

City of Culver City, California  
**Agenda Item Report**

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| Meeting Date: 02/06/12                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |  | Item Number: <u>C-1</u>                                                                |  |
| <b>CITY COUNCIL AGENDA ITEM: Receive and File Year-End Report and Audit Summary and the Audited Financial Statements for the Fiscal Year Ending June 30, 2011.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  |                                                                                        |  |
| Contact Person/Dept.:<br>Jeff S. Muir/Finance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |  | Phone Number: 310/253-5865                                                             |  |
| Fiscal Impact: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  | General Fund: Yes <input type="checkbox"/> No <input type="checkbox"/>                 |  |
| Public Hearing: <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |  | Action Item: <input type="checkbox"/> Attachments: <input checked="" type="checkbox"/> |  |
| Commission Action Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  | Date: _____                                                                            |  |
| Public Notification: (E-Mail) Meetings and Agendas – City Council (02/03/12); (E-Mail) Ongoing Topic – Fiscal and Budget Issues (02/03/12)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  |                                                                                        |  |
| Department Approval:<br>Jeff Muir (01/25/12)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |  | City Attorney Approval:<br>Carol Schwab (by H. Baker) (02/01/12)                       |  |
| Chief Financial Officer Approval:<br>Jeff Muir (01/25/12)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |  | City Manager Approval:<br>John M. Nachbar (02/03/12)                                   |  |
| <p><b><u>RECOMMENDATION:</u></b></p> <p>Staff recommends the City Council receive and file the attached Year-End Report and Audit Summary and the audited financial statements for the Fiscal Year ending June 30, 2011.</p> <p><b><u>BACKGROUND:</u></b></p> <p>The City Charter requires an annual audit of the financial statements of the City by independent certified public accountant. The accounting firm of Moss, Levy &amp; Hartzheim, LLP (MLH), performed this audit. This was the first year MLH has served as the City's auditors</p> <p><b><u>DISCUSSION:</u></b></p> <p>The Comprehensive Annual Financial Report (CAFR) of the City of Culver City for the Fiscal Year ended June 30, 2011, is attached. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City and in particular with the Finance Department. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operation of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the city's financial activities have been included.</p> |  |                                                                                        |  |

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The auditors have rendered an unqualified opinion (clean opinion) on the financial statements. This can be viewed on the attached Independent Auditor's Report.

Additionally, the auditors issued a letter with regards to internal control over financial reporting. The auditors did not identify any deficiencies in the City's internal control to be material weaknesses, according to the definitions provided in their letter.

Pursuant to Statement on Auditing Standards No. 114, The Auditor's Communication with Those Charged with Governance, the auditors have also provided a letter communicating certain other information related to the audit process. This letter indicates the auditors encountered no significant difficulties in performing and completing the audit, that there were no material misstatements detected as a result of the audit process, and that there were no disagreements with management that could be significant to the financial statements or the auditor's report.

Finally, the auditor's provided a letter related to the Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets. As part of the annual budget process, pursuant to Article XIII B of the California Constitution, the City is responsible for calculating an annual appropriations limit. The auditors reviewed these worksheets and found no exceptions.

The City was awarded the Certificate of Achievement for Excellence in Financial Reporting for the year ending June 30, 2010 by the Government Finance Officers Association of United States and Canada.

The Comprehensive Annual Financial report for the City of Culver City for the Fiscal Year ended June 30, 2011 has been submitted to the Government Finance Officers Association (GFOA) of United States and Canada for its review and eligibility for a Certificate of Achievement for Excellence in Financial Reporting for this year. This will be the twenty sixth (27<sup>th</sup>) consecutive year for our CAFR and the City to receive this award.

The reports and associated attachments are as follows:

- Year-End Report and Audit Summary
- Comprehensive Annual Financial Report
- Municipal Bus Lines Report
- Management Report and Auditor's Communication Letter
- Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets

**FISCAL ANALYSIS:**

There is no fiscal impact from receiving and filing these reports.

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**ATTACHMENTS:**

1. Year-End Report and Audit Summary
2. Comprehensive Annual Financial Report
3. Municipal Bus Lines Report
4. Management Report and Auditor's Communication Letter
5. Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets

**MOTION:**

That the City Council:

Receive and file the Year-End Report and Audit Summary and the audited financial statements for the Fiscal Year ending June 30, 2011.