit they must be covered under PEMHCA, and the reimbursements are offset by the PEMHCA minimum.

In addition they are eligible for retiree-only District-paid dental coverage. Upon reaching age 65, dental coverage ends and the retiree is subject to a \$2,000 annual cap on reimbursements, and PEMHCA coverage is no longer required. Once the PEMHCA minimum exceeds \$2,000 there will be no further reimbursements for over-age 65 retirees in PEMHCA.

Certificated and Classified employees hired on or after July 1, 2006 are subject to a 15-year service requirement (20 years for spousal benefits) and benefits prior to age 65 are subject to an annual cap of \$3,207, offset by the PEMHCA minimum.

Certificated employees hired prior to July 1, 2006 and working less than full-time are subject to a requirement that at least 3 of the 10 years immediately prior to retirement were full time, and a total of at least 10 years when all full-time and part-time service is combined. Certificated employees hired on or after July 1, 2006 must have at least 10 years of full-time service in the 15 years immediately prior to retirement in order to be eligible, and at least 15 years of full-time service in the last 20 years for spousal benefits.

Part-time Classified employees may retire with pro-rated caps based on their full-time equivalency at the time of retirement. Because of the offset of the PEMHCA minimum, full-time equivalencies of approximately 75% or less result in no supplemental reimbursements after age 65.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Members of MACCS are required to have attained age 55 and completed 5 years of service and have fully retired under PERS or STRS in order to be eligible for supplemental benefits. They receive the full single or two-party medical premium plus retiree-only dental coverage until age 65, and are subject to the \$2,000 cap thereafter, except that there are several retirees receiving uncapped benefits under specially negotiated arrangements that are not expected to be repeated in the future.

Employees covered by benefit terms

At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	251
Active employees	<u>850</u>
Total	<u><u>1,101</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$26,949,369 for the Plan was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Inflation	2.80 percent
Salary increases	2.80 percent
Healthcare cost trend rates	6.50 percent decreasing to 4.50 percent

Discount Rate

Under GASB 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale).

For the current valuation, the discount rate was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.

	Bond Buyer G.O. 20-Bond Municipal Bond Index	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity 20-Year G.O. Municipal Bond Index	Bond Index Range	Actual Discount Rate Used
Yield as of July 1, 2021	2.16%	2.19%	1.94%	1.94% - 2.19%	2.19%
Yield as of July 1, 2022	3.54%	4.09%	3.69%	3.54% - 4.09%	4.09%

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Mortality Rates

General: SOA Pub-2010 General Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021

Teachers: SOA Pub-2010 Teachers Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021

Surviving Spouses: SOA Pub-2010 Contingent Survivors Total Dataset Headcount Weighted Mortality Table fully generational using Scale MP-2021

The District does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.

Changes in the Total OPEB Liability

	Total
	<u>OPEB Liability</u>
Balance at July 1, 2021	\$ 26,183,937
Changes for the year:	
Service cost	1,125,484
Interest	589,148
Differences between expected and actual experience	(2,987,761)
Changes of assumptions	2,858,414
Benefit payments	(819,853)
Net changes	<u>765,432</u>
Balance at June 30, 2022	<u>\$ 26,949,369</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>Discount Rate</u>	<u>OPEB</u>
	<u>Liability</u>
1% decrease	\$ 30,875,093
Current discount rate	\$ 26,949,369
1% increase	\$ 23,726,133

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 22,983,778
Current trend rate	\$ 26,949,369
1% increase	\$ 32,010,954

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$2,055,454. In addition, at June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,674,100
Changes of assumptions	5,330,706	-
Totals	<u>\$ 5,330,706</u>	<u>\$ 3,674,100</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 956,876	\$ 616,054
2024	927,158	608,549
2025	915,805	605,682
2026	915,805	605,682
2027	900,461	491,192
Thereafter	714,601	746,941
Totals	<u>\$ 5,330,706</u>	<u>\$ 3,674,100</u>

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium-free Medicare Part A. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2021, 5,096 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

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

Total OPEB Liability

At June 30, 2022, the District reported a liability of \$425,249 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2021, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total OPEB liability to June 30, 2021. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	<u>Percentage Share of MPP Program</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
Measurement Date	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Proportion of the Net OPEB Liability	0.106615%	0.108730%	-0.002115%

For the year ended June 30, 2022, the District reported OPEB expense of \$(35,534).

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	June 30, 2014 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population of 152,062.

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

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

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

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the proportionate share of the net OPEB liability to changes in the discount rate

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>Discount Rate</u>	<u>MPP OPEB Liability</u>
1% decrease	\$ 468,741
Current discount rate	\$ 425,249
1% increase	\$ 388,089

Sensitivity of the proportionate share of the net OPEB liability to changes in the Medicare costs trend rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

<u>Medicare Cost Trend Rates</u>	<u>MPP OPEB Liability</u>
1% decrease	\$ 386,714
Current trend rate	\$ 425,249
1% increase	\$ 469,428

NOTE 9 – PENSION PLANS

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

For the fiscal year ended June 30, 2022, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 32,277,532	\$ 14,746,827	\$ 29,823,208	\$ (2,256,208)
CalPERS	19,874,148	5,623,724	8,752,020	1,355,436
Totals	<u>\$ 52,151,680</u>	<u>\$ 20,370,550</u>	<u>\$ 38,575,228</u>	<u>\$ (900,772)</u>

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

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

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	On or before December 31, 2012	On or after January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	16.92%	16.92%
Required State Contribution Rate	10.828%	10.828%

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014, and various subsequent legislation.

The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively—provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2022, are presented above, and the District's total contributions were \$7,210,238.

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

At June 30, 2022, 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:

Total net pension liability, including State share:

District's proportionate share of net pension liability	\$	32,277,532
State's proportionate share of the net pension liability associated with the District		<u>16,240,802</u>
Total	\$	<u>48,518,334</u>

The net pension liability was measured as of June 30, 2021. 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 and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2021	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.070927%	0.071746%	-0.000818%

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. 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, 2022, the District recognized pension expense of \$(2,256,208). In addition, the District recognized pension expense and revenue of \$(2,830,795) for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension contributions subsequent to measurement date	\$ 7,210,238	\$ -
Net change in proportionate share of net pension liability	2,882,348	855,847
Difference between projected and actual earnings on pension plan investments	-	25,532,359
Changes of assumptions	4,573,383	-
Differences between expected and actual experience	80,858	3,435,002
Totals	<u>\$ 14,746,827</u>	<u>\$ 29,823,208</u>

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2023	\$ 2,837,012	\$ 7,340,260
2024	2,839,141	6,665,034
2025	713,720	6,853,700
2026	660,510	7,804,124
2027	472,728	575,937
Thereafter	13,478	584,154
Totals	<u>\$ 7,536,589</u>	<u>\$ 29,823,208</u>

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price of Inflation	2.75%
Wage Growth	3.50%

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

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study.

For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP'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.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 65,705,502
Current discount rate (7.10%)	32,277,532
1% increase (8.10%)	4,532,955

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954 and 22955.1 of the Education Code and Public Resources Code Section 6217.5. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately \$2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$4,561,501.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	7.00%
Required Employer Contribution Rate	22.91%	22.91%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2022 are presented above, and the total District contributions were \$3,486,796.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$19,874,148. The net pension liability was measured as of June 30, 2021. 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. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2022</u>	<u>Fiscal Year Ending June 30, 2021</u>	
	<u>June 30, 2021</u>	<u>June 30, 2020</u>	
Measurement Date	June 30, 2021	June 30, 2020	
Proportion of the Net Pension Liability	0.097736%	0.097037%	0.000700%

For the year ended June 30, 2022, the District recognized pension expense of \$1,355,436. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension contributions subsequent to measurement date	\$ 3,486,796	\$ -
Net change in proportionate share of net pension liability	531,939	66,368
Difference between projected and actual earnings on pension plan investments	1,011,694	8,638,801
Changes of assumptions	-	-
Differences between expected and actual experience	593,295	46,851
Totals	<u>\$ 5,623,724</u>	<u>\$ 8,752,020</u>

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.0 years.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. 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)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 1,186,376	\$ 2,325,609
2024	553,079	2,168,302
2025	347,787	2,136,864
2026	49,686	2,121,245
2027	-	-
Thereafter	-	-
Totals	\$ 2,136,928	\$ 8,752,020

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2020
Experience Study	1997-2015
Actuarial Cost Method	Entry age normal
Discount Rate	7.15%
Inflation Rate	2.50%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS experience and include 15 years of projected ongoing mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 9 – PENSION PLANS (continued)

B. California Public Employees Retirement System (CalPERS) (continued)

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Real Return Years 1-10	Real Return Years 11+
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 33,510,604
Current discount rate (7.15%)	19,874,148
1% increase (8.15%)	8,552,963

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2022, the District reported payables of \$1,066,828 and \$173,736 for the outstanding amount of legally required contributions to the CalSTRS and CalPERS pension plans, respectively, for the fiscal year ended June 30, 2022.

CULVER CITY UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2022

NOTE 10 – 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 representatives 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 financial reporting purposes. Financial statements are available directly from the JPAs.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

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

B. Construction Commitments

As of June 30, 2022, the District had commitments with respect to unfinished capital projects of approximately \$0.7 million.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2022.

Required Supplementary Information

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CULVER CITY UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget - Pos (Neg)
	Original	Final		
Revenues				
LCFF Sources	\$ 66,760,379	\$ 66,878,869	\$ 66,878,869	\$ -
Federal Sources	4,966,845	4,568,196	4,440,130	(128,066)
Other State Sources	13,448,473	18,873,844	20,000,692	1,126,848
Other Local Sources	4,893,596	5,214,554	5,601,540	386,986
Total Revenues	90,069,293	95,535,463	96,921,231	1,385,768
Expenditures				
Current:				
Certificated Salaries	41,102,665	42,548,111	42,104,731	443,380
Classified Salaries	14,166,750	13,281,206	13,505,043	(223,837)
Employee Benefits	22,917,486	24,117,580	22,979,284	1,138,296
Books and Supplies	3,849,282	4,467,005	4,912,071	(445,066)
Services and Other Operating Expenditures	10,072,809	13,307,611	14,201,023	(893,412)
Transfers of indirect costs	(361,367)	(380,878)	(450,095)	69,217
Capital Outlay	-	150,000	167,199	(17,199)
Other Outgo	-	-	33,947	(33,947)
Total Expenditures	91,747,625	97,490,635	97,453,203	37,432
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,678,332)	(1,955,172)	(531,972)	1,423,200
Other Financing Sources and Uses				
Interfund Transfers In	1,400,000	1,400,000	2,187,451	787,451
Interfund Transfers Out	(2,700,000)	(750,000)	(275,000)	475,000
Total Other Financing Sources and Uses	(1,300,000)	650,000	1,912,451	1,262,451
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,978,332)	(1,305,172)	1,380,479	2,685,651
Fund Balance, July 1, 2021	16,254,065	15,028,358	15,028,358	-
Fund Balance, June 30, 2022	\$ 13,275,733	\$ 13,723,186	\$ 16,408,837	\$ 2,685,651

CULVER CITY UNIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – Special Education Pass-Through Fund For the Fiscal Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget - Pos (Neg)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Federal Sources	\$ 3,055,668	\$ 3,874,959	\$ 3,874,959	\$ -
Other State Sources	8,610,015	9,486,906	10,380,838	893,932
Other Local Sources	-	682	1,394	712
Total Revenues	<u>11,665,683</u>	<u>13,362,547</u>	<u>14,257,191</u>	<u>894,644</u>
Expenditures				
Other Outgo	<u>11,665,683</u>	<u>13,361,865</u>	<u>14,255,797</u>	<u>(893,932)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	682	1,394	712
Fund Balance, July 1, 2021	<u>4,176</u>	<u>4,388</u>	<u>4,388</u>	<u>-</u>
Fund Balance, June 30, 2022	<u>\$ 4,176</u>	<u>\$ 5,070</u>	<u>\$ 5,782</u>	<u>\$ 712</u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	0.0709%	0.0720%	0.0710%	0.0710%
District's proportionate share of the net pension liability	\$ 32,277,532	\$ 69,527,861	\$ 63,857,277	\$ 65,290,944
State's proportionate share of the net pension liability associated with the District	16,240,802	35,841,330	34,838,689	37,382,303
Totals	<u>\$ 48,518,334</u>	<u>\$ 105,369,191</u>	<u>\$ 98,695,966</u>	<u>\$ 102,673,247</u>
District's covered-employee payroll	\$ 40,013,633	\$ 40,354,272	\$ 40,005,702	\$ 39,508,354
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	80.67%	172.29%	159.62%	165.26%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
District's proportion of the net pension liability	0.0680%	0.0660%	0.0660%	0.0650%
District's proportionate share of the net pension liability	\$ 62,825,985	\$ 53,611,550	\$ 44,342,979	\$ 37,950,027
State's proportionate share of the net pension liability associated with the District	37,167,625	30,524,592	23,452,485	22,915,865
Totals	<u>\$ 99,993,610</u>	<u>\$ 84,136,142</u>	<u>\$ 67,795,464</u>	<u>\$ 60,865,892</u>
District's covered-employee payroll	\$ 37,538,229	\$ 34,623,880	\$ 31,970,109	\$ 28,925,248
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	167.37%	154.84%	138.70%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportion of the net pension liability	<u>0.0977%</u>	<u>0.0970%</u>	<u>0.0990%</u>	<u>0.1030%</u>
District's proportionate share of the net pension liability	<u>\$ 19,874,148</u>	<u>\$ 29,773,901</u>	<u>\$ 28,903,688</u>	<u>\$ 27,441,511</u>
District's covered-employee payroll	<u>\$ 15,198,820</u>	<u>\$ 15,860,774</u>	<u>\$ 15,746,677</u>	<u>\$ 15,696,269</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>130.76%</u>	<u>187.72%</u>	<u>183.55%</u>	<u>174.83%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81%</u>	<u>70%</u>	<u>70%</u>	<u>71%</u>
	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
District's proportion of the net pension liability	<u>0.1040%</u>	<u>0.1020%</u>	<u>0.1000%</u>	<u>0.0950%</u>
District's proportionate share of the net pension liability	<u>\$ 24,749,771</u>	<u>\$ 20,190,095</u>	<u>\$ 14,699,992</u>	<u>\$ 10,807,020</u>
District's covered-employee payroll	<u>\$ 14,999,924</u>	<u>\$ 14,080,252</u>	<u>\$ 12,655,409</u>	<u>\$ 9,993,166</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	<u>165.00%</u>	<u>143.39%</u>	<u>116.16%</u>	<u>108.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Contractually required contribution	\$ 7,210,238	\$ 6,259,556	\$ 6,707,732	\$ 6,302,626
Contributions in relation to the contractually required contribution	<u>7,210,238</u>	<u>6,259,556</u>	<u>6,707,732</u>	<u>6,302,626</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 42,613,702</u>	<u>\$ 40,013,633</u>	<u>\$ 40,354,272</u>	<u>\$ 40,005,702</u>
Contributions as a percentage of covered-employee payroll	<u>16.92%</u>	<u>15.64%</u>	<u>16.62%</u>	<u>15.75%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 5,473,062	\$ 4,571,987	\$ 3,595,997	\$ 2,718,724
Contributions in relation to the contractually required contribution	<u>5,473,062</u>	<u>4,571,987</u>	<u>3,595,997</u>	<u>2,718,724</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 39,508,354</u>	<u>\$ 37,538,229</u>	<u>\$ 34,623,880</u>	<u>\$ 31,970,109</u>
Contributions as a percentage of covered-employee payroll	<u>13.85%</u>	<u>12.18%</u>	<u>10.39%</u>	<u>8.50%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2022

*Last Ten Fiscal Years**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
CalPERS				
Contractually required contribution	\$ 3,486,796	\$ 2,899,677	\$ 2,727,023	\$ 2,485,630
Contributions in relation to the contractually required contribution	<u>3,486,796</u>	<u>2,899,677</u>	<u>2,727,023</u>	<u>2,485,630</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 15,219,537</u>	<u>\$ 15,198,820</u>	<u>\$ 15,860,774</u>	<u>\$ 15,746,677</u>
Contributions as a percentage of covered-employee payroll	<u>22.910%</u>	<u>19.078%</u>	<u>17.194%</u>	<u>15.785%</u>
	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 2,115,415	\$ 1,781,920	\$ 1,512,523	\$ 1,295,931
Contributions in relation to the contractually required contribution	<u>2,115,415</u>	<u>1,781,920</u>	<u>1,512,523</u>	<u>1,295,931</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 15,696,269</u>	<u>\$ 14,999,924</u>	<u>\$ 14,080,252</u>	<u>\$ 12,655,409</u>
Contributions as a percentage of covered-employee payroll	<u>13.477%</u>	<u>11.880%</u>	<u>10.742%</u>	<u>10.240%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

CULVER CITY UNIFIED SCHOOL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios For the Fiscal Year Ended June 30, 2022

Employer's Fiscal Year Measurement Period	Last Ten Fiscal Years*				
	2021-22	2020-21	2019-20	2018-19	2017-18
	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB liability					
Service cost	\$ 1,125,484	\$ 907,672	\$ 784,988	\$ 755,300	\$ 733,301
Interest	589,148	781,990	788,339	771,420	746,712
Differences between expected and actual experience	(2,987,761)	(330,127)	(1,365,812)	(75,469)	-
Changes in assumptions	2,858,414	3,736,109	182,840	298,858	-
Benefit payments	<u>(819,853)</u>	<u>(687,264)</u>	<u>(707,545)</u>	<u>(736,283)</u>	<u>(819,585)</u>
Net change in total OPEB liability	765,432	4,408,380	(317,190)	1,013,826	660,428
Total OPEB liability - beginning	<u>26,183,937</u>	<u>21,775,557</u>	<u>22,092,747</u>	<u>21,078,921</u>	<u>20,418,493</u>
Total OPEB liability - ending	<u>\$ 26,949,369</u>	<u>\$ 26,183,937</u>	<u>\$ 21,775,557</u>	<u>\$ 22,092,747</u>	<u>\$ 21,078,921</u>
Covered-employee payroll	<u>\$ 61,969,073</u>	<u>\$ 59,154,942</u>	<u>\$ 57,431,983</u>	<u>\$ 55,752,379</u>	<u>\$ 54,942,679</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>43.49%</u>	<u>44.26%</u>	<u>37.92%</u>	<u>39.63%</u>	<u>38.37%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

CULVER CITY UNIFIED SCHOOL DISTRICT

*Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2022*

Employer's Fiscal Year Measurement Period	<i>Last Ten Fiscal Years*</i>				
	2021-22 2020-21	2020-21 2019-20	2019-20 2018-19	2018-19 2017-18	2017-18 2016-17
District's proportion of net OPEB liability	0.1066%	0.1087%	N/A	N/A	N/A
District's proportionate share of net OPEB liability	\$ 425,249	\$ 460,783	N/A	N/A	N/A
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.80%)	(0.71%)	N/A	N/A	N/A

This liability was not presented in previous audit years, therefore no information is available before the 2020-21 reporting period.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

CULVER CITY UNIFIED SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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 adoptions 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.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 2.19 percent to 4.09 percent since the previous valuation.

CULVER CITY UNIFIED SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022*

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP program; therefore, the covered payroll disclosure is not applicable.

Change in benefit terms – There were no changes in benefit terms since the previous valuation.

Change of assumptions – The discount rate was changed from 2.21 percent to 2.16 percent since the previous valuation.

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Supplementary Information

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CULVER CITY UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
June 30, 2022

The Culver City Unified School District was established in 1949 and is located in Culver City, California. There were no changes to the District’s boundaries during the year. The District operates five elementary schools, one middle school, one comprehensive high school, a continuation high school, an independent study center, a child development program, an adult education program and an online academy.

GOVERNING BOARD

Member	Office	Term Expires
Steven Levin, Ph.D.	President	2022
Paula Amezola	Vice President	2024
Tashon McKeithan, Ed.D	Clerk	2022
Kelly Kent, Ph.D.	Member	2024
Summer McBride	Member	2022

DISTRICT ADMINISTRATORS

Quoc Tran,
Superintendent

Tracy Pumilia¹,
Associate Superintendent, Educational Services

Robert Quinn,
Assistant Superintendent, Business Services

Jose Alarcon,
Assistant Superintendent, Human Resources

¹ This position is currently held by Angela Baxter, Ed.D

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2022

	Second Period Report		Annual Report	
	As Reported to CDE	Audited	As Reported to CDE	Audited
Regular ADA:				
TK and grades K-3	1,909.18	1,900.03	1,918.57	1,908.31
Grades 4-6	1,408.52	1,398.95	1,418.87	1,408.97
Grades 7-8	1,006.82	1,005.84	1,013.13	1,011.36
Grades 9-12	2,024.88	2,023.03	2,037.49	2,037.49
Total Regular ADA	6,349.40	6,327.85	6,388.06	6,366.13
Special Education, Nonpublic, Nonsectarian Schools:				
TK and grades K-3	4.63	5.96	7.14	7.14
Grades 4-6	1.21	1.56	1.97	1.97
Grades 7-8	0.71	0.89	1.07	1.07
Grades 9-12	4.40	5.54	6.09	6.09
Total Special Education ADA	10.95	13.95	16.27	16.27
Total ADA	6,360.35	6,341.80	6,404.33	6,382.40

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2022

<u>Grade Level</u>	<u>Instructional Minutes Requirement</u>	<u>Instructional Minutes Offered</u>	<u>Instructional Days Offered</u>	<u>Status</u>
Kindergarten	36,000	53,415	177	Not Complied
Grade 1	50,400	51,510	177	Not Complied
Grade 2	50,400	51,510	177	Not Complied
Grade 3	50,400	51,510	177	Not Complied
Grade 4	54,000	53,445	177	Not Complied
Grade 5	54,000	53,445	177	Not Complied
Grade 6	54,000	55,160	177	Not Complied
Grade 7	54,000	55,160	177	Not Complied
Grade 8	54,000	55,160	177	Not Complied
Grade 9	64,800	66,515	177	Not Complied
Grade 10	64,800	66,515	177	Not Complied
Grade 11	64,800	66,515	177	Not Complied
Grade 12	64,800	66,515	177	Not Complied

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2022

General Fund	(Budget) 2023 ²	2022	2021	2020
Revenues and other financing sources	\$ 99,759,546	\$ 99,108,682	\$ 92,963,744	\$ 86,361,573
Expenditures and other financing uses	99,327,239	97,728,203	88,904,141	84,524,972
Change in fund balance (deficit)	432,307	1,380,479	4,059,603	1,836,601
Ending fund balance	\$ 16,841,144	\$ 16,408,837	\$ 15,028,358	\$ 10,968,755
Available reserves ¹	\$ 8,736,831	\$ 9,306,436	\$ 9,100,692	\$ 7,074,516
Available reserves as a percentage of total outgo	8.8%	9.5%	10.2%	8.4%
Total long-term debt	\$ 198,133,765	\$ 200,345,686	\$ 247,703,073	\$ 238,449,889
Average daily attendance at P-2	6,357	6,342	N/A	6,871

The General Fund balance has increased by \$5.4 million over the past two years. The fiscal year 2022-23 adopted budget projects an increase of \$0.4 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in none of the past three years, and anticipates incurring an operating surplus during the 2022-23 fiscal year. Long-term debt has decreased by \$38.1 million over the past two years.

ADA decreased by 529 compared to 2019-20. Budgeted ADA projects an increase of 15 for 2022-23.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Revised budget September, 2022.

CULVER CITY UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2022*

	<u>General Fund</u>
June 30, 2022, annual financial and budget report (SACS) fund balance	\$ 16,227,229
Adjustments and reclassifications:	
Increasing (decreasing) the fund balance:	
Lease receivables overstated	(1,339,535)
Deferred inflows of resources overstated	<u>1,521,143</u>
Net adjustments and reclassifications	<u>181,608</u>
June 30, 2022, audited financial statement fund balance	<u><u>\$ 16,408,837</u></u>

CULVER CITY UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	\$ 58,025	
School Breakfast Program - Especially Needy	10.553	13526	350,864	
National School Lunch Program	10.555	13523	1,972,239	
USDA Donated Foods	10.555	N/A	135,054	
COVID-19 Emergency Operational Costs Reimbursement (ECR)	10.555	15637	144,153	
COVID-19 Supply Chain Assistance (SCA) Funds	10.555	15655	164,768	
Total Child Nutrition Cluster				\$ 2,825,103
Child and Adult Care Food Program:				
Child and Adult Care Food Program	10.558	13393	150,624	
Cash in Lieu of Commodities	10.558	N/A	9,653	
Total Child and Adult Care Food Program Cluster				160,277
Total U.S. Department of Agriculture				<u>2,985,380</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Education Grants Cluster:				
Adult Basic Education and ESL	84.002A	14508	166,734	
Adult Secondary Education	84.002	13978	65,972	
Total Adult Education - State Grants Cluster				232,706
Every Student Succeeds Act (ESSA):				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329		581,677
Title II, Part A, Supporting Effective Instruction	84.367	14341		172,316
English Language Acquisition State Grants				
Title III, Immigrant Education Program	84.365	15146	831	
Title III, Limited English Proficiency	84.365	14346	151,153	
Subtotal English Language Acquisition State Grants				151,984
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		33,558
Early Intervention Grants	84.181	23761		59,099
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893		21,970
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	29	
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	747,411	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	281,799	
Subtotal Education Stabilization Fund				1,029,239
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	4,449,709	
Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10119	20,606	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	120,921	
Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	235,472	
Preschool Staff Development, Part B, Sec 619	84.173A	13431	2,000	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	88,158	
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	921,284	
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	79,223	
Total Special Education (IDEA) Cluster				5,917,373
Total U.S. Department of Education				<u>8,199,922</u>
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Child Dev: Federal General Child Care and Dev (CCTR)	93.596	13609		721,858
Passed through Los Angeles County Office of Education:				
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A		344,810
Total U.S. Department of Health & Human Services				<u>1,066,668</u>
Total Expenditures of Federal Awards				<u>\$ 12,251,970</u>
<i>Of the federal expenditures presented in the schedule, the District provided the following awards to sub-recipients.</i>				
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	\$ 3,050,403	
Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	79,429	
COVID-19: ARP IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	633,990	
COVID-19: ARP IDEA Part B, Sec. 619, Preschool Grants	84.173	15639	52,038	
Early Intervention Grants	84.181	23761	59,099	
Total			<u>\$ 3,874,959</u>	

CULVER CITY UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2022

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 Part 26 of the *Education Code*.

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 Unaudited Actual financial report to the audited financial statements.

Schedule of Expenditures of Federal Awards

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

	Assistance <u>Listing Number</u>	<u>Amount</u>
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 12,576,491
Differences between Federal Revenues and Expenditures:		
Child Nutrition Cluster	10.553/10.555	(351,490)
Child and Adult Care Food Program	10.558	30,032
Other reconciling items		<u>(3,063)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 12,251,970</u>

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Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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

Board of Education
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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Report on Compliance and Other Matters

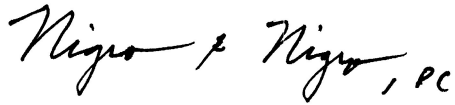
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as Findings 2022-001, 2022-002, and 2022-003.

Culver City Unified School District's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
January 26, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the Culver City Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Culver City Unified School District's major federal programs for the year ended June 30, 2022. The 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.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Nigro & Nigro, PC

Murrieta, California
January 26, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on Compliance

Qualified and Unmodified Opinions

We have audited the Culver City Unified School District's (District) compliance with the requirements specified in the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting applicable to the District's state program requirements identified below for the year ended June 30, 2022.

Qualified Opinion on Certain State Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Culver City Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other State Programs

In our opinion, Culver City Unified School District complied in all material aspects, with the laws and regulations of the other state programs noted in the table below for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Certain State Programs

As described in the accompanying schedule of findings and questioned costs, the Culver City Unified School District did not comply with requirements regarding Independent Study and Instructional Time, as described in finding numbers 2022-001 and 2022-003. Compliance with such requirements is necessary, in our opinion, for the Culver City Unified School District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and *the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and *the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence
- Regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *the 2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio 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
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	Not Applicable
After/Before 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
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
In Person Instruction Grant	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as not applicable were not operated by the District.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2022-002, 2022-004, and 2022-005.

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

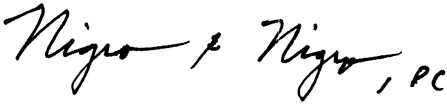
Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
January 26, 2023

Schedule of Findings and Questioned Costs

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CULVER CITY UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2022

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>Yes</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516 (a)?	<u>No</u>

Identification of major programs:

Assistance Listing	
<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>84.425D & 84.425U</u>	<u>Education Stabilization Fund</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

Type of auditors' report issued on compliance for state programs:	<u>Qualified</u>
---	------------------

CULVER CITY UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2022

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

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no financial statement findings in 2021-22.

CULVER CITY UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs in 2021-22.

CULVER CITY UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2022

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

Finding 2022-001: Independent Study Attendance Reporting (10000)

Criteria: Pursuant to Education Code Section 51744-51749.6, every written independent study agreement is required to contain the following required elements:

1. The manner, time, frequency, and place for submitting a pupil's assignments and for reporting his or her progress, and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.
2. The objectives and methods of study (pupil activities selected by the supervising teacher as the means to reach the educational objectives set forth in the written agreement) for the pupil's work
3. The methods utilized used to evaluate that work (any specified procedure through which a certificated teacher personally assesses the extent to which the pupils achieved the objectives set forth in the written assignment)
4. The specific resources, including materials and personnel, to be made available to the pupils (resources reasonably necessary to the achievement of the objectives in the written agreement, not to exclude resources normally available to all pupils on the same terms as the terms on which they are normally available to all pupils). These resources shall include confirming or providing access to all pupils to the connectivity and devices adequate to participate in the educational program and complete assigned work.
5. A statement of the policies adopted pursuant to subdivisions (a) and (b) of Education Code Section 51747:
 - A. The maximum length of time allowed between the assignment and the completion of a pupil's assigned work; and
 - B. The level of satisfactory educational progress as defined in Education Code Section 51747(b)(2)(A)-(D); and
 - C. The number of assignments a pupil may miss before there must be an evaluation of whether it is in the pupil's best interests to continue in independent study.
6. The duration of the independent study agreement, including the beginning and ending dates for the pupil's participation in independent study under the agreement, with no agreement being for longer than one school year
7. A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion
8. A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs in order to be consistent with the pupil's individualized education program or plan pursuant to Education Code Section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.
9. A statement in each independent study agreement that independent study is an optional educational alternative in which no pupil may be required to participate.

Condition: During testing of short-term independent study attendance at the school sites, we noted the following elements were missing from the agreements in use at the school sites:

- Manner of reporting, frequency of meeting, time of event, place of reporting and for communicating with a pupil's parent or guardian regarding a pupil's academic progress
- Specific resources, including materials and personnel, to be made available by the District. *Including, confirming or providing access to the connectivity and devices* adequate to participate in the program and complete work.
- The maximum length of time allowed between assignment and completion of a pupil's work
- The number of assignments a pupil may miss before there must be an evaluation of whether I/S is in the pupil's best interest

CULVER CITY UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2022

Finding 2022-001: Independent Study Attendance Reporting (10000) (continued)

- The level of satisfactory educational progress
- The number of course credits to be earned (or for elementary grades, other measures of academic credit) if the objective is reached
- A statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas

Context: Errors were noted at all schools that were selected for testing short-term independent study attendance, including one elementary school, the comprehensive high school, and the middle school. There were no exceptions noted at the District's long-term independent study school.

Cause: Like many school districts in California, the District was unable to communicate timely with school sites the necessary changes in law governing independent study agreements. The District noted the error during the audit process, but was unable to make the change in the PADC software due to a closure of the software at the State level.

Effect: The District must disallow 21.55 ADA from its P-2 report of attendance for these invalid agreements and 21.93 ADA from its Annual report of attendance.

- Grades TK/K-3 – 9.15 ADA (P-2) and 10.26 (Annual)
- Grades 4-6 – 9.57 ADA (P-2) and 9.90 (Annual)
- Grades 7-8 – 0.98 ADA (P-2) and 1.77 (Annual)
- Grades 9-12 – 1.85 ADA (P-2)

The calculation based on derived value of ADA totals a penalty of \$180,761. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

Recommendation: We recommend that all independent study agreements be updated to reflect all required elements, as they are at the full-time independent study school.

Views of Responsible Officials: CCUSD revised the Board Policy and Administrative Regulations 6158 Independent Study on August 23, 2022 to reflect all required elements for both short- and long-term independent study. In addition, the Master Agreement for Independent Study and directions for both short- and long-term independent study were updated to reflect the new board policy and audit findings.

Finding 2022-002: Attendance Accounting (10000)

Criteria: California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of P-2 ADA totals reported by the District to CDE, we found that the District used an incorrect divisor of 180 in its calculation of Non-Public Schools (NPS) ADA.

CULVER CITY UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2022

Finding 2022-002: Attendance Accounting (10000) (continued)

Effect: Based on our recalculation, the District understated ADA reported on the P-2 Report of Attendance (Line-A-1) by the following amounts

- Grades TK/K-3 – 1.33 ADA
- Grades 4-6 – 0.35 ADA
- Grades 7-8 – 0.18 ADA
- Grades 9-12 – 1.14 ADA

The calculation based on derived value of ADA totals \$29,737 owed to the District. However, based on ADA yield flexibilities enacted for the 2021-22 fiscal year, we do not anticipate any ultimate impact to funding.

Cause: The District noted this error during the audit process and attempted to make revisions but was unable to do so because of a closure in the reporting window.

Recommendation: We recommend that the District develop policies and procedures, and implement controls, to ensure that pupil attendance is recorded and reported consistently and accurately.

Views of Responsible Officials: We have updated our district template for compiling and reporting P-2 attendance to accurately reflect the correct divisor for Non-Public Schools (NPS) ADA and will ensure that we have adequate controls in place to report accurate P-2 attendance.

Finding 2022-003: Instructional Time (40000)

Criteria: According to Education Code section 46200:

For a school district that received an apportionment pursuant to subdivision (a) of this section, as it read on January 1, 2013, and that offers less than 180 days of instruction or, in multitrack year-round schools, fewer than the number of days required in subdivision (a) of this section, as it read on January 1, 2013, in the 2013-14 fiscal year, or any fiscal year thereafter, the Superintendent shall withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level the sum of 0.0056 multiplied by that apportionment for each day less than what was required in subdivision (a) of this section, as it read on January 1, 2013, up to a maximum of five days.

According to Education Code section 46207:

(a) Notwithstanding Sections 46200 to 46205 , inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03 , each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall, for each fiscal year, offer, at a minimum, the following number of minutes of instruction:

- (1) To pupils in kindergarten, 36,000 minutes.
- (2) To pupils in grades 1 to 3, inclusive, 50,400 minutes.
- (3) To pupils in grades 4 to 8, inclusive, 54,000 minutes.
- (4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

Condition: The District only offered 177 days of instruction for Grades K-12. Due to the reduced offering, the annual instructional time in Grades 4-5 was short by 555 minutes.

CULVER CITY UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2022

Finding 2022-003: Instructional Time (40000) (continued)

Context: The instructional day shortage occurred at all schools of the District.

Cause: The District was short-staffed due to the COVID-19 pandemic and had to close schools for three days in January 2022. The District submitted a J-13A waiver request to CDE, but it was denied.

Effect: By using the CDE's "Estimating the Cost of an Instructional Time Audit Penalty" spreadsheet, the financial penalty for not meeting annual instructional minutes in Grades 4-5 and offering less than 180 days in Grades K-12 is \$1,034,428.

Recommendation: We recommend that the District ensure that 180 days of instruction are offered in the 2022-23 school year, and if schools are closed, to request a J-13A waiver in a timely manner.

Views of Responsible Officials: The District acknowledges the recommendation, as well as the anticipated financial penalty, and will ensure this situation does not happen again.

Finding 2022-004: Instructional Materials (70000)

Criteria: California Education Code Section 60119 requires that school districts conduct a public hearing regarding the sufficiency of textbooks and instructional materials. Furthermore, the District must provide 10-day notice of the public hearing. The notice must include the time, place, and purpose of the hearing and must be posted at a minimum of three public locations within the District.

Condition: The notice posted by the District did not provide for 10-day notice of the public hearing regarding the sufficiency of textbooks and instructional materials. In fact, the notice was posted two days *after* the public hearing.

Cause: Due to staff turnover, the District was unaware of the requirements for the public notice.

Effect: There is no financial penalty associated with noncompliance.

Recommendation: We recommend that the District ensure that the notice which is posted during the 2022-23 school year adhere to the requirements for the posting of the public notice with the time, place and purpose at three public locations.

Views of Responsible Officials: The District overlooked and missed the required deadline due to staffing turnover. Going forward, the district is aware of the requirement and will ensure that the public notice is posted in compliance with California Education Code Section 60119.

Finding 2022-005: Classroom Teacher Salaries (61000)

Criteria: California Education Code, section 41372 (b) states, in part:

There shall be expended during each fiscal year for payment of salaries of classroom teachers:
(3) By a unified school district, 55% of the district's current expense of education.

CULVER CITY UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs For the Fiscal Year Ended June 30, 2022

Finding 2022-005: Classroom Teacher Salaries (61000) (continued)

Condition: During our review of classroom teacher salaries, we noted that the District did not meet the required 55% minimum for expenditures of salaries for classroom teachers. The District reported its “current expense of education” totaling \$87,873,192, with \$48,296,899, or 54.96%, going toward its classroom teachers' salaries.

Context: Not applicable

Cause: The District operates multiple sites that have low and declining enrollment. This means that it still has all of the overhead cost for the sites but has fewer teachers. The District also contracts out special education programs. This means that it doesn't have classroom teachers teaching special education.

Effect: The District did not meet the required minimum percentage for classroom teacher salaries. The District expended \$35,149 less than the amount necessary to meet the minimum of 55%.

Recommendation: The District should continue working to ensure that it meets the minimum required percentage for the classroom teacher salaries in future years.

Views of Responsible Officials: The District is proposing an off-schedule payment for classroom staff for the 2022-23 school year to increase “in classroom” expenditures without doing the same for outside the classroom expenditures. For the 2023-24 school year, the District will also be proposing a higher salary increase for classroom staff than for others.

The District is also working hard to fill the many open classroom Instructional Aide positions we have.

CULVER CITY UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2022

There were no findings or questioned costs in 2020-21.

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To the Board of Education
Culver City Unified School District
Culver City, California

In planning and performing our audit of the basic financial statements of Culver City Unified School District for the year ending June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated January 26, 2023 on the financial statements of Culver City Unified School District.

ASSOCIATED STUDENT BODY FUNDS

Observation: During our review of disbursements at Culver City High and Culver City Middle, we noted that approvals are not consistently obtained prior to making a purchase. We noted this exception in 16 of 25 disbursements sampled at CCHS and 7 of 8 disbursements we tested at CCMS.

Recommendation: Education Code Section 48933(b) requires all expenditures from ASB funds be authorized by a student representative, an advisor, and a district representative (usually a principal or vice-principal) prior to disbursing the funds. As a “best practice”, approval by required parties should be obtained before the actual commitment to purchase the items in order to ensure the expense is a proper use of student-body funds and falls within budgetary guidelines. In addition, all related supporting documentation, including receipts or invoices, should be retained. We recommend that the District Office remind the sites of the importance of obtaining pre-approval for purchases.

Observation: During our testing of cash disbursements, we noted that purchases were shipped to personal addresses, rather than to the school site or District office. In addition, proof of receipt of goods was missing. We noted this on 4 of 25 disbursements tested at Culver City High and 2 of 8 disbursements tested at Culver City Middle.

Recommendation: We recommend that items purchased for ASB should be shipped directly to the school site rather than a home address to ensure the items are properly received by the ASB and used for the benefit of the students. Also, proof of receipt should be documented for all expenses to ensure that payments are only made for goods or services actually received.

Observation: During our testing at Culver City High, we noted that the site collects fees for a “Lifetime Account”.

Recommendation: According to FCMAT, fees collected for non-ASB activities should be deposited into the District’s accounts, from which the related expenditures should also be paid. Lifetime account collections do not belong in the ASB accounts because they are used for staff meetings.

Observation: In our cash disbursements sample at Culver City High, we found three expenses for food for faculty members, three expenses for the school site PEACE garden, and two expenses for gift cards used to pay vendors and to an assistant principal for their birthday. In our cash disbursements sample at Culver City Middle, we found a payment in the amount of \$2,000 which was payable to a teacher for “performance lessons”.

Recommendation: Expenditures of ASB funds should only be made to support the general welfare, morale, and educational experiences of the students. Any expenditures made for other purposes could be considered gifts of public funds. Any payments to District employees for services performed must be processed through the District payroll system so that proper withholdings and reporting can be done.

Observation: In our testing of cash receipts at Culver City High, we found 4 out of 10 deposits sampled and at Culver City Middle, we found 5 out of 7 deposits sampled lacked sufficient supporting documentation. In all cases, the only documentation was a signed cash count sheet. There were no tally sheets, individual pre-numbered receipts, or other point of collection documentation, which made it impossible to tie the cash collected by advisors to the actual amount turned in to the bookkeeper.

Recommendation: Supporting documentation such as order forms, ticket control worksheets, pre-numbered receipts, and/or other point of sale documentation should be maintained for all transactions. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between money collected and fundraiser sales.

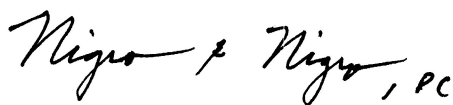
Observation: In our testing of cash receipts at Culver City Middle, we found that 3 of the 7 deposits sampled were not deposited in a timely manner. Deposits ranged from 24 days over 3 months from the point of collection.

Recommendation: We recommend that the District emphasize to the advisors and teachers that deposits should be made to the bookkeeper and bank deposits made on a weekly basis, or more often as needed. Money should never be left over the weekend or holidays because thefts are more likely to occur during these times.

Observation: During our testing at Culver City High, we noted that bank reconciliations were not prepared timely, were not reviewed, included stale dated checks, and included deposits and other adjustments that were outstanding for more than two weeks. At Culver City Middle, we identified that bank reconciliations were not dated and initialed, so we are unable to determine if they were prepared and reviewed on a timely basis. Furthermore, the bank reconciliations identified outstanding checks dating as far back as 2018.

Recommendation: Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity. In addition, checks older than six months are considered “stale dated” and should be investigated and re-issued or written off. Outstanding deposits should be investigated to ensure that the money was deposited accurately.

We will review the status of the current year comments during our next audit engagement.



Murrieta, California
January 26, 2023