

**MEASURE CC BOND BUILDING FUND OF  
CULVER CITY UNIFIED SCHOOL DISTRICT**

**AUDIT REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2016**

**San Diego**

**Los Angeles**

**San Francisco  
Bay Area**

**christywhite**  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
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June 30, 2016**

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## FINANCIAL SECTION

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**MEASURE CC BOND BUILDING FUND  
 CULVER CITY UNIFIED SCHOOL DISTRICT  
 Introduction and Citizens' Bond Oversight Committee Member Listing  
 June 30, 2016**

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

In an election held on June 3, 2014, the voters authorized the District to issue and sell \$106,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of upgrading and repairing Culver City schools, improve classrooms, science labs, computers/learning technology, repair leaking roofs, old plumbing, inadequate electrical systems, and aging school buildings/restrooms, improve school safety, remove hazardous asbestos, make needed seismic repairs, and upgrade, construct, and acquire classrooms, school facilities, sites, and equipment.

The first series of bonds, Election of 2014, Series A, was issued on October 30, 2014 for \$26,500,000 with interest rates ranging from 2.00% to 5.00%. The principal balance outstanding at June 30, 2016 amounted to \$22,900,000.

All members were appointed by the District's Board of Education with two year terms of office with the exception of Laura Stuart who was appointed to a one year term of office. The Citizens' Bond Oversight Committee had the following members as of June 30, 2016:

<b>Name</b>	<b>Title</b>	<b>Representation</b>	<b>Education Code Section</b>
Jamie Wallace	Chair	PTO Member and Parent of Child in District	15282(a)(5)
Goran Eriksson	Vice Chair	Senior Citizen Group	15282(a)(2)
Janet Chabola	Member	Member of Bona-Fide Taxpayer's Association	15282(a)(3)
Jeannine Wisnosky Stehlin	Member	Business, PTO Member and Parent of Child in District	15282(a)(1)
Jonathan Varsano	Member	Parent of Child Enrolled in District	15282(a)(4)
Laura Stuart	Member	At Large Community Member	
Michael Hamill	Member	PTO Member and Parent of Child Enrolled in District	15282(a)(4)
N. John Hasegawa	Member	Senior Citizen Group	15282(a)(2)
Paul Ehrlich	Member	Senior Citizen Group	15282(a)(2)

## INDEPENDENT AUDITORS' REPORT

Governing Board Members and  
Measure CC Citizens' Bond Oversight Committee  
Culver City Unified School District  
Culver City, California

Christy White, CPA

Michael Ash, CPA

Heather Rubio

### Report on the Financial Statements

We have audited the accompanying financial statements of the Measure CC Bond of Culver City Unified School District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Measure CC Bond Building Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
348 Olive Street  
San Diego, CA 92103

toll-free: 877.220.7229  
tel: 619.270.8222  
fax: 619.260.9085  
www.christywhite.com

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## **Auditor's Responsibility (continued)**

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

As discussed in Note 1A, the financial statements present only the individual Proposition 39 Bond Building Fund, consisting of the net construction proceeds of the Measure CC general obligation bonds as issued by the District, through the County of Los Angeles, and are not intended to present fairly the financial position of the District in conformity with generally accepted accounting principles.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure CC Bond Building Fund of Culver City Unified School District as of June 30, 2016 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2017 on our consideration of the Measure CC Bond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Measure CC Bond's internal control over financial reporting and compliance.

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of Proposition 39, as incorporated in California Constitution Article 13A, we have also issued our performance audit report dated February 10, 2017 on our consideration of the Measure CC Bond's compliance with the requirements of Proposition 39. That report is an integral part of our audit of the Measure CC Bond Building Fund for the fiscal year ended June 30, 2016 and should be considered in assessing the results of our financial audit.



San Diego, California  
February 10, 2017

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Balance Sheet  
June 30, 2016**

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<b>ASSETS</b>	
Cash in county treasury	\$ 20,132,604
Accounts receivable	<u>66,407</u>
<b>Total Assets</b>	<b>\$ <u>20,199,011</u></b>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	<u>\$ 1,533,116</u>
<b>Total Liabilities</b>	<u>1,533,116</u>
<b>Fund Balance</b>	
Restricted for capital projects	<u>18,665,895</u>
<b>Total Fund Balance</b>	<u>18,665,895</u>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>20,199,011</u></b>

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

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Statement of Revenues, Expenditures and Changes in Fund Balance  
For the Year Ended June 30, 2016**

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<b>REVENUES</b>	
Interest income	\$ 176,846
	<hr/>
<b>Total Revenues</b>	176,846
	<hr/>
<b>EXPENDITURES</b>	
Facilities acquisition and maintenance	5,744,156
	<hr/>
<b>Total Expenditures</b>	5,744,156
	<hr/>
<b>Net Change in Fund Balance</b>	(5,567,310)
<b>Fund Balance, July 1, 2015</b>	24,233,205
	<hr/>
<b>Fund Balance, June 30, 2016</b>	\$ 18,665,895
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The accompanying notes to financial statements are an integral part of this statement.

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements  
June 30, 2016**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

The Culver City Unified School District (the District) was established under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades K - 12 as mandated by the state and/or federal agencies. The District operates five elementary schools, one middle school, one comprehensive high school, one continuation high school, an independent study center, a child development program, an adult education program, a pre-kindergarten program and an online academy.

In an election held on June 3, 2014, the voters authorized the District to issue and sell \$106,000,000 of principal amount of general obligation bonds. These bonds were issued for the purpose of upgrading and repairing Culver City schools, improve classrooms, science labs, computers/learning technology, repair leaking roofs, old plumbing, inadequate electrical systems, and aging school buildings/restrooms, improve school safety, remove hazardous asbestos, make needed seismic repairs, and upgrade, construct, and acquire classrooms, school facilities, sites, and equipment.

An oversight committee to the District's Governing Board and Superintendent, called the Citizens' Bond Oversight Committee (CBOC), was established pursuant to the requirements of state law and the provisions of the Measure CC bond. The CBOC is required by state law to actively review and report on the proper expenditure of taxpayers' money for school construction. The CBOC provides oversight and advises the public whether the District is spending the Measure CC Bond funds for school capital improvements within the scope of projects outlined in the Measure CC Bond project list. In fulfilling its duties, the CBOC reviews, among other things, the District's annual performance and financial audits of Measure CC activity.

The statements presented are for the individual Measure CC Bond Building Fund of the District, consisting of the net construction proceeds of Election of 2014, Series A general obligation bond as issued by the District, through the County of Los Angeles, and are not intended to be a complete presentation of the District's financial position or results of operations. There are no related parties or component units included in this financial statement presentation.

**B. Accounting Policies**

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 generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements, continued  
June 30, 2016**

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

**C. Basis of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The financial statements are presented on the modified accrual basis of accounting. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Available" means the resources will be collectible within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, "available" means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

**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.

**E. Deposits and Investments**

In accordance with Education Code Sections 15357 and 41001, the District maintains a portion of its cash in the Los Angeles County Treasury. The county pools these funds with those of other districts in the county and invests the cash. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

**F. Use of Estimates**

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

**G. Budgets and Budgetary Accounting**

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

These budgets are revised by the District's governing board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements, continued  
June 30, 2016**

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

**H. Fund Balance**

Under GASB Statement No. 54, fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The fund balance in Measure CC is considered restricted.

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

**NOTE 2 – CASH AND INVESTMENTS**

**Summary of Cash and Investments**

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as cash in county treasury for \$20,132,604.

**Policies and Practices**

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations. Investments of debt proceeds held by trustees are governed by the provisions of debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities up to 30 years.

*Cash in County Treasury* – The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District’s investment in the pool is reported in the accounting financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

**MEASURE CC BOND BUILDING FUND  
 CULVER CITY UNIFIED SCHOOL DISTRICT  
 Notes to Financial Statements, continued  
 June 30, 2016**

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

**General Authorizations**

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

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
Agency Obligations	5 years	None	25%
Local Agency Obligations	5 years	15%	10%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	5%
Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	None	10-15%
Reverse Repurchase Agreements	92 days	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
Corporate Medium-Term Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Bond Funds	N/A	2.5%	2.5%
Pass-Through Securities	5 years	20%	5%

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains an investment with the Los Angeles County Investment Pool with a fair value of approximately \$20,156,124 and an amortized book value of \$20,132,604. The weighted average maturity for this pool as of June 30, 2016 was 608 days.

**MEASURE CC BOND BUILDING FUND  
 CULVER CITY UNIFIED SCHOOL DISTRICT  
 Notes to Financial Statements, continued  
 June 30, 2016**

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

**Fair Value**

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

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

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

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

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

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

	<b><u>Uncategorized</u></b>
Investment in county treasury	\$ 20,156,124
<b>Total fair market value of investments</b>	<b>\$ 20,156,124</b>

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized credit rating organization. The investments within the Los Angeles County Investment Pool were not rated.

**Concentration of Credit Risk**

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

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements, continued  
June 30, 2016**

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**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable amounting to \$66,407 as of June 30, 2016 consists of interest earned on the District’s investment in the County Treasury.

**NOTE 4 – MEASURE CC GENERAL OBLIGATION BONDS**

As of June 30, 2016, the principal balance outstanding on the District’s Measure CC general obligation bonds is indicated as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds
					Outstanding July 1, 2015	Additions	Deductions	Outstanding June 30, 2016
2014 Series A	10/30/2014	8/1/2044	2.00%-5.00%	\$26,500,000	\$ 26,500,000	\$ -	\$ 3,600,000	\$ 22,900,000
			Unamortized premium		1,177,115	-	40,590	1,136,525
					\$ 27,677,115	\$ -	\$ 3,640,590	\$ 24,036,525

**Election of 2014, Series A**

On October 30, 2014, Series A bonds were issued for \$26,500,000, with stated interest rates of 2.00% to 5.00%. Interest on the current interest bonds is payable on each February 1 and August 1 to maturity, commencing February 1, 2015, through final maturity at August 1, 2044. Principal of the current interest bonds is payable on August 1 in each of the years and in the amounts as per the repayment schedule. The principal balance outstanding at June 30, 2016 amounted to \$22,900,000.

The annual requirements to amortize all general obligation bonds payable outstanding as of June 30, 2016, are as follows:

Fiscal Year	Principal	Interest	Total
2017	\$ 3,540,000	\$ 820,744	\$ 4,360,744
2018	3,275,000	685,769	3,960,769
2019	-	603,894	603,894
2020	-	603,894	603,894
2021	-	603,894	603,894
2022-2026	200,000	3,017,219	3,217,219
2027-2031	1,740,000	2,861,216	4,601,216
2032-2036	3,160,000	2,428,538	5,588,538
2037-2041	5,050,000	1,725,469	6,775,469
2042-2045	5,935,000	499,100	6,434,100
	\$ 22,900,000	\$ 13,849,737	\$ 36,749,737

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Notes to Financial Statements, continued  
June 30, 2016**

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**NOTE 5 – CONSTRUCTION COMMITMENTS**

As of June 30, 2016, the District had construction commitments as follows:

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

**NOTE 6 – EXPENDITURES BY SITE**

For the year ended June 30, 2016, the District had the following expenditures by site:

<u>Site</u>	<u>Amount</u>
Culver City High School	\$ 1,847,047
District Wide	1,012,851
El Marino Language School	633,194
Frost Auditorium	447,032
Linwood Howe Elementary School	417,708
Culver City Middle School	366,027
El Rincon Elementary School	353,602
La Ballona Elementary School	340,408
Farragut Elementary School	253,463
Office of Child Development	44,417
Culver Park High School	28,407
	<u>\$ 5,744,156</u>

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**OTHER INDEPENDENT AUDITORS'  
REPORTS**

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

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

Governing Board Members and  
Measure CC Citizens' Bond Oversight Committee  
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 Measure CC Bond Building Fund, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Measure CC Bond Building Fund's basic financial statements, and have issued our report thereon dated February 10, 2017.

**Internal Control over Financial Reporting**

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

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
348 Olive Street  
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toll-free: 877.220.7229  
tel: 619.270.8222  
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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

San Diego, California  
February 10, 2017

## INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

Governing Board Members and  
Measure CC Citizens' Bond Oversight Committee  
Culver City Unified School District  
Culver City, California

Christy White, CPA

Michael Ash, CPA

Heather Rubio

### Report on the Financial Statements

We have audited the accompanying financial statements of the Measure CC Bond Building Fund, as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Measure CC Bond Building Fund's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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SAN FRANCISCO/BAY AREA

Corporate Office:  
348 Olive Street  
San Diego, CA 92103

toll-free: 877.220.7229  
tel: 619.270.8222  
fax: 619.260.9085  
www.christywhite.com

*Licensed by the California  
State Board of Accountancy*

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

## Objectives

In connection with our audit, we also performed an audit of compliance as required in the performance requirements for the Measure CC General Obligation Bonds for the fiscal year ended June 30, 2016. The objective of the examination of compliance applicable to the District is to determine with reasonable assurance that:

- The proceeds of the sale of the Measure CC General Obligation Bonds were only used for the purposes set forth in the Measure CC ballot language and not for any other purpose, such as teacher and administrative salaries.
- The Governing Board of the District, in establishing the approved projects set forth in the ballot measure, evaluated the remodeling, new construction and renovations of items which will improve learning, with no funds expended on administrator salaries.

In performing our audit of compliance, we performed procedures including but not limited to those listed as follows:

<b>Internal Control Evaluation</b>
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### **Procedures Performed:**

Inquiries were made of management regarding internal controls to:

- Prevent fraud or waste regarding Measure CC projects, including budgetary controls
- Ensure adequate separation of duties exists in the fiscal services department for Measure CC funds
- Prevent material misstatements in the financial statements
- Ensure expenditures are allocated to the proper fund(s)
- To follow applicable regulations, including regulations related to bidding and contract management

We then performed substantive tests of financial statement balances to determine whether the controls designed by management were operating effectively, and to provide reasonable assurance that the year ended June 30, 2016 financial statement balances for the Measure CC Bond Building Fund are not materially misstated.

### **Results of Procedures Performed:**

The results of our audits tests show that internal control procedures appear to be working to meet the financial and compliance objectives required by generally accepted accounting standards and applicable laws and regulations. An unmodified opinion was expressed on the financial statements.

## Facilities Site Walk

### **Procedures Performed:**

We performed a site walk to verify that Measure CC funds expended for the year ended June 30, 2016 were for valid facilities acquisition and construction purposes. CWA toured construction work at Linwood Howe Elementary School (security upgrades, playground equipment and surfacing), Culver City Middle School (renovations to the music room, multi-purpose room, gymnasiums, library, photography lab, roofing replacements and security upgrades), and Culver City High School (athletic fields, library, security upgrades and emergency accessibility).

### **Results of Procedures Performed:**

Results of the site walks indicate that the major 2015-16 Measure CC construction projects were successfully completed.

## Test of Expenditures

### **Procedures Performed:**

The following performance tests of expenditures and transfers were performed:

We tested approximately \$3.2 million (56%) of the 2015-16 expenditures (15 separate payments) for validity, allowability and accuracy. Expenditures sampled in our test included payments made to contractors, consultants and other vendors.

### **Results of Procedures Performed:**

We found the expenditures and transfers tested to be in compliance with the terms of the Measure CC ballot measure, Facilities Master Plan, and applicable state laws and regulations without exception.

## Test of Contracts and Bid Procedures

### **Procedures Performed:**

We inquired of new projects that were subject to bidding requirements set forth by the District and California Public Contract Code. We determined in our testing whether proper change order processing and approval procedures were followed. For the fiscal year ended June 30, 2016, we reviewed contract change orders to contracts for Measure CC Bond projects to determine compliance with District policy and the provisions of the California Public Contract Code.

### **Results of Procedures Performed:**

Contracts and bid procedures tested during the course of the audit were determined to be in compliance with applicable policies and provisions of California Public Contract Code.

## Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements for the Measure CC General Obligation Bond as listed and tested above.

This report is intended solely for the information and use of the Measure CC Citizens' Bond Oversight Committee, the District's Governing Board, management, and the taxpayers of Culver City Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

*Christy White Associates*

San Diego, California  
February 10, 2017

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**SCHEDULE OF FINDINGS AND  
RECOMMENDATIONS**

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**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Schedule of Findings and Recommendations  
For the Fiscal Year Ended June 30, 2016**

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*There were no findings and recommendations related to the financial and performance audits performed for the Culver City Unified School District over the Measure CC Bond Building Fund for the year ended June 30, 2016.*

**MEASURE CC BOND BUILDING FUND  
CULVER CITY UNIFIED SCHOOL DISTRICT  
Schedule of Prior Year Findings and Recommendations  
For the Fiscal Year Ended June 30, 2016**

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*There were no findings and recommendations related to the financial and performance audits performed for the Culver City Unified School District over the Measure CC Bond Building Fund for the year ended June 30, 2015.*