MEETING DATE: 02/06/2012

AGENDA ITEM: **Receive and File Year-End Report and Audit Summary and the Audited Financial Statements for the Fiscal Year Ending June 30, 2011.**

ATTACHMENTS

City of Culver City

YEAR-END REPORT AND AUDIT SUMMARY

FOR

FISCAL YEAR 2010-2011

CITY OF CULVER CITY
Year-End Report and Audit Summary
FY 2010-11
General Fund and Other City Funds

INTRODUCTION

The purpose of this report is to summarize the results of the City's audited financial statements for the year ending June 30, 2011 (Fiscal Year 2010-11). The City Charter requires an independent, certified public accounting firm to audit the end-of-year financial statements. Preparation and responsibility for the financial statements rests with the City, and the independent auditor expresses an opinion about the statements based on their testing and review.

The firm of Moss, Levy & Hartzheim LLP performed the audit of the FY 2010-11 financial statements. This was the first year of their contract with the City. In the Independent Auditor's Report included in the City's Comprehensive Annual Financial Report (CAFR), Moss, Levy & Hartzheim LLP report that the City's financial statements present fairly, in all material respects, the financial position of the City as of June 30, 2011. This report can be found on pages 1-2 of the CAFR.

The CAFR includes both government-wide financial statements, as well as the more traditional fund-level financial statements. The requirement for the government-wide financial statements are a result of Governmental Accounting Standards Board (GASB) Statement No. 34, implemented by Culver City in FY 2003-04. The idea behind government-wide statements was to collapse all of the various activities of the governmental entity into a single 'snapshot' view, so that the overall financial health and condition of the entity could be more easily understood by investors and other readers of the financial statements. However, this government-wide view does not easily relay to the reader the financial position of those monies where the City has wide discretion versus those where it has very little discretion. This information is more easily understood from the traditional fund-level financial statements. For this reason, this report is based on the fund-level financial statements. Those interested in more information on the government-wide financial statements should refer to pages 3 through 21 of the CAFR.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for functions that are principally supported by taxes and intergovernmental revenues. The City maintains 31 individual governmental funds. These funds are further categorized into special revenue funds, capital projects funds, debt service funds and the general fund. Special revenue funds typically are used where there is a legal or other requirement to separately track certain types of funding. Capital projects funds are used to account for capital or infrastructure improvements. Debt service funds account for the issuance and repayment of debt. All other governmental activities, not required to be accounted for separately, are handled through the City's General Fund. This is the fund for which the City Council has the most discretion, and includes most of the core operating activities that are familiar to citizens, such as Police, Fire, Park & Recreation, Public Works, general governmental activities, etc.

Proprietary funds account primarily for functions that are intended to recover all or a significant portion of their costs through user fees and charges. There are two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds can be considered business-type activities, and are used to account for the Culver City Bus Line, the refuse (solid waste) utility and the sewer utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal service funds are used by the City to account for self-insurance activities, vehicle operations and maintenance, equipment replacement and central stores functions.

This report will spend the most time discussing the General Fund, since this is the fund that faces the most financial pressure based on the overall economy and other factors. The other fund types will be discussed first. The focus of this report is on the actual results for FY 2010-11, and it does not look forward to the current or future fiscal years. This will occur in the upcoming FY 2011-12 Mid-Year Budget Report.

ENTERPRISE FUND SUMMARY

The table below summarizes the financial results for the City's three enterprise funds for FY 2010-11:

	Beginning Net Assets	Total Revenue & Transfers	Expenses	Ending Net Assets	Unrestricted Net Assets
Refuse Disposal Fund	656,067	11,730,436	10,599,045	1,787,458	529,321
Municipal Bus Lines Fund	30,582,638	18,820,580	18,852,389	30,550,829	4,685,028
Sewer Enterprise Fund	43,326,177	7,725,059	7,053,043	43,998,193	26,349,371

The financial condition of the Refuse Disposal fund improved, as the net assets of the fund were increased by approximately $1 million. Unrestricted net assets of the fund (assets not restricted by outside sources or invested in capital), ended in a positive position for the second straight year. For many years prior, the unrestricted net assets of this fund had been in a negative position.

The Municipal Bus Lines Fund had expenses almost equal to revenue and transfers. This was an improvement after several years of reduced federal support caused the fund to operate at a deficit. Based on the somewhat unpredictable nature of certain funding sources, it is important to keep careful watch on this fund to ensure expenses are aligned with incoming resources. There is approximately $4.7 million in unrestricted net assets available to support the fund, but this number has reduced rather significantly in recent years ($8.5 million as of June 30, 2009).

The Sewer Enterprise Fund continues to operate in a financially healthy manner, with revenues and transfers exceeding expenses. The $26.3 million in unrestricted net assets appear high, however the Capital Improvement Plan for the next five years includes $27 million in projects to improve or replace components of the Sewer system.

INTERNAL SERVICE FUND SUMMARY

The table below represents the financial results for the City's four internal service funds for FY 2010-11:

	Beginning Net Assets	Total Revenue & Transfers	Expenses	Ending Net Assets	Unrestricted Net Assets
Equipment Replacement Fund	16,015,049	839,277	1,354,577	15,499,749	8,256,313
Fleet Maintenance Fund	(1,080,942)	6,657,562	6,673,361	(1,096,741)	(1,101,663)
Risk Management Fund	(10,659,529)	6,812,685	11,108,522	(14,955,366)	(14,955,366)
Central Stores Fund	420,426	1,397,284	1,380,873	436,837	436,837

The Equipment Replacement Fund is used to amortize and ultimately replace City equipment, primarily vehicles. The expenses can vary significantly from year to year based on what equipment is being replaced.

The Fleet Maintenance Fund has ended the year in a negative position for several years. The purpose of this fund is to allocate the repair and maintenance charges of the City's fleet out to the departments where the vehicles are in service. Staff has done some analysis and determined a few items charged to the fund have not been allocated out to departments historically, leading to the negative position of the fund. Over the next few years, charges to departments will be slightly increased to close the gap, and staff will monitor the situation going forward to ensure all expenses are charged out.

The Risk Management Fund has historically carried a negative fund position. In addition to actual expenses paid out for claims, judgments, attorneys, insurance premiums, etc., the fund also records the estimates for future claims and judgments as an expense. The City is not is a position to fully fund future estimated claims, so this fund will continue in an overall negative position. The fund has adequate cash flows to pay current costs based on its charge outs.

The Central Stores Fund accounts for the inventory of certain items that are used by departments frequently, and where it is more economical to purchase in bulk and then distribute the items as needed. Items are purchased and then 'sold' to the department that uses them. Much of the inventory carried supports the fleet maintenance function. The fund continues to operate in a positive position.

SPECIAL REVENUE FUND SUMMARY

The City currently utilizes nineteen special revenues funds to account for various resources that are restricted in use. The monies accounted for in these funds are unavailable for discretionary City funding. Two sizable new special revenue funds created in FY 2010-11 are the Economic Development Fund and the Housing Fund. These funds were created as a result of the

Governor's proposal to eliminate redevelopment agencies. The City and Agency took a variety of steps to secure assets, which included a series of Cooperation Agreements between the two entities where the City would carry out certain redevelopment projects with funding provided by the Agency. The existing assets of the Agency at that time were transferred to various funds within the City to carry out these Cooperation Agreements. The Economic Development Fund and Housing Fund were two such funds.

With two exceptions, all special revenue funds ended the year with a positive fund balance. The Operating Grants Fund typically shows a negative year-end balance, as it accounts for many reimbursable activities where funds have been spent but have not yet been received. The Parking Authority Fund was also newly created in FY 2010-11, and ended the year with a slightly negative balance.

The table below represents the summarized financial activity for the various special revenue funds. Below the table is a brief description of the purpose of each fund.

	Beginning Fund Balance	Total Revenue & Other Transfers	Cooperation Agreement Transfers In / (Out)	Expenditures	Ending Fund Balance
Economic Development Fund	-	998,026	44,433,905	1,182,577	44,249,354
Gas Tax Fund	1,252,029	669,052	-	267,320	1,653,761
Prop A Local Return Fund	822,827	6,564	-	-	829,391
Prop C Local Return Fund	904,803	(89,760)	-	-	815,043
Measure R Fund	2,138	537,594	-	531,942	7,790
Prop 1B Fund	9,525	559,291	-	556,084	12,732
Prop 42 Fund	12,199	111,202	-	105,352	18,049
Operating Grants Fund	(1,093,187)	1,388,566	-	1,310,264	(1,014,885)
Section 8 Housing Fund	1,181,067	1,906,774	-	1,906,774	1,181,067
Art in Public Places Fund	758,991	163,357	-	80,888	841,460
Community Development Fund	272,296	20,772	-	46,275	246,793
CDBG Fund	-	81,470	-	81,470	-
Landscape Maintenance Fund	141,842	48,486	-	11,363	178,965
Park Facilities Fund	595,466	214,501	-	177,772	632,195
Asset Seizure Fund	660,517	181,109	-	96,922	744,704
Housing Fund	-	83,059	25,355,893	467,705	24,971,247
Parking Authority Fund	-	54,163	3,633	71,224	(13,428)
RDA Low/Mod Housing Fund	34,787,934	6,713,294	(25,355,893)	2,619,296	13,526,039
Building Surcharge Fund	515,464	53,471	-	199	568,736

Economic Development Fund is used to account for revenue and resources provided for economic development related programs and activities.

Gas Tax Fund is used to account for state gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition and street construction.

Proposition A Local Return Fund is used to account for Proposition A funds received from the state. Proposition A funds are voter approved local sales taxes for transportation-related activities. Proposition A, approved by voters in 1980, is a one-half of one percent (0.5%) tax on retail sales in Los Angeles County. The collection of this tax is administered by the County, which returns twenty five percent (25%) of the collections to cities within the County. The balance of Proposition A tax funds are used for rail development (35%) and discretionary purposes (40%). Almost the entire discretionary portion is used to fund bus service provided by Metro and 16 other municipal bus operators within the County, including Culver City Municipal Bus Lines.

Proposition C Local Return Fund is used to account for Proposition C funds received from the state. Proposition C, approved by voters in 1990, is an additional one-half of one percent (1.5%) tax on retail sales in Los Angeles County. Proposition C funds are allocated to the construction and operation of the bus transit and rail system (40%), expansion of rail and bus security (5%), construction of commuter rail transit centers, park and ride lots, and freeway bus stops (10%), and other transit related improvements to freeways and state highways (25%). Each year, more than $1 billion dollars is generated in local transportation revenue.

Measure R Fund is used to account for Measure R funds. Measure R is a one-half cent sales tax approved by Los Angeles County voters in November 2008 and is to be used to fund new transportation projects and programs. The Transportation and Public Works departments utilize the majority of this funding.

Proposition 1B Fund is used to account for funds received for a Transportation Infrastructure Bond approved in November 2006 by California voters. Proposition 1B is a $2 billion dollar bond that is apportioned to each City based on population. Funds can be used for improvements to transportation facilities, projects that will assist in reducing local traffic congestion and for further deterioration of transportation infrastructure, and projects that will improve traffic flows or increase traffic safety that may include, but are not limited to, street and highway pavement maintenance, rehabilitation, installation, construction and reconstruction of necessary associated facilities such as drainage and traffic control devices, or the maintenance, rehabilitation, installation, construction and reconstruction of facilities that expand ridership on transit systems, safety projects to reduce fatalities, or as local match to obtain state or federal transportation for similar purposes.

Proposition 42 Fund is used to account for funds received by the City through the Traffic Congestion Relief Act (TCRA) Exchange Program based on established guidelines adopted in February 2001. The TCRA Exchange Program is intended to increase flexibility in the use of State and federal transportation funding to complete transportation improvements without compromising other state funded projects or activities.

Operating Grants Fund is used to account for operating grant funds resulting from the City's federal, state and local operating grants, and the qualified expenditures of these restricted funds.

Section 8 Housing Fund is used to account for assistance provided by the Federal government dedicated to sponsoring subsidized housing for low-income families and individuals. The Housing Division in the Community Development Department is responsible for managing and administering Culver City's Section 8 Housing Choice Voucher Program (HCVP) to provide rental subsidies for qualified low-income households.

Art in Public Places Fund is used to account for the "Art in Public Places" program. The revenues for this Fund come from developer in–lieu fees.

Community Development Fund is used to account for funds received from new development impact fees collected on non-residential construction in excess of 5,000 square feet. These fees may only be used to fund street improvements, traffic controls and traffic management projects.

CDBG Fund is used to account for Community Development Block Grant (CDBG) funds, and the qualified expenditures of these restricted funds for administrative expenditures such as personnel costs.

Landscape Maintenance Fund is used to account for benefit assessment district funds received from homeowners for special landscaping services of certain properties within the City.

Park Facilities Fund is used to account for funds received from development impact fees assessed on subdivision/residential development. These fees may be used for the improvement and expansion of public parks and park facilities throughout the City.

Asset Seizure Fund is used to account for funds received from federal and local seized and forfeited properties. Such funds may be used for the detection and prevention of criminal activity, and the apprehension of criminals through Drug Abuse Resistance Education (D.A.R.E.), and other law enforcement programs.

Housing Fund is used to account for former Low/Moderate Income Housing funds transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement). These funds may only be used for qualified low/moderate income housing projects identified in the Agreement.

Parking Authority Fund is used to account for the operations of the Culver City Parking Authority, which currently includes the Cardiff Parking Structure. These funds may be used for parking related operations and infrastructure improvements.

RDA/Low/Moderate Income Housing Fund is used to account for twenty percent (20%) housing set aside funds as required by redevelopment law. These funds may be used for qualified low/moderate income housing projects and programs.

Building Surcharge Fund is used to account for funds received from a four percent (4%) surcharge on certain development related permit fees. The surcharge is used by City to fund digital imaging and storage of plans and documents and technology improvements and maintenance to enhance customer service.

CAPITAL PROJECTS FUND SUMMARY

The table below represents the summary financial activity for the City's capital projects funds for FY 2010-11. As mentioned previously, several new funds were created in FY 2010-11 as a result of the proposed elimination of redevelopment and subsequent Cooperation Agreements between the City and Agency. Descriptions of each fund are included below the table.

	Beginning Fund Balance	Total Revenue & Other Transfers	Cooperation Agreement Transfers In / (Out)	Expenditures	Ending Fund Balance
Cooperative Projects Fund	-	39,491	-	143,253	(103,762)
RDA Capital Projects Fund	61,692,767	60,478,978	(94,230,533)	33,146,497	(5,205,285)
Parking Improvement Fund	879,737	64,149	-	6,296	937,590
Capital Improvement Grants Fund	(446,523)	1,813,264	-	2,383,295	(1,016,554)
CDBG Capital Fund	-	274,407	-	275,164	(757)
2002 Cooperative Fund	-	39,403	17,912,104	76,721	17,874,786
2004 Cooperative Fund	-	12,077	4,551,229	14,247	4,549,059
2011 Cooperative Fund	-	2,553	12,200,192	-	12,202,745
2011 Bond Fund	-	3,469	15,129,470	-	15,132,939
Capital Improvement & Acquisition Fund	1,012,107	5,255,873	-	2,294,324	3,973,656

Cooperative Projects Fund is used to account for former Redevelopment Agency unrestricted tax increment funds. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

Redevelopment Agency Capital Projects Fund is used to account for capital financing and construction, including related administrative activities, of the Merged Redevelopment Project Area.

Parking Improvement Fund is used to account for revenues from parking meter collections and other parking lots owned and operated by the City. These funds are used for parking related operations and major parking improvements by action of the City Council.

Capital Improvement Grants Fund is used to account for grant funds awarded to the City by federal, state and local grant agencies for capital improvements, and the qualified expenditure of these restricted funds.

CDBG Capital Grants Fund is used to account for Community Development Block Grant (CDBG) funds, and the qualified expenditures of these restricted funds for capital improvement projects.

2002 Cooperative Fund is used to account for former Redevelopment Agency tax exempt bond proceeds received from the 2002 Tax Allocation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

2004 Cooperative Fund is used to account for former Redevelopment Agency tax exempt bond proceeds received from the 2004 Tax Allocation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

2011 Cooperative Fund is used to account for former Redevelopment Agency tax exempt bond proceeds received from the 2011 Series A Tax Allocation Capital Appreciation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

2011 Bond Fund is used to account for former Redevelopment Agency taxable bond proceeds received from the 2011 Series B Taxable Tax Allocation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

Capital Improvement and Acquisition Fund is used to account for capital projects that are not otherwise funded by a special revenue fund or other specifically identified by the source of funding. Project funding is mainly from general revenues allocated by action of the City Council.

DEBT SERVICE FUNDS SUMMARY

There is only one debt service fund, which is contained within the Redevelopment Agency. This fund is used to account for the principal and interest payments that must be made annually on outstanding tax allocation bonds, as well as the required cash reserves that are held by a third-party fiscal agent pursuant to the bond covenants.

	Beginning Fund Balance	Total Revenue & Transfers	Expenditures	Ending Fund Balance
RDA Debt Service Fund	13,598,143	18,435,072	13,801,937	18,231,278

During FY 2010-11, the Redevelopment Agency issued additional debt, which increased the amount of required reserves held by third-party fiscal agent. This is the reason for the increase in fund balance.

GENERAL FUND

General Fund Overview

- Total revenues were $95,607,765. This included $15,788,254 in one-time, non-recurring revenues.
- Operating revenue was $79,819,511, up 1.1% from the prior year.
- Total expenditures were $84,185,389, which included $4,525,962 in one-time, non-recurring expenditures.
- Operating expenditures were $79,659,427, down 2.7% from the prior year.
- Operating revenues exceeded operating expenditures by $160,084.
- The primary explanation for the slight operating surplus was significant expenditure savings versus the budget. Actual expenditures were approximately $3.5 million less than the budget, much of that due to personnel savings from the hiring freeze that was instituted.
- The primary source of one-time revenue was the $14,110,004 sale of the Cardiff parking structure.

- The primary use of one-time expenditures was $4,000,000 in reserves that were allocated towards infrastructure projects and a financial system replacement project.

Revenue Detail

The table below provides summary General Fund revenue information for FY 2010-11 versus the adjusted budget, as well as information for FY 2009-10 for reference.

FISCAL YEAR 2010-11 GENERAL FUND REVENUE SUMMARY					
Revenue Category	**FY09-10 Actual Revenue**	**FY10-11 Adjusted Budget**	**FY10-11 Actual Revenue**	**% of FY10-11 Budget Received**	**% Received vs. FY09-10**
Property Tax	3,994,987	3,970,000	3,521,824	88.7%	88.2%
Sales Tax	14,314,156	15,621,340	16,192,369	103.7%	113.1%
PSAF Tax	309,396	310,000	322,083	103.9%	104.1%
Business Tax	9,653,598	9,827,000	10,049,265	102.3%	104.1%
Franchise Tax	1,278,427	1,400,000	1,348,274	96.3%	105.5%
Real Property Transfer Tax	1,001,943	1,000,000	1,541,703	154.2%	153.9%
UUT	14,142,798	14,875,000	14,489,841	97.4%	102.5%
TOT	2,967,131	3,050,000	3,283,896	107.7%	110.7%
Comm Industrial Develop Tax	191,695	100,000	100,193	100.2%	52.3%
Condominium Tax	0	0	19,000	-	-
Licenses and Permits	2,176,610	2,017,566	2,003,239	99.3%	92.0%
Intergovernmental	3,587,844	3,789,171	3,754,677	99.1%	104.6%
Charges for Services (Includes RDA Billing)	11,669,335	11,763,607	11,459,127	97.4%	98.2%
Fines and Forfeits	4,330,870	4,134,000	4,563,482	110.4%	105.4%
Use of Money and Property	1,400,835	999,000	849,779	85.1%	60.7%
Interfund/Departmental (Admin Allocation)	5,288,611	4,803,290	4,803,289	100.0%	90.8%
Other Revenues	572,207	14,281,978	14,603,065	102.2%	2552.1%
Other (Interfund Transfers)	4,131,458	2,702,659	2,702,659	100.0%	65.4%
	81,011,903	**94,644,611**	**95,607,765**	**101.0%**	**118.0%**

General Fund revenues slightly exceeded the FY 2010-11 budget by 1%. Revenue categories that performed under budget, such as Property Tax, Utility Users' Tax, Charges for Services and Use of Money and Property, were offset by categories that exceeded the budget, such as Sales Tax, Business Tax, Real Property Transfer Tax, Transient Occupancy Tax and Fines and Forfeits.

Total General Fund revenues for FY 2010-11 were significantly higher that FY 2009-10 (118%). However, after correcting for the one-time revenue of $14.1 million due to the sale of the Cardiff parking structure (included in Other Revenues), total revenues were almost equivalent between the two years. The positive news is that recurring revenues such as Sales Tax, Business Tax, Utility Users' Tax and Transient Occupancy Tax increased to offset one-time interfund transfers that occurred in FY 2009-10 to assist with balancing the budget.

Expenditure Detail

The table below summarizes General Fund expenditures, with budget information for FY 2010-11 and actuals for both FY 2010-11 and FY 2009-10 for comparison purposes.

GENERAL FUND DEPARTMENTS	ACTUAL EXPENDED 2009-10	ADJUSTED BUDGET 2010-11	ACTUAL EXPENDED 2010-11	PERCENT EXPENDED 2010-11	PERCENT EXPENDED VS. FY09-10
GENERAL GOVERNMENT					
CITY COUNCIL	$ 207,578	$ 281,396	$ 227,531	80.9%	109.6%
CITY MANAGER	1,288,309	1,084,179	1,099,542	101.4%	85.3%
CITY CLERK	446,151	357,861	331,971	92.8%	74.4%
FINANCE DEPT	4,403,198	4,345,547	3,961,143	91.2%	90.0%
CITY ATTORNEY	2,641,932	1,938,595	1,796,820	92.7%	68.0%
HUMAN RESOURCES	1,047,757	1,035,730	1,021,949	98.7%	97.5%
INFORMATION TECH	3,142,596	3,172,113	3,018,258	95.1%	96.0%
TOTAL GENERAL GOVERNMENT	**$ 13,177,521**	**$ 12,215,421**	**$ 11,457,214**	93.8%	86.9%
PARKS, REC. & COMMUNITY SVCS	6,432,323	6,562,446	5,995,321	91.4%	93.2%
POLICE DEPARTMENT	28,152,831	28,525,244	27,989,262	98.1%	99.4%
FIRE DEPARTMENT	15,502,049	15,555,069	15,350,082	98.7%	99.0%
COMMUNITY DEVELOPMENT	6,888,619	7,233,813	6,556,964	90.6%	95.2%
PUBLIC WORKS	9,875,494	9,508,979	8,908,949	93.7%	90.2%
NON-DEPARTMENTAL	2,168,634	3,531,191	3,073,000	87.0%	141.7%
Transfers	441,087	4,892,068	4,854,598	99.2%	1100.6%
Cost Savings	0	(325,000)	0	-	-
TOTAL GENERAL FUND	**$ 82,638,558**	**$ 87,699,231**	**$ 84,185,390**	**96.0%**	**101.9%**

Overall, General Fund expenditures were $84,185,390, or **96.0%** of appropriations. Of the approximate $3.5 million expenditure savings versus the budget, $1.9 million was due to personnel cost savings, $1.3 million was due to savings in operations and maintenance accounts, and $0.3 million was savings in other accounts. The personnel cost savings were primarily achieved by a hiring freeze that held a number of positions vacant. These are viewed as one-time savings because the positions and associated appropriations authority still exist in the budget. If some or all of the positions are ultimately eliminated from the budget, this will translate into on-going savings.

General Fund expenditures for FY 2010-11 were 1.9% (approximately $1.5 million) greater than FY 2009-10. However, the FY 2010-11 total includes a $4 million transfer to the Capital Improvement & Acquisitions Fund that was approved by the City Council to increase funding for infrastructure projects and to replace the City's financial system. Excluding this one-time transfer, expenditures were actually 3% lower in FY 2010-11 than the prior year. Again, this was due primarily to personnel cost savings.

Nearly all departments were successful in achieving both current year budget savings as well as spending less than the prior year.

CONCLUSION

Generally, Culver City finished FY 2010-11 with positive financial results. Like virtually all California cities, Culver City was hard-hit by the recession. For the General Fund, FY 2010-11 showed some positive signs in several revenue categories. The City was also successful in limiting expenditures by holding positions vacant. However, the Five-Year Forecast continues to show significant deficits and depletions of the General Fund Reserve. The recent court decision to uphold the elimination of redevelopment agencies has added further significant pressure. This will be discussed more during the FY 2011-12 Mid-Year Budget Report, as well as during the development of the FY 2012-13 budget.

Culver CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CITY OF CULVER CITY, CALIFORNIA

PREPARED BY THE FINANCE DEPARTMENT

CITY OF CULVER CITY, CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2011

Prepared by

FINANCE DEPARTMENT

CITY OF CULVER CITY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2011

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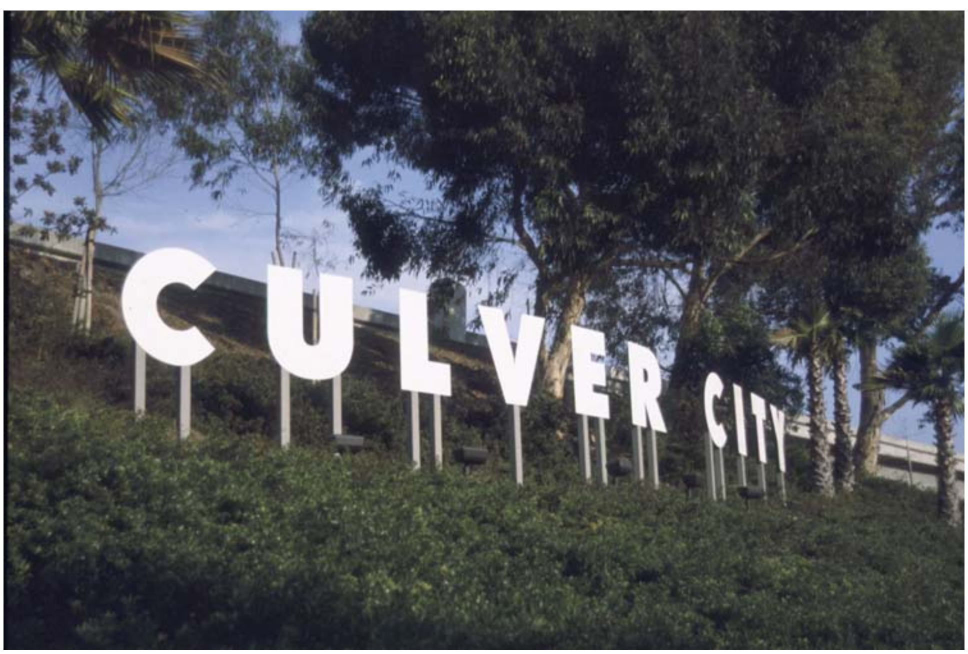


December 27, 2011

Honorable Mayor, Members of the City Council, and the citizens of Culver City:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Culver City for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In our opinion, the data is accurate in all material aspects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs.

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Culver City, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Moss, Levy & Hartzheim LLC., a public accounting firm fully licensed and qualified to perform audits of the State and local governments within the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Culver City, California for the fiscal year ended June 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Culver City, California's financial statements for the fiscal year ended June 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

This CAFR is legally required by the City Charter, various bond covenants, and a number of granting agencies. The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of Federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of *Management's Discussion and Analysis* (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors in the financial section of the CAFR.

Profile of the City of Culver City

The City of Culver City, located on the Westside of Los Angeles County, California, was incorporated in 1917. The City Charter, which was adopted in 1947, establishes the form of government, states the powers and duties of the City Council, and establishes various City offices. The City operates under a Mayor/City Council-City Manager form of government. Under this system, the people elect a City Council of five citizens who serve a term of four years and who, in turn, elect the Mayor from among themselves. The City Council appoints the City Manager, City Attorney, Police Chief and Fire Chief. Other department heads are appointed by the City Manager.

Culver City is a full-service City, serving a resident population of 40,000 and a daytime population of approximately 60,000[1]. Services provided include police, fire, general maintenance, public improvements, planning and zoning, refuse collection, municipal bus lines, park, recreation and community services, and general administrative services.

The annual budget serves as the foundation for the City financial planning and control. The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, Special Revenue Funds, and Debt Service Fund. It also adopts a project life budget for Capital Projects Funds and an operating plan for Proprietary Funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The City of Culver City is also financially accountable for the legally separate Culver City Redevelopment Agency and the Culver City Redevelopment Financing Authority, which are blended into the City's financial statements. Additional information on all three of these entities can be found in Note 1 of the Notes to the Financial Statements.

The level of appropriated budgetary control is the total adopted budget, which is defined as the total budget for all funds and divisions and includes all revisions and amendments approved by the City Council subsequent to the initial budget adoption. The City Manager may authorize transfers of appropriations within the adopted budget. Supplemental appropriations during the year must be approved by the City Council, with certain exceptions delegated to the City Manager in the Budget Resolution adopted annually by City Council. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget. The City utilizes an encumbrance accounting system, whereby commitments such as purchase orders and unperformed contracts are recorded as restricted fund balances at year-end.

History of Culver City

Native Americans of Shoshonean origins were the first known inhabitants of the area which became Culver City. Although Cabrillo anchored his small ship in the port of San Diego in 1542, it was not until the threat of aggression by other countries, that King Carlos III of Spain mandated colonization in 1769. Franciscan Father Junípero Serra began to establish the missions from San Diego northward. The natives became known as the "Gabrielino Indians", due to their proximity to the San Gabriel Mission (est. 1771). In 1781, the "Pueblo de Nuestra Señora la Reina de Los Angeles" was established by eleven families and an escort of Spanish soldiers. On a later expedition that year, a young soldado, José Manuel Machado arrived in California with his wife. Machado was destined to complete his military duty and retire with his family to the pueblo in

[1] Population estimates from the U.S. Census Bureau; Census 2010 PHC-T-40; "Estimated Daytime Population and Employment-Residence Ratios: 2010"

1797. After Machado's death in 1810, two of his sons, José Agustín and José Ygnacio joined Felipe Talamantes and his son Tomás to graze cattle to the west, where they claimed the 14,000 acre Rancho La Ballona. By 1865, when Agustín Machado, (the most prominent owner), died, Rancho La Ballona had functioned under three governments: Spain, Mexico and the United States.

The Gold Rush and the Railroad moved people west. Abbot Kinney bought the land to develop his "Venice of America" in 1904. A young man from Nebraska, named Harry H. Culver arrived in California in 1910 and went to work in real estate for I. N. Van Nuys. Culver studied the area and in 1913 announced his plans for a city halfway between the pueblo of Los Angeles and Kinney's resort of Venice. Culver envisioned a balanced community with a residential/commercial mix.

Culver, who was already enamored by the movie industry, saw Thomas Ince making a movie with "painted Indians" in canoes on La Ballona Creek. He convinced the moviemakers to move from "Inceville" north of Santa Monica to property on Washington Boulevard. This first major movie studio became a "city within a city", eventually six lots, covering more than 180 acres. What began as Ince/Triangle Studios became Goldwyn, then successively Metro Goldwyn Mayer, Lorimar and Columbia Pictures. In 1989, electronics and information technology giant Sony Corporation purchased Columbia Pictures and the site is now the global headquarters for Sony Pictures Entertainment.

Ince had moved east on Washington Boulevard to establish his second studio in 1919. After he died in 1924, this studio prospered as De Mille Studios, Selznick Studios, R.K.O., Pathe, R.K.O.-Pathe, Desilu, Culver Studios, Laird International, and most currently, The Culver Studios. It was on this studio's back lot that Atlanta was burned for "Gone with the Wind". The third major studio was Hal Roach Studios, which existed from 1919 through 1963. It was known as the "Laugh Factory of the World", where the Our Gang Comedies and Laurel and Hardy were filmed. Hence, the "Heart of Screenland" appears on our City Seal.

The first City offices where the early "Board of Trustees" met were located on the second floor of the local theater, which Harry Culver moved to build his six-story Hunt Hotel in 1924. "City Hall" relocated to Van Buren Place until 1928 when the New City Hall was dedicated at 9770 Culver Boulevard. That structure has made way for another new City Hall that was completed in 1995. Through a series of more than 40 annexations over the years, Culver City grew from 1.2 to 5.13 square miles.

In the twenties, Culver City was known for its nightspots like Fatty Arbuckle's Plantation Cafe and Frank Sebastian's Cotton Club. Western Stove on Hays (National) marked the beginning of industry in 1922. Despite the Depression, building continued with endeavors like Helms Bakery which supplied foodstuffs for the 1932 Olympics in Los Angeles. The first Industrial tract, the Hayden Tract, became a reality in the forties. In the late forties, Culver City became a Charter City with a Unified School District. Our Junior and Senior High Schools were built to complement what eventually numbered eight elementary schools (presently there are five.) Hughes Aircraft located nearby and became a major employer of Culver City residents, like Helms and the studios. In 1950, the Veterans' Memorial Building was completed, Culver Center was built, car dealerships lined Washington Boulevard and the Fiesta La Ballona celebrated the Spanish heritage of the area beginning in 1951. In the fall of 1975, Fox Hills Mall was completed as the first major Redevelopment project. The Filmland Corporate Center, Meralta Plaza and the beginnings of Corporate Pointe were projects of the 80's.

Redevelopment efforts continue in Downtown Culver City. With the redevelopment of the Helms and Beacon Laundry buildings into the Helms Furniture District, new theatres in the center of the City including the redevelopment of the Culver Theatre into the Kirk Douglas Theatre, the 12 screen Pacific Theater complex and the Actor’s Gang at the Ivy Substation, a number of highly rated new restaurants, a thriving arts district on the eastside and redevelopment of the western portion of the City, Culver City continues to move forward.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Culver City operates.

The National Bureau of Economic Research, which is the non-profit agency responsible for defining economic cycles, declared June 2009 to be the official end of the recession that began in December 2007. Since then the economy has shown some signs of life, but foreclosures remain near record highs, credit continues to be very tight, the stock market has been extremely volatile, and unemployment remains uncomfortably high. Economic conditions remain bleak enough that, some economist are predicting that the odds of another recession in 2012 are 50/50.

Local economy. Culver City has a diverse and strong economy. The City's business community is comprised of a diverse collection of businesses ranging from traditional retailers to a major film studio. Mainstay firms such as Costco, Westfield-Culver City Mall and Sony Pictures Entertainment occupy a traditional niche as large institutional property owners, sales tax producers and employers.

During fiscal year 2009-10, construction was completed on the expansion and remodel of Westfield–Culver City Mall. The expansion and remodel added approximately 165,000 square feet of retail space for new anchors Target, Best Buy, and Forever 21 and gave the mall a much needed face lift.

A number of major mixed use office/retail/residential projects continue to be delayed as developers have been unable to secure construction financing. Although the economy has improved since the financial meltdown in 2008, construction financing is still difficult to obtain. Consequently, receipts from many of the development related revenues that the City is expecting will be delayed until the credit markets loosen and developers begin to move forward on their planned projects.

Despite the economic conditions, the City and Redevelopment Agency have recently begun moving forward on a large office/retail mixed use project located in the heart of downtown Culver City. The development, currently referred to as Parcel B, was originally slated to be constructed a few years ago, but the recession delayed the project and ultimately led the Redevelopment Agency to seek a new developer and development plan. The City and Agency have selected a new developer for the project and construction should begin within the next year.

Construction on the Red Line extension of the Metro Light Rail System is expected to be completed in the coming months. The completion of this latest phase terminates in the Washington/National area in Culver City and will provide residents, commuters, and visitors a convenient mass transportation option connecting Culver City, USC, and Downtown Los Angeles.

To complement the new extension of the Light Rail System, the City has been working diligently to create a top notch transit oriented development at the aerial station located at the intersection of Washington Boulevard and National Boulevard. The proposed transit oriented development is currently in the planning stages and the City and Redevelopment Agency will be working towards selecting a developer to work with to construct this project over the next fiscal year.

Although there is some development activity in Culver City, the City is by no means immune to the impacts from the national recession. There are still significant pressures on the economy that will continue to dampen any chance for a sustained recovery and, worst case, have the potential to cause a second recession. Chief among these pressures is a record unemployment rate that continues to be uncomfortably high, both nationally and statewide. In October, the national unemployment rate was 9.0% while the state's unemployment rate in September was 11.9%[2].

Additionally, California is experiencing an ongoing budget crisis and has had to shift billions of dollars away from local agencies to try to balance the budget over the last few years. Over the past two fiscal years, the State of California has taken $10.9 million and $2.25 million, respectively, from the Culver City Redevelopment Agency to balance their own budget. The State's actions have had a significant impact on the Agency's ability to finance redevelopment projects.

As a part of the state's fiscal year 2011-12 budget, legislation was passed eliminating redevelopment agencies statewide. Agencies may continue to operate if they make a Voluntary Alternative Redevelopment Payment (VARP) to the State. The Culver City Redevelopment Agency's VARP payment is $12 million. The legislation has been challenged in the California Supreme Court. In August, the Court issued a stay on implementing most of the legislation until the matter is resolved. The Court has committed to issue a ruling by January 2012.

Despite Culver City's relative financial strength and economic diversity, in order to maintain that condition, the City was forced to make some very significant decisions, including eliminating 60 positions in FY 2010-11 and eight positions in FY 2011-12. Additionally, new Memorandums of Understanding were negotiated with all of the City's six bargaining groups that included increased PERS retirement contribution for all employees and restructured retirement benefits to significantly reduce the City's future retirement costs. Even with these significant reductions, the City's current level of expenditures cannot be sustained by projected revenues. Under the direction and leadership of the City Manager, the City is continuing the process of re-aligning expenditures to conform to "new normal" revenue projections that are expected going forward.

Major Initiatives and Improvements for Fiscal Year 2011-12

The budget contains major work plans for each department and a citywide capital project plan to address the highest priorities of the community and the goals of the City Council. Although the City is experiencing budget problems, following is a sample of major work programs and community reinvestment projects that received funding in fiscal year 2011-12 adopted budget:

1. Community Service Improvements
    a. Complete field leveling and lighting project at Bill Botts field;
    b. Enhance the City's emergency preparedness program and continue to build on the City's ability to deal with emergency situations, such as natural disasters and/or pandemic outbreaks; and
    c. Continue needed renovations at aging City facilities, including Fire Station Nos. 1 & 2.

2. Community Reinvestment
    a. Complete various playground improvement projects;
    b. Complete a number of street resurfacing and streetscape improvement projects throughout the City; and
    c. Complete various improvements to the City's sewer conveyance system;

3. Internal Operational Improvements
    a. Continue to review organizational efficiency and develop a succession planning program; and
    b. Implementation of a new Financial & Human Resources system.

[2] State unemployment data lags national unemployment data by 2-3 weeks. As of the writing of this transmittal letter, State unemployment data for October was unavailable.

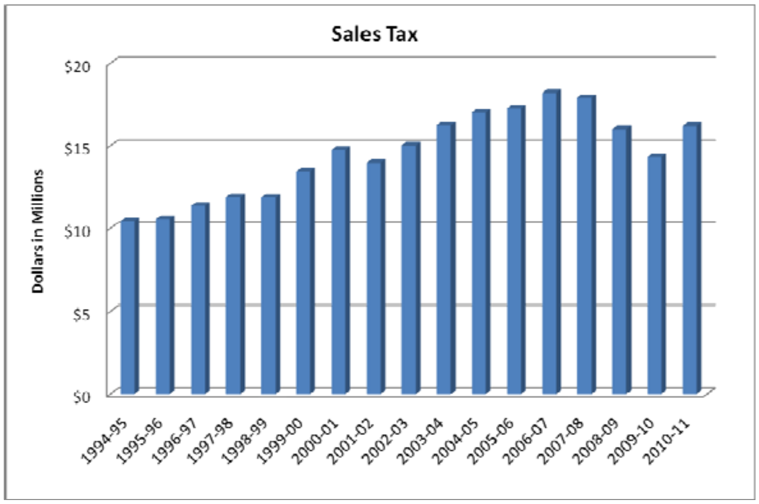
c. Reduce overall operating costs through negotiations with employee bargaining groups.

All of the City's operations, including the community service improvements, community reinvestment, and internal operational improvements identified above, are funded by various taxes, fees and fines levied on consumers, residents, businesses, and developers operating within the City. A brief historical discussion of the City's major revenues is contained in the following section.

Revenues

Major sources of General Fund revenue for the City include Sales Tax, Business Tax, Utility User Tax (UUT), Property Tax and Transient Occupancy Tax (TOT).

<u>Sales Tax</u>



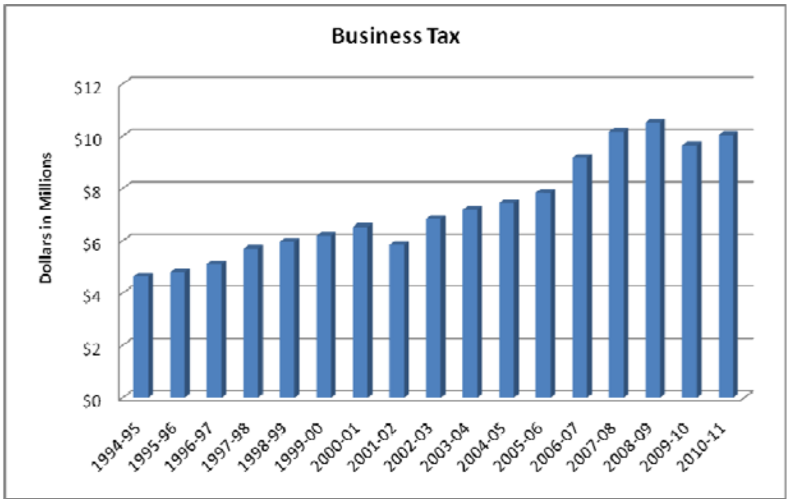
Sales Tax is Culver City's single largest revenue source. Sales tax revenue is a volatile revenue source and even though Culver City has a diverse economic base, the City has seen large revenue swings in the past. The increase in the late 1990's is a combination of the robust economy of the period and the opening of major retailers (Costco, BestBuy, and Miller Honda). The terrorist events in September 2001 spurred a sharp drop in sales tax that took almost two years to fully recover. The economic recession that began in 2007 resulted in the closing of some major sales tax generators. Consequently, sales tax receipts declined dramatically in fiscal 2008-09 and 2009-10. Sales tax revenues bottomed out in FY 2009-10 and rebounded in fiscal 2010-11.

Sales tax revenues closed the year at $16.192 million, which is a 13.2% increase over the previous fiscal year. The budget for fiscal 2010-11 was modestly adjusted upwards at mid-year by $100,000 to reflect the anticipated increase. The overall total ended up being approximately $500,000 higher than estimated. Although sales tax revenues were up, receipts were at fiscal year 2003-04 levels, which suggests the economic adjustment set the City's revenues back 5 to 7 years.

The adopted budget for fiscal 2011-12 was conservatively forecast, and may be revised at mid-year using information received over the past couple of months.

Business Tax

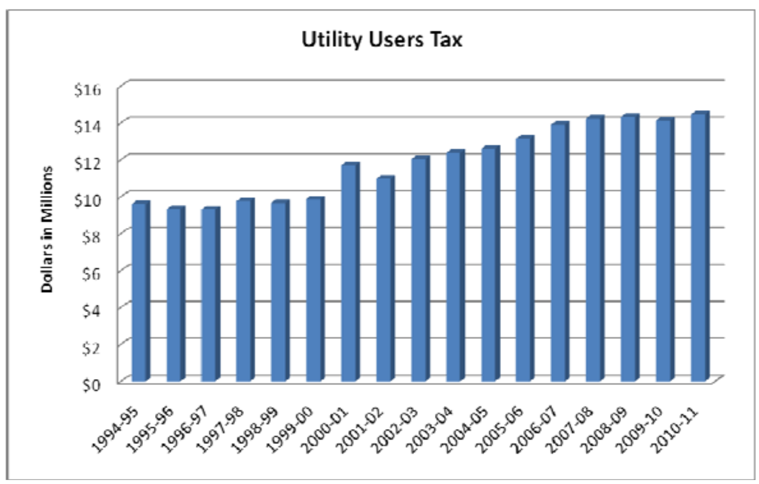
Business Tax accounts for approximately 12% to 14% of the General Fund revenues. All entities conducting business in Culver City are required to pay a Business Tax annually. This tax has experienced relatively stable growth over the past several years, a testament to the growing economic base in the City and diligent enforcement by City staff. Business Tax is based on a businesses' gross receipts, which is a measure of the amount of business they do in the City. Recognizing that significant portions of business tax revenues are based on gross receipts, we can see how downward trends in the economy impact City revenues.



Fiscal year 2010-11 Business Tax receipts, including penalties, were $10.049 million, a 4.1% increase from fiscal year 2009-10 results. In fiscal 2008-09 the City began conducting a more in-depth Business Tax Audit, initially focused on identifying businesses that operate in the City without paying the tax, and then focusing on audits of actual returns.

Utility User Tax

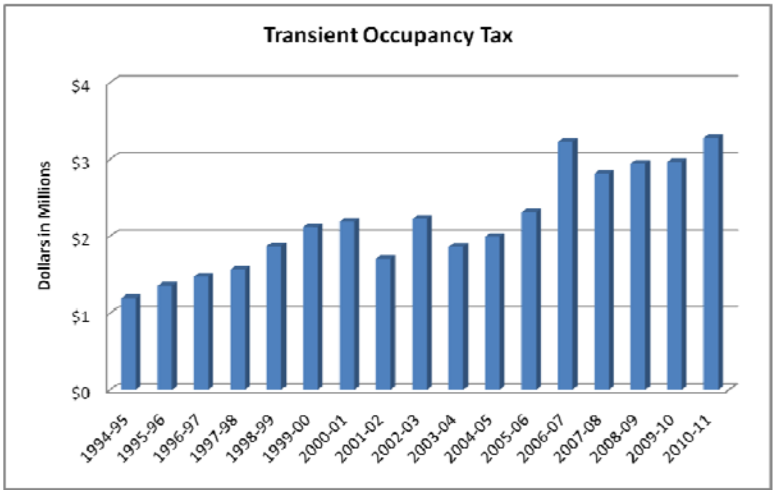
Utility User Tax receipts make up approximately 18.0% of the General Fund revenues. The City charges Utility User Tax (UUT) on electricity, water, telephone, cable, and natural gas utilities. The current UUT rate is 11%. Fortunately, UUT revenue is much more stable than other major revenues. Economic fluctuations have less impact on UUTs because residents still need electricity, natural gas, water, etc. Over the last ten years, UUT revenues have grown at an average annual rate of approximately 3%.



UUT receipts for fiscal year 2010-11 are $14.49 million, which is a 2.5% increase from fiscal year 2009-10. Weather played a bit of a factor during fiscal 2009-10, and kept electricity receipts lower than anticipated. Fiscal 2010-11 showed a modest increase, but mild weather and lower than anticipated Electricity receipts kept revenues lower than anticipated. As the economy recovers, UUT revenues are expected to return to a normal annual average increase of 3.0%.

Transient Occupancy Tax

Transient Occupancy Tax (TOT) is levied on occupied hotel/motel rooms and is currently 12% of the room rate. Over the last five years, TOT revenues have been highly volatile. There was a 22% drop in TOT revenue between 2000-01 and 2001-02, followed by a 30% increase in revenues the following year, followed by another decline of 16% between 2002-03 and 2003-04. Events such as September 11th or large hotel closures have an adverse impact on TOT revenues. The spike in fiscal year 2006-07 was the result of a payment for back owed taxes due to a bankruptcy settlement.



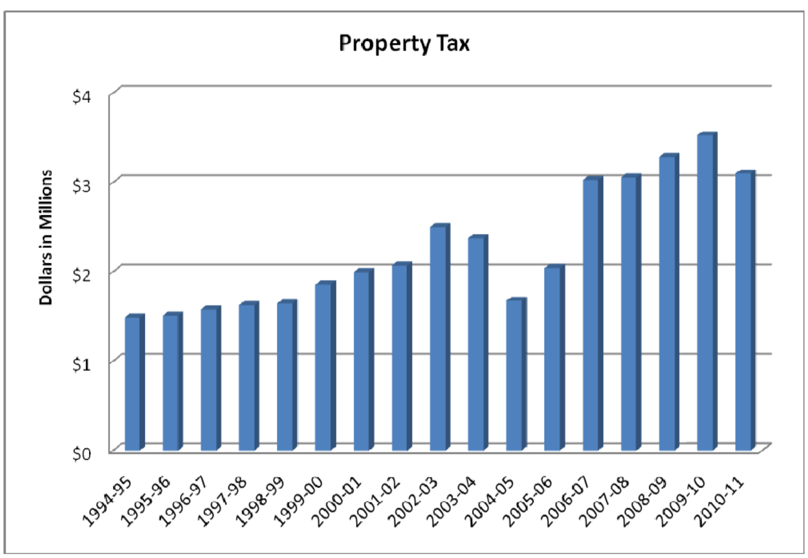
Fiscal year 2010-11 TOT revenues were $3.284 million, and exceeded the prior year by almost 11%. Receipts stayed relatively steady throughout the year, even with continued high vacancy rates and low room rates. Spring saw steady activity, which helped this category end the year exceptionally strong. All of the City's larger hotels were also fully operational, which has not always been the case in prior years.

Fiscal year 2011-12 receipts were budgeted conservatively, and it is expected that projections will be met. Vacancy rates have lowered somewhat and travel activity has picked up slightly.

The City has placed a measure on the April 2012 Ballot asking voters to approve an increase from the current 12% room rate to 14%. Based on current occupancy and room rates, this increase will generate an additional $510,000 annually to the City. If additional hotels/motels are added in the future, the City will recognize even higher receipts overall.

Property Tax

Culver City is a "low property tax" city and only receives 10.5% of the 1% property tax rate paid by property owners, which equates to only about 3.5% to 4.5% of General Fund revenues, on average. Fortunately, Culver City has not seen a significant drop in this category the last few years, and has not experienced the severe mortgage and foreclosure meltdowns felt by other locales. Culver City's property tax revenue has grown relatively consistently over the past five years, averaging an annual growth rate of approximately 8%. Given the current downturn in the housing market, these increases will not continue over the next several years.

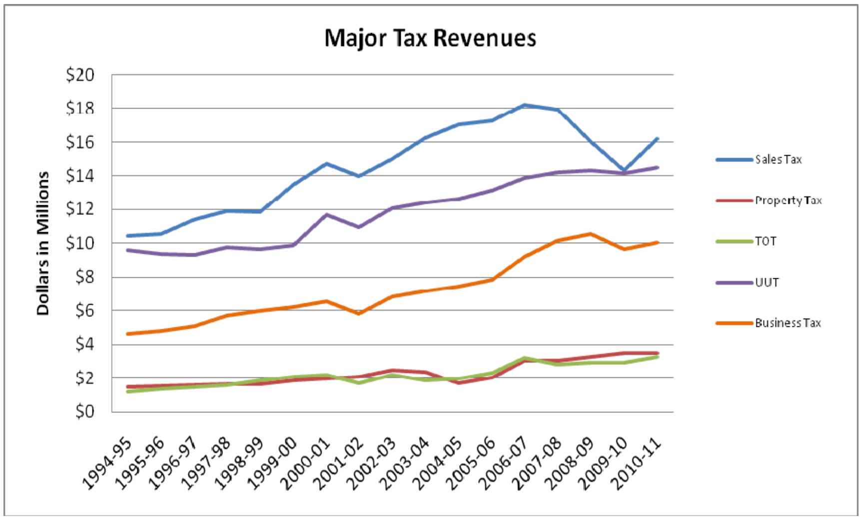


The downturn in fiscal 2004-05 and 2005-06 is the recording of the State ERAF shift of approximately $971,000 each year.

Property Tax receipts ended fiscal year 2010-11 at $3.1 million, which is 11.9% less than fiscal year 2009-10. Due to the real estate devaluation, many homeowners had their assessed value decreased, which resulted in lower receipts. Taking into account reduced property values and slow sales, the revenue projection for fiscal 2011-12 is conservative as growth in revenue is expected to be flat.

Total Major Tax Revenues

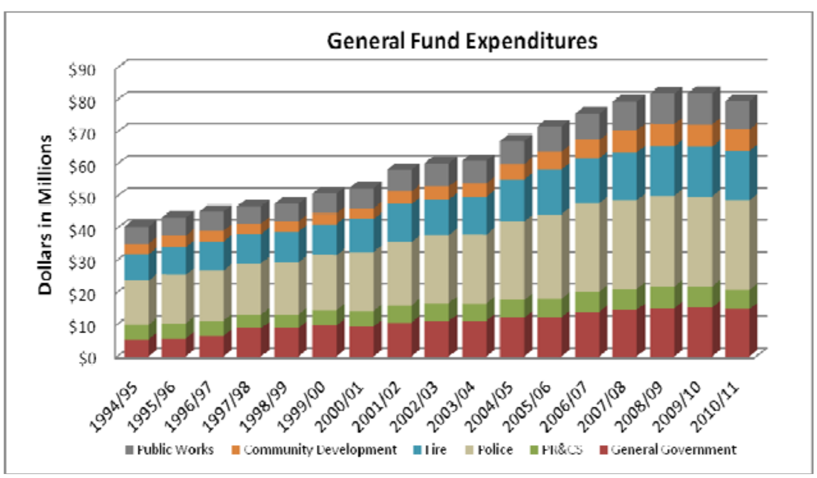
From the chart below, it is clear that there is a correlation between the economy and the City's major tax revenues. The terrorist events of September 2001 are clearly indicated in the sharp decline in four of the five tax revenues, with only property taxes remaining relatively steady. All four of these taxes rebounded in fiscal 2002-03 and have increased steadily until fiscal 2007-08 when sales tax showed the first decline in years. Without the one-time payment from a bankruptcy settlement in fiscal year 2006-07 for TOT, the recurring receipts would have showed a decrease over the prior year. Fiscal 2008-09 and 2009-10 show an even steeper decline in sales tax. Tax revenues in fiscal 2010-11 rebounded slightly and a continued recovery is anticipated to be slow but relatively steady in the future.



EXPENDITURES

The following charts examine the city's expenditures over the past several years. (Note: A point of clarification for readers of this letter, the previous revenue graphs do not represent total City General Fund revenues for the periods evaluated. As noted, they represent only the City's major General Fund tax revenue sources. The graph for Expenditures also only includes operating expenses for the General Fund, and does not include transfers-out to other funds.)

Over 80% of the City's General Fund expenditures are personnel related costs, with Police and Fire accounting for over 50% of the overall General Fund expenditures. The City has struggled with rising medical, retirement, fuel, and workers' compensation costs on an annual basis.



In Fiscal 2003-04, several positions were eliminated from the entire City budget,

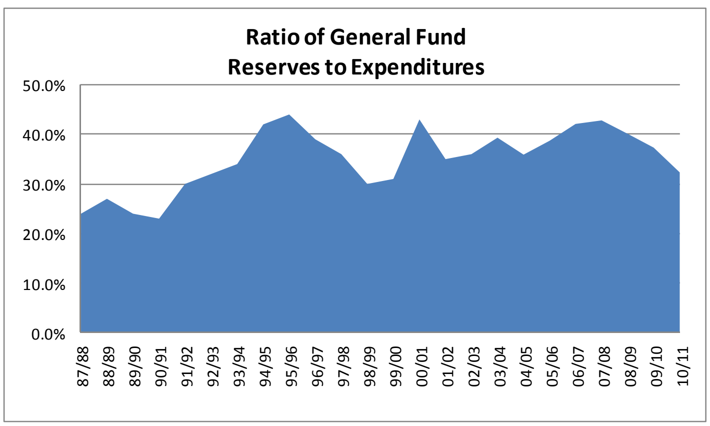
XIII

with 19.5 positions being from the General Fund. Major increases in CalPERS retirement costs for public safety, stagnant revenues, rising costs, and state takeaway of property tax prompted those personnel reductions. After a relatively short period of prosperity, additional personnel reductions were made in FY 2010-11 (which will be discussed in more detail in subsequent paragraphs) to adjust to the economic correction. Additional cuts are expected in the future to offset increased CalPERS rates implemented in fiscal 2011-12 and to address a continuing structural deficit.

The City's adopted a budget for fiscal 2010-11 included taking approximately $2 million from reserves and the reduction of 60 positions. The budget was introduced as the first of a two-phase approach to eliminate the City's General Fund structural deficit. An additional eight positions were reduced from the General Fund in the fiscal year 2011-12 budget. All Funds will be reviewed closely during the year and any recommended adjustments will be given to the City Council in a timely manner.

General Fund Reserve Percentage

Perhaps the best measure of the City's effectiveness in weathering an economic downturn and building sustained growth for the future is its ability to build a fund reserve. It is a goal of the City to maintain a general operating reserve of, at a minimum, 25% of projected General Fund operating expenditures for each fiscal year and an additional 5% for emergency situations (excluding debt service, fund transfers, and encumbered funds). These reserves are designed to be used in the event of a significant financial emergency.



The City owes its ability to maintain a relatively healthy reserve in large part to revenues from major developments occurring within the city the past several years, and conservative budgeting practices by City Council and staff.

Monies in the reserve are used to fund one-time projects and programs, and are most often transferred to the City's capital improvement fund to fund capital projects.

Long Term Financial Planning

In fiscal year 2006-07, the City developed a long term Comprehensive Financial Master Plan to forecast revenues and expenditures over a 5- to 15-year period. In addition to providing a long term forecast for each major fund, the plan identifies long term issues facing the City, including increases in medical and retirement costs, the impact of development on revenues, and the impact of deferred maintenance on the state of the City's infrastructure. The Comprehensive Financial Master Plan is a valuable financial management tool, especially in challenging financial times, to assist the City Council in setting priorities and educate the community on the long term state of the City's finances.

For Fiscal Year 2011-12, the approved budget assumed savings to be achieved as a result of labor negotiations. As of December 2012, negotiations have been concluded with all of the City's six bargaining groups. Working together, the City Council, City management and the labor groups were able to reach agreements that will provide budgetary relief to the City both in the short-term, and particularly in the long-term. Significant achievements in these negotiations are as follows:

- Creation of a second tier for all new hires with lower pension formulas and/or converting to final three year average earnings.
- All current employees are transitioning into paying their own share of the employee pension cost, or an equivalent amount through cost sharing.
- All new hires will pay their full share of the employee pension cost immediately.
- Implementation of a cafeteria plan for health benefits, with fixed dollar amounts for each bargaining group and a 4% annual growth cap. This benefit is now a defined contribution.
- Reducing the retiree medical benefit for the majority of current employees. With the exception of those grandfathered (those with 20 years of PERS service credit as of 12/31/2011 or those reaching 25 years of employment with Culver City by January 1, 2022), the benefit has been reduced and converted to a defined contribution.
- Creating a new tier for all employees hired after 7/1/2011 that provides only the minimum required retiree medical benefit (the PEMHCA minimum).

It is estimated that by the conclusion of the current five-year General Fund projections, the savings resulting from these negotiations will be nearly $3 million per year over the status quo. In the longer term (twenty years and beyond), the annual savings are estimated to reach nearly $10 million.

Further expenditure reductions or revenue increases will be necessary in the coming years to align revenues and expenditures. Through prudent fiscal management, the City has established reserve funds to allow these reductions to occur over time through prioritization and planning. City management is focused on taking the actions necessary to achieve long-term balance between available resources and the quality services the City offers.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Culver City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This was the twenty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. This report was made possible by the talented and highly dedicated services of the staff of the Finance Department. Each member of the department has our sincere appreciation for the contribution made in the preparation of this report. In particular, special thanks are given to Iris Kym, Accounting Division Manager and the staff of the Accounting Division, as well as the Budget staff. This report was only possible through perseverance and teamwork.

In closing, without the leadership and guidance of the City Council, the preparation of this report would not have been possible.

Respectfully,

Jeff S. Muir	John Nachbar
Chief Financial Officer	City Manager

CITY OF CULVER CITY

June 30, 2011

CITY OFFICIALS

Elected Officials

Mayor

Micheál O'Leary

Vice Mayor

D. Scott Malsin

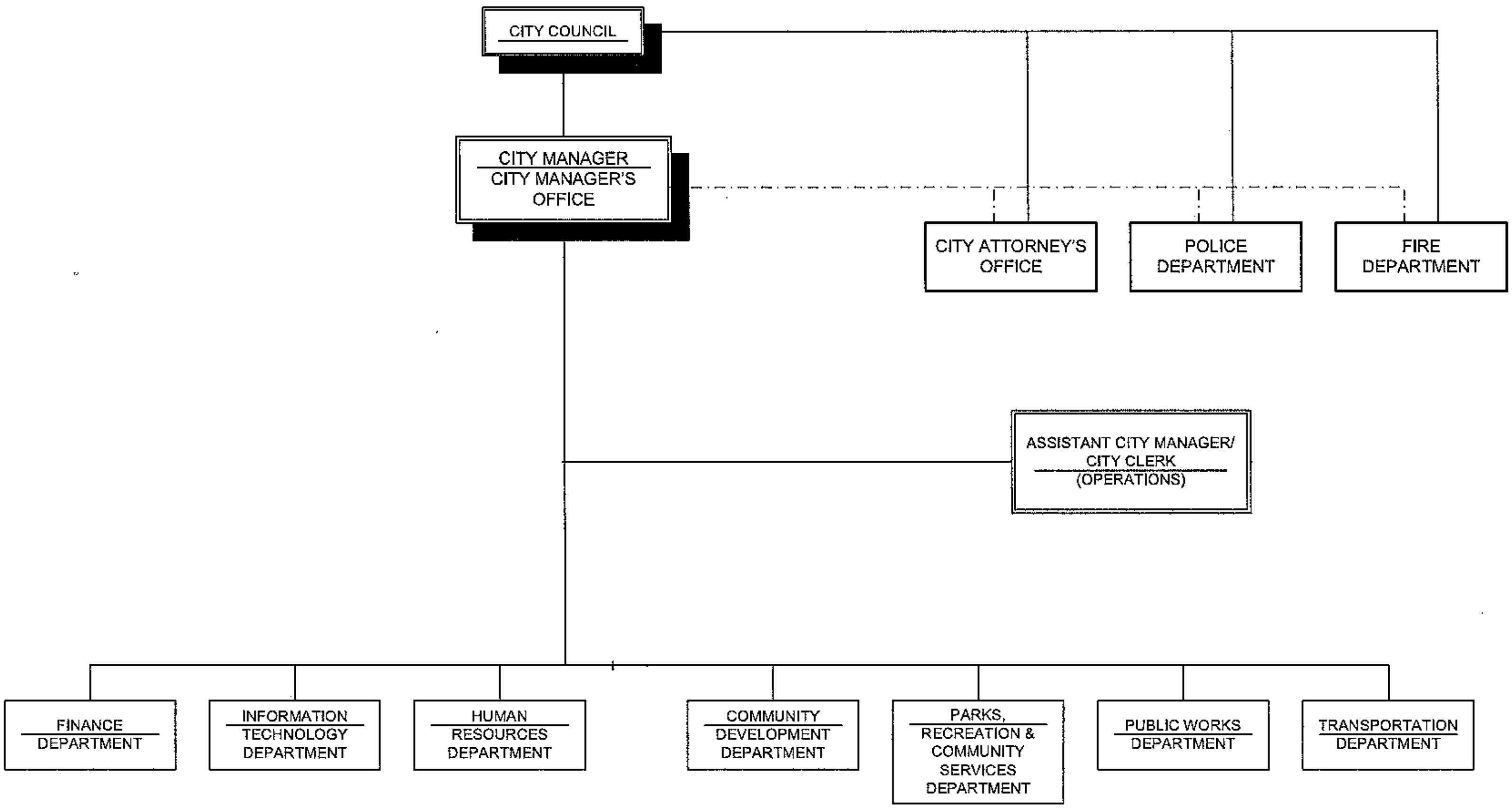
Members of the City Council

Christopher Armenta
Jeffrey Cooper
Andrew Weissman

Administrative Officials

John Nachbar	City Manager
Martin Cole	Assistant City Manager
Sol Blumenfeld	Community Redevelopment Director
Charles Herbertson	Public Works Director
Daniel Hernandez	Parks, Recreation & Community Services Director
Art Ida	Transportation Director
Jeff Muir	Chief Financial Officer
Donald Pederson	Police Chief
John Richo	Information Technology Director
Carol Schwab	City Attorney
Christopher Sellers	Fire Chief
Serena Wright	Human Resources Director

CULVER CITY OVERVIEW ORGANIZATIONAL CHART



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For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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President

Executive Director

Financial Section

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

City Council
City of Culver City
Culver City, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City, California, as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Culver City. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the financial statements of the City for the fiscal year ended June 30, 2010, and was audited by other auditors whose report dated December 7, 2010 expressed unqualified opinions on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition,* and Statement No. 59, *Financial Instruments Omnibus,* effective July 1, 2010.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, of the City of Culver City, California for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 23, 2011, on our consideration of the City of Culver City, California'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 18 and the budgetary comparison information on pages 85 through 87 be presented to supplement the basic financial statements. Such information, 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 inquires 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Culver City, California's financial statements as a whole. The introductory section, budgetary comparison schedule of the major capital projects fund, combining and individual nonmajor and internal service fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not required parts of the financial statements. The combining and individual nonmajor and internal service fund financial statements and schedules and budgetary comparison schedule of the major capital projects fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedure in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have 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 them.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 23, 2011

Management's Discussion & Analysis

CITY OF CULVER CITY

Management's Discussion and Analysis

As management of the City of Culver City (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page V of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $211,631,970 (*net assets*). Of this amount, $45,670,722 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.

- City total net assets as of June 30, 2011 increased by $7,324,576 over the prior fiscal year, $4,172,057 of which was a result of operations and $3,152,519 of which was attributable to prior period adjustments (described in Note 16 of this report). This indicated a moderately strengthened financial condition with revenues of $173,557,174 and expenses of $169,385,117. In the prior year, expenses of $147,555,088 exceeded revenues of $138,981,872 by $8,573,216.

- As of the close of the current fiscal year, the City’s governmental funds reported combined fund balances of $206,340,723, an increase of $49,886,944 from the prior year, including a prior period adjustment of ($8,204,045) described in Note 16. Of this amount, $41,050,501 million or approximately 19.9% of total fund balances are reported as Assigned ($5,917,925) or Unassigned (35,132,576) fund balances making them available for spending at the City’s discretion (*in compliance with Governmental Accounting Standards Board’s Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions, see Note 19*),

- The increase in the City’s governmental funds reported combined fund balances was the result of an overall increase in revenues of $12,332,273, an increase in expenditures of $3,583,880, and an increase in other financing sources of $47,186,132 resulting in a net increase of $49,886,944 or an increase of $55,935,525 over the prior year.

- At the end of the current fiscal year, the Assigned and Unassigned (GASB Statement No. 54) fund balance for the General Fund was $43,516,573, or 62.9% of total General Fund expenditures.

- The City’s net capital assets increased by $3,532,559 from the prior year as a result of capital replacement programs activities. Additionally, a prior period adjustment of $12,289,112 was made, as discussed in Note 7.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *Government-wide Financial Statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The *governmental activities* of the City include general government, public safety, community development, public works, parks, recreation and cultural services, and interest on long-term debt. The business-type activities of the City include operations of the Culver City Bus Lines, and its refuse and sewer utilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also activities of two legally separate component units: the Culver City Redevelopment Agency and the Culver City Parking Authority. Because the City Council acts as the governing board for each of these component units and because they function as part of the City government, their activities are blended with those of the primary government.

The government-wide financial statements can be found on pages 19 through 21 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the Economic Development Fund, the Redevelopment

Agency Debt Service Fund, the Cooperative Projects Fund, and the Redevelopment Agency Capital Projects Fund, all of which are considered to be major funds. Data from the other 26 non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for all of these non-major governmental funds are provided in the form of *Combining Statements* in the *Non-major Governmental Funds* section of this report. The Trust and Agency Fiduciary Fund is reported separately.

The City adopts an annual appropriated budget for its General Fund and Special Revenue Funds. A budgetary comparison statement is provided for all funds with an annually adopted budget. The budgetary comparison statement for the General Fund and the Economic Development Fund are located in the basic financial statements. The non-major governmental fund budgetary comparisons are located in the Non-major Governmental Funds section of the report. Project life budgets rather than annual budgets are adopted for the Capital Projects Funds.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the Culver City Bus Line and its refuse and sewer utilities. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The City uses internal service funds to account for the following activities:

- Self-insurance activities, including:
  - General claims liability
  - Workers' compensation insurance
  - Unemployment benefits

- Vehicle operation and maintenance

- Equipment replacement

- Central stores

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Culver City Bus Lines and the refuse and sewer utilities, all of which are considered major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the *Additional Financial Information* section of this report.

The basic proprietary fund financial statements can be found on pages 31 of this report.

Fiduciary Funds

The City maintains a fiduciary fund and acts as treasurer for the Westside Cities Council of Governments (WSCCOG), a Joint Powers Authority. WSCCOG was established to enable members to voluntarily engage in regional and cooperative planning and the coordination of government services and responsibilities so as to assist the members in the conduct of their affairs. The goal and intent of the WSCCOG is one of voluntary cooperation among cities for the collective benefit of the cities in the Westside area of Los Angeles County.

A fiduciary fund is used to report the assets held by the City in trust for the WSCCOG because these assets cannot be used by the City for its own programs. Because the resources of fiduciary funds, by definition, cannot be used to support the City’s own programs, such funds are excluded from the government-wide financial statements. They are reported, however, as part of the basic financial statements to ensure fiscal accountability.

Notes to the Basic Financial Statements
The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 37 of this report.

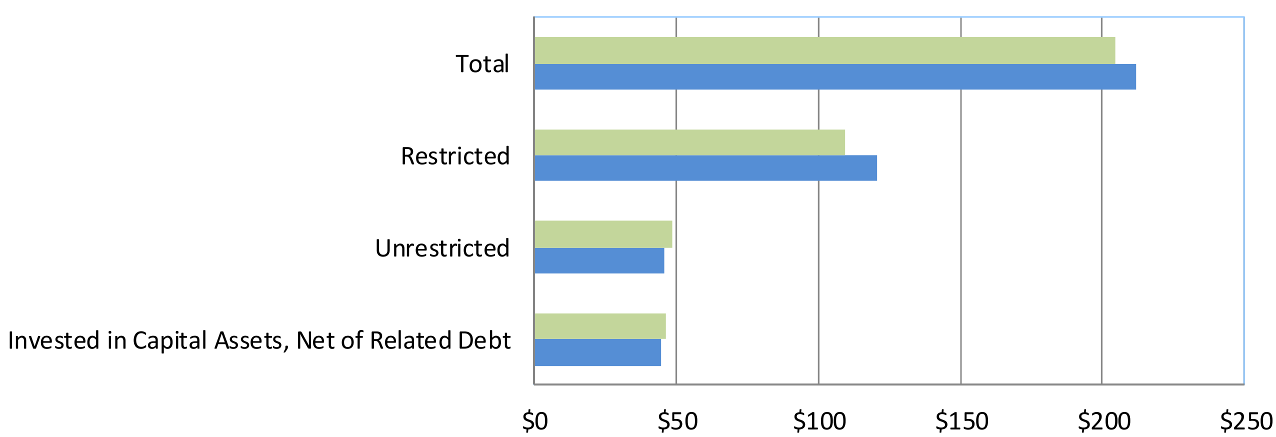
Other information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budget-to-actual information for certain Major Governmental Funds. This information can be found on page 85.

The statements referred to earlier in connection with non-major governmental funds and internal service funds, together with information on capital assets used in the operation of governmental funds (those not included in internal service funds), are presented immediately following the *required supplementary information* on budget-to-actuals. Combining and individual fund statements and schedules can be found on page 89 of this report.

Government-Wide Financial Analysis

As noted earlier, changes in net assets over time may serve as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by $211,631,970 million at the close of the most recent fiscal year.

Net Assets at June 30, 2011



	Invested in Capital Assets, Net of Related Debt	Unrestricted	Restricted	Total
2010	46.4	48.5	109.4	204.3
2011	45	45.7	120.9	211.6

The largest portion of the City's net assets (57.1%) represents resources that are subject to external restrictions on how they may be used. Of these, restricted net assets are for repayment of long-term debt, or related to restrictions in the City's special revenue and capital projects funds.

The second largest portion of the City's net assets (21.6%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.

The remaining portion of the City's net assets (21.3%) reflects its investment in capital assets (e.g., land, buildings, utility and general governmental infrastructure, machinery and equipment, etc.) less any related debt used to acquire those assets that is still outstanding that results in a negative balance in capital assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The table that compares the City's assets and liabilities from the prior fiscal year to the current fiscal year is shown below for comparison.

The City of Culver City's Net Assets
For the Years Ended June 30, 2011 and 2010
(In Thousands)

		Primary Government					
		Governmental Activities		Business-type Activities		Total	
		2011	2010	2011	2010	2011	2010
Assets:							
	Current assets	$ 239,197	$ 199,003	$ 41,983	$ 37,741	$ 281,180	$ 236,744
	Capital assets, net of depreciation	156,621	140,241	64,053	64,611	220,674	204,852
	Total Assets	395,818	339,244	106,036	102,352	501,854	441,596
Liabilities:							
	Current and other liabilities	17,188	16,053	4,685	1,743	21,873	17,796
	Noncurrent liabilities	243,334	194,381	25,015	25,112	268,349	219,493
	Total Liabilities	260,522	210,434	29,700	26,855	290,222	237,289
Net Assets:							
	Invested in capital assets, net of related debt	256	3,324	44,773	43,057	45,029	46,381
	Restricted	120,932	109,426	-	-	120,932	109,426
	Unrestricted	14,107	16,060	31,564	32,440	45,671	48,500
	Total Net Assets	$ 135,295	$ 128,810	$ 76,337	$ 75,497	$ 211,632	$ 204,307

At the end of the current fiscal year, as well as the previous year, the City is able to report positive balances in all categories of net assets for the City as a whole, as well as for its separate governmental activities.

The City's governmental current assets increased by $41,193,418, which resulted primarily from an increase of Cash and Investments (both non-restricted and with fiscal agent) of $28,941,098, an increase of $10,031,194 in Land Held for Resale, and moderate increases in other categories totaling $1,221,126. The increases in Cash and Investments and Land Held for Resale were primarily driven by new debt proceeds and land purchased with those proceeds. Net Capital Assets for the governmental activities increased by $16,380,211, much of which was attributable to prior period reclassifications of Land Held for Resale to Capital Assets (see Note 16). Governmental Noncurrent liabilities increased by $48,953,071, again driven by the issuance of new debt.

The City's business-type current assets increased by $4,242,467, primarily from an increase in Cash and Investments of $5,032,367 and minor decreases in other categories of $789,900. Current liabilities of business-type activities increased by $2,942,170, primarily from an increase in Unearned Revenue of $2,212,948 and Accounts Payable of $722,755. The increase in Unearned Revenue occurred in the Municipal Bus Lines, and is the result of a difference in timing of funding received that had not yet been utilized for its intended purpose.

The City's net assets increased by $7,324,576 during the current fiscal year, a 3.6% increase over the prior year. Total adjusted revenues increased by 24.9% (34.6 million). Compared to the prior year, there was an increase in tax revenues of 29.4% ($20.1 million), an increase in operating contributions and grants of 19.0% ($2.8 million), an increase in capital contributions and grants of 39.9% ($1.7 million), a decrease in investment earnings of 63.9% ($2.9 million), and an increase in other revenues of 3,472% ($14.0 million). The tax increases represent recovery of a $10.9 million loss in Property Taxes due to a State takeaway in the previous year, and other tax increases as a result of slowly recovering economy. The increase in Other revenues was due to a one-time gain on the sale of a property. The increased contributions and grants (both operating and capital) represents increased external support also as a result of the slowly recovering economy. The reduction in Investment Earnings is primarily due to significant and prolonged yields in the investment market. Expenses increased by 14.8% ($21.8 million) over the prior year. The increase was driven solely by an increase in Community Development expenses driven by redevelopment activity. Other expense categories were reduced or held close to prior year totals based on planned expenditure cuts or freezes across all City government and business-type activities.

The changes in net assets are reflected in the following table.

The City of Culver City's Changes in Net Assets
For the Years Ended June 30, 2011 and 2010
(In Thousands)

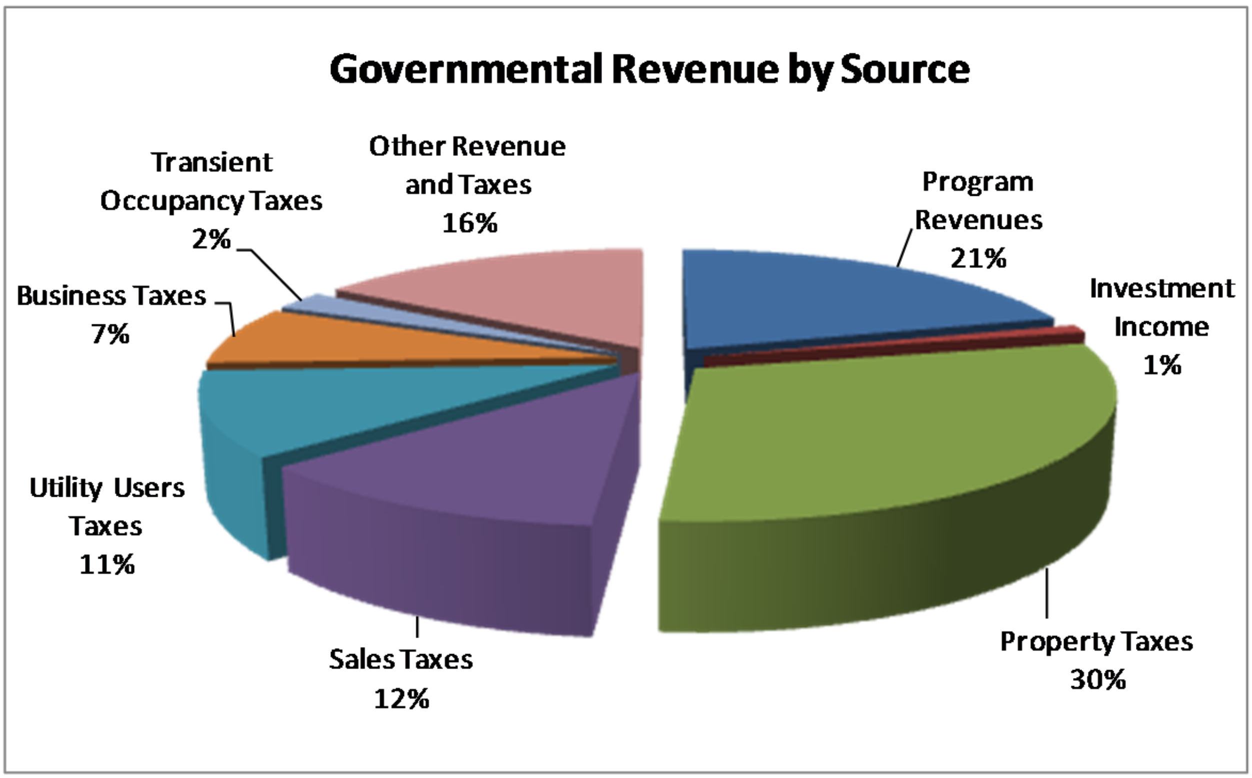
	Governmental Activities		Primary Government Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	$17,690	$19,232	$23,880	$23,491	$41,570	$42,723
Operating contributions and grants	6,342	5,128	11,063	9,503	17,405	14,631
Capital contributions and grants	3,525	4,317	2,588	53	6,113	4,370
Taxes	87,190	68,477	1,419	-	88,609	68,477
Investment Earnings	1,427	3,651	224	923	1,651	4,574
Other	18,104	3,950	105	257	18,209	4,207
Excess/deficiency before transfers	$134,278	$104,755	$39,279	$34,227	$173,557	$138,982
Transfers	(317)	(1,715)	317	1,715	-	-
Total revenues	$133,961	$103,040	$39,596	$35,942	$173,557	$138,982
Expenses:						
General government	5,622	9,892	-	-	5,622	9,892
Parks, recreation and community services	8,089	7,835	-	-	8,089	7,835
Police	31,788	31,670	-	-	31,788	31,670
Fire	17,740	18,547	-	-	17,740	18,547
Community development	46,579	19,317	-	-	46,579	19,317
Public Works	13,163	14,616	-	-	13,163	14,616
Transportation	-	-	-	-	-	-
Interest on long-term debt	8,580	8,108	-	-	8,580	8,108
Municipal bus lines	-	-	19,088	18,418	19,088	18,418
Refuse	-	-	10,667	10,751	10,667	10,751
Sewer	-	-	8,069	8,401	8,069	8,401
Total expenses	131,561	109,985	37,824	37,570	169,385	147,555
Increase (decrease) in net assets	2,400	(6,945)	1,772	(1,628)	4,172	(8,573)
Net assets, July 1	128,810	135,755	75,497	77,263	204,307	213,018
Restatement of Net Assets	4,085	-	(933)	(138)	3,152	(138)
Net assets, June 30	$ 135,295	$ 128,810	$ 76,336	$ 75,497	$ 211,631	$ 204,307

Governmental Activities

Governmental activities increased the City's net assets by $6,485,527 thereby accounting for 88.5% of the total $7,324,576 million increase in the net assets of the City. Key elements of this increase are as follows:

- Taxes, 65.1% of total governmental activities revenues, increased by $30.9 million (30.0%) from the prior year. Property taxes increased by $14.1 million (54.7%) mostly due to recovery of a $10.9 million State takeaway in the prior year.
- Other revenues increased by $13.7 million (3,472%) over the prior year, due to a gain on the sale of a parking structure.
- Charges for Services decreased by $1.5 million (8.0%) primarily due to the economy and a slowdown in building and construction permits.
- Investment income decreased by $2.2 million (60.9%) due to historically low investment returns.

The percentage amount of revenues for governmental activities, by source, is illustrated in the following chart:

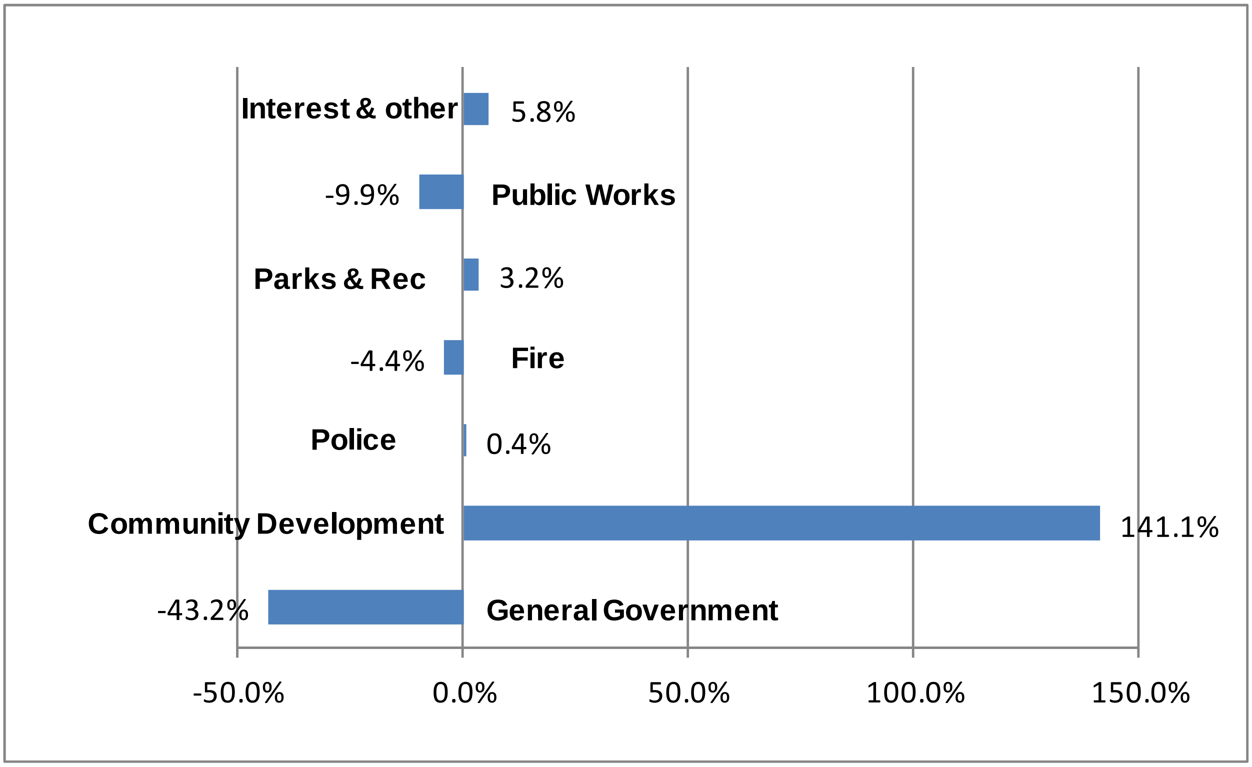


While the City continued its efforts to maintain effective cost controls, governmental activities expenses increased 19.6% over the prior period.

- Community Development expenses increased 141.1% ($27.3 million). This was primarily due to the purchase of property, and pass-through payments of property tax increment by the Redevelopment Agency to other taxing jurisdictions and the State.

- General government expenses decreased 43.1% ($4.3 million). This was primarily due to salary and benefit savings and a decrease in allocated Other Post Employment Benefit expenses.
- All other expenses (Police, Fire, Public Works, Parks, Recreation & Community Service, and Interest charges) decreased 1.8% ($1.4 million).

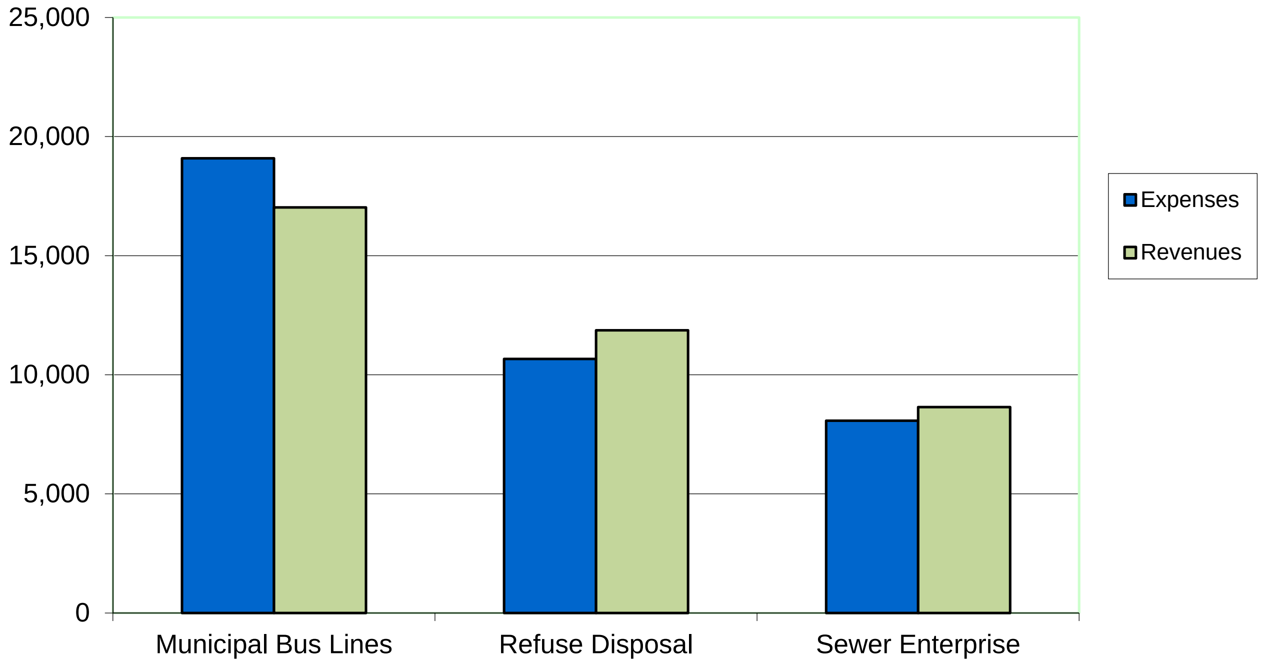
Percent Change in Governmental Activities Functional Expenses Between Fiscal Years 2010 and 2011



Business-type Activities

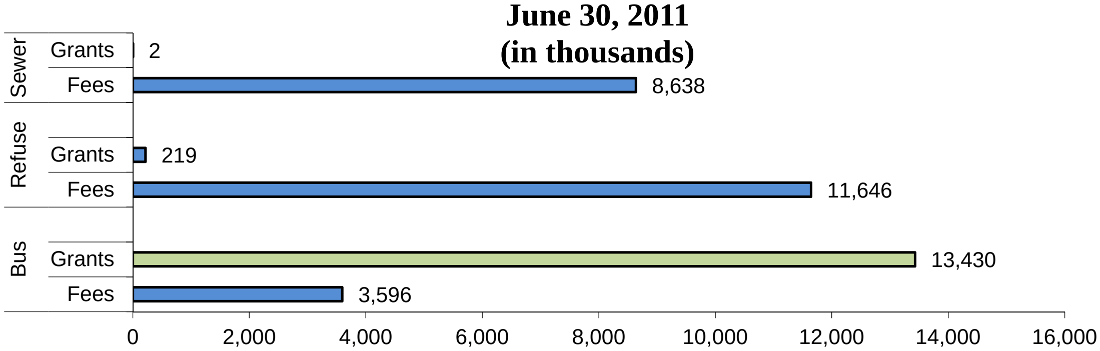
Business-type activities increased the City's net assets by $839,050 thereby accounting for 11.5% of the total $7,324,576 million increase in the net assets of the City, indicating that business-type activities had revenues sufficient to cover operations. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-Type Activities
June 30, 2011
(in thousands)



- Charges for services, representing 60.3% of total business-type activities revenues, increased by $0.4 million (1.7%) from the prior year.
- Contributions and grants, representing 34.5% of total business-type activities revenues, increased by $4.1 million (42.9%) from the prior year.
- Expenses in the business-type activities only increased $0.3 million (0.6%) from the prior year.

Revenues by Source
Business-type
June 30, 2011
(in thousands)



Financial Analysis of the City Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements. In particular, the *committed, assigned and unassigned fund balances* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $206,340,723, an increase of $41,682,899 from the previous year. This increase is the net result of a $12.2 million (10.1%) increase in total revenues, a $3.6 million (2.8%) increase in total expenditures, a $47.1 million increase in other financing sources (due to debt issuance), and a negative prior period adjustment of $8.2 million.

The City of Culver City has implemented Governmental Accounting Standards Board's (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions. As a result of this implementation, the fund balance section of the balance sheets of the governmental funds has been modified. The change has been made in order for the City's new fund balance components to focus on "the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the fund can be spent." Previously, the fund balance section focused on whether these resources were available for appropriation. It also distinguished the unreserved fund balance from the reserved fund balance. In order to show compliance with GASB Statement No. 54, however, the components of the new fund balance include the following line items:

a) Nonspendable fund balance - $6,822,089 (inherently nonspendable) includes the portion of net resources that cannot be spent because of their form, and the portion of net resources that cannot be spent because they must be maintained intact.
b) Restricted fund balance - $158,468,133 (externally enforceable limitations on use) includes amounts subject to limitations imposed by creditors, grantors, contributors, or laws and regulations of other governments.
c) Committed fund balance - $0 (self-imposed limitation set in place prior to the end of the period) Limitations imposed at the highest level of decision making that requires formal action at the same level to remove.
d) Assigned fund balance - $5,917,925 (limitation resulting from intended use) consists of amounts where the intended use is established by the highest level of decision making.
e) Unassigned fund balance - $35,132,576 (residual net resources) is the total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance and the excess or deficiency of nonspendable, restricted, and committed fund balance over total fund balance in other governmental funds.

The implementation of these new components is intended to decrease confusion and help serve the needs of the financial statement users (Please see Note 19 for more information)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the fund balance components were reported as $6,799,442 nonspendable, $1,024,329 assigned and $42,492,244 unassigned, for a total General Fund balance of $50,316,015. The fund balance of the City's General Fund increased by $11,422,378 during the current fiscal year. Key factors in this increase are as follows:

- Total General Fund revenues were $82,739,285, an increase of $16.6 million (25.2%) compared to the prior year. After adjusting for the reclassification of Business License Tax from Licenses and permits in the prior year to Taxes in the current year, and for the reclassification of Motor Vehicle License Fees from Taxes in the prior year to Intergovernmental in the current year, there are two primary causes for the increases in revenue. Sales taxes increased by approximately $1.9 million from the prior year as a result of improvements to the economy. There was also $14.1 million in one-time proceeds from the sale of a parking structure property.

- Total General Fund expenditures were $69,164,968, a decrease of $2.2 million (3.1%) from the prior year. Reductions occurred across most categories as the City continued to maintain effective cost controls.
- Total General Fund revenues exceeded total expenditures by $13,574,317. Other financing uses were a net $2,151.939. During the year, the City transferred out $4 million in General Fund reserves to fund additional capital projects and a financial system replacement project. This resulted in the $11,422,378 net change in fund balance.

The net change in fund balances for all governmental funds was an increase of $49,886,944. The primary reason for the increase, aside from the General Fund increase described above, was the proceeds received from debt issuance of approximately $47 million.

As described further in Notes 17, 18 and 21, the State of California took a variety of actions to jeopardize redevelopment agencies across the State. The City of Culver City and the Culver City Redevelopment Agency took a variety of actions during the year to protect the assets of the Agency and ensure they are available to address local redevelopment needs. This involved, among other actions, the adoption of Cooperation Agreements between the City and Agency, where the Agency pledged current and future assets in return for the City managing and executing future redevelopment activities. As a result, there have been changes from the prior year statements in terms of new funds to account for the transferred assets, and changes in what are now considered the major and non-major governmental funds.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise Funds

As of June 30, 2011, the unrestricted net assets of the enterprise funds totaled $31,563,720, a decrease of $0.9 million from the prior year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

The Municipal Bus Lines fund holds the City's bus lines enterprise. At the end of the fiscal year, the unrestricted net assets were $4,685,028, while total net assets were $30,550,829. The unrestricted net assets were 24.9% of total Municipal Bus Lines Fund expenses of $18.9 million, while total net assets were 162% of that same amount. Total net assets declined by $31 thousand due to non-operating revenues and transfers of $15.2 million not quite covering the operating loss of $15.3 million.

The Refuse Disposal Fund contains the City's refuse collection and disposal enterprise. At year-end, the unrestricted net assets were $529,321, while total net assets were $1,787,458. The unrestricted net assets represent 5.0%, while total net assets represent 16.9% of Refuse Collection and Disposal Fund expenses of $10.6 million. The net increase in the total fund balance for the year was $1.1 million, up from $0.4 million in the prior year.

The Sewer Fund holds the City's sewer system enterprise. At the end of the fiscal year, the unrestricted net assets were $26,349,371, while total net assets were $43,998,193. The unrestricted net assets and total net assets were 3.7 and 6.2 times as large as Sewer Fund expenses of $7.1 million. The net assets of the Sewer Fund increased by $0.7 million during the fiscal year, with operating income of $1.6 million and non-operating expenses of $0.9 million.

Internal Service Funds

The City's internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance activities, including liability insurance, and workers' compensation insurance, vehicle operations and maintenance, and central stores. As of June 30, 2011, unrestricted net assets of the internal service funds had a deficit balance of $7.4 million, while total net assets were also a deficit balance of $102,815. Total net assets decreased $4.9 million from the past year primarily due to a decrease in operating revenues of $1.3 million, and an increase in claims and settlements of $1.5 million.

Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Other factors concerning the finances of the internal service funds have already been addressed in the discussion of the City's governmental activities.

Budgetary Highlights

The City adopts a one year budget, annually appropriates the operating budgets for its governmental funds (General Fund and Special Revenue Funds) and reports the results of operations on a budget comparison basis.

In preparing its budgets, the City attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. As a result, the City Council adopts budget adjustments during the course of the fiscal year to reflect both changed priorities and availability of additional revenues to allow for expansion of existing programs, or alternatively the reduction of available revenues and necessary program reductions. During the course of the year, the City Council amended the originally adopted budget to re-appropriate prior year approved projects and expenditures, to allocate additional funding towards capital improvements and technology enhancements, as well as approving many other adjustments for the current year.

The General Fund had a favorable budget variance of $4.7 million due primarily to actual revenues exceeding the final budget by $1.3 million along with expenditures savings of $3.5 million. The expenditure savings represented a concerted effort to contain costs, including a hiring freeze which kept a number of positions vacant. Revenues performed slightly better than anticipated due to moderate improvements in the economy.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to $220.7 million net of accumulated depreciation as of June 30, 2011. This investment in capital assets includes land, buildings, improvements other than buildings, infrastructure (roads, sidewalks, land held under easement, streetlights, etc.), machinery and equipment, and construction in progress.

The increase in governmental activities capital assets primarily reflects a $12.3 million prior period adjustment for properties previously reflected under Land Held for Resale that were determined to be capital assets, and miscellaneous other improvements. The decrease in business-type capital assets primarily reflects depreciation of existing assets.

The City of Culver City's Capital Assets, Net of Accumulated Depreciation
As of June 30, 2011 and 2010
(in thousands)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 29,171	$ 19,248	$ 1,681	$ 1,681	$ 30,852	$ 20,929
Construction in Progress	1,753	519	-	-	1,753	519
Buildings	63,807	62,249	20,449	21,100	84,256	83,349
Improvements other than buildings	9,983	9,531	10,788	9,314	20,771	18,845
Equipment	12,169	11,929	9,023	9,424	21,192	21,353
Hyperion rights	-	-	14,242	14,930	14,242	14,930
Infrastructure	39,738	36,765	7,870	8,162	47,608	44,927
Total capital assets, net $	$ 156,621	$ 140,241	$ 64,053	$ 64,611	$ 220,674	$ 204,852

Additional information on the City's capital assets can be found in Note 7 to the Basic Financial Statements on page 57 of this report.

Debt Administration
At the end of the current fiscal year, the City had long-term debt of $268.3 million outstanding. This included bonded debt of $210.3 million, including the current portion of $6.8 million. The bonded debt amount consists of $190.8 million in tax allocation bonds issued for redevelopment projects and payable from property tax increment revenues; and $20.1 million issued for various wastewater projects and payable from sewer enterprise fund revenues. $47.1 in additional debt for redevelopment projects was issued in FY 2010-2011.

Non-bonded outstanding debt includes certificates of participation of $3.4 million for bus line projects, secured debts on Agency land of $0.6 million, a loan used to construct the City senior center reimbursed by HUD funds through the County of Los Angeles of $0.5 million, a net OPEB liability of $22.0 million, claims and judgments of $20.2 million and employee compensated absences of 10.2 million. The net decrease in long-term debt is $1.2 million.

The City of Culver City's Outstanding Long-Term Debt
As of June 30, 2011 and 2010
(in thousands)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue bonds	$ 190,872	$ 150,255	$ 19,495	$ 20,085	$ 210,367	$ 170,340
Certificates of participation	-	-	3,415	3,990	$ 3,415	$ 3,990
Developer loan payable	638	751	-	-	$ 638	$ 751
Real estate loan payable	-	-	-	-	$ -	$ -
Section 108 loans	535	670	-	-	$ 535	$ 670
Claims and judgments	20,222	17,610	-	-	$ 20,222	$ 17,610
Net OPEB liability	21,983	15,448	1,083	-	$ 23,066	$ 15,448
Capital leases	-	-	-	-	$ -	$ -
Compensated absences	9,084	9,647	1,022	1,037	$ 10,106	$ 10,684
Total debt	$ 243,334	$ 194,381	$ 25,015	$ 25,112	$ 268,349	$ 219,493

Ratings on outstanding debt are provided below. The ratings below are from Moody's Investor Services, Standard and Poor's, and Fitch, Inc. Prior to the collapse of the bond insurance market which started in 2009, the City’s debt ratings were all “Aaa” or “AAA” based on insured ratings. However, many of these issues were done with insured-only ratings. As the bond insurance firms were downgraded the rating agencies have often withdrawn their ratings on the bond insurers, which also means that the ratings on City bonds were withdrawn. The following table represents the current debt ratings of the City’s outstanding bonds:

The City's Debt Ratings

Debt Description	Moody’s	S&P	Fitch	Credit Enhancement
1996 Certificates of Participation	Aa3	NR	WD	Ambac
1993 Tax Allocation Bonds	WD	NR	WD	Ambac
1999A Tax Allocation Bonds	Aa3	AA-	WD	AGM
2002A Tax Allocation Bonds	Baa1	BBB	WD	NPFG
2004A Tax Allocation Bonds	WD	A	WD	Ambac
2005A Tax Allocation Bonds	WD	A	WD	Ambac
2009A Wastewater Revenue Bonds	NR	AA	NR	N/A
2011 Tax Allocation Bonds	NR	A	NR	N/A

Note: WD = Withdrawn; NR = No Rating

Additional information on the City's long-term debt can be found in Note 6 of this report.

Economic Factors and Next Year's Budget

Revenues
The City adopted its 2011-12 budget projecting flat growth from the prior year in General Fund revenues for a total of approximately $80.6 million. Between 2009-10 and 2010-11 there was approximately a $4.7 million decrease, but revenues have begun to stabilize and are expected to meet projections in 2011-12.

Expenditures
The City's General Fund operating budget for Fiscal Year 2011-12 is approximately $83.5 million. This amount reflects the reduction of approximately 8 General Fund positions, decreases in operating and maintenance line items, along with anticipated savings achieved through negotiations with the City's bargaining groups. As of December 2011, the City has concluded negotiations with all labor groups. New agreements call for active employees to phase into paying their full share of the employee retirement costs, a lower tier of retirement benefits for new employees, conversion to a full cafeteria plan for benefits with a 4% cap on future growth in City costs, reductions in the retiree medical benefit for active employees and elimination of all but the statutorily required retiree medical benefits for new hires. The City anticipates savings from these agreements phasing in over the next three to four years, with significant savings occurring in the long-term.

Economic Factors
The Los Angeles area Consumer Price Index increased 0.3% for the year ended September 2011. The unemployment rates have been declining since July 2011. As of September 2011, the unemployment for the County of Los Angeles was 12.2% and the State of California's rate was 11.4%.

In this coming fiscal year, the City's budget continues to be impacted by the slow emergence from the recession, the competition among cities for the same businesses and the weak development market. Sales tax revenues have begun to show improvement with the completion of the Westfield Mall project. Additionally, the City continues a hiring freeze and is cutting back on non-critical expenses in order to maintain services.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for readers of the financial statements. Questions concerning any of the information in this report or request for additional financial information should be addressed to the City of Culver City, Finance Department, 9770 Culver Boulevard, Culver City, CA 90232.

Basic Financial Statements

GOVERNMENT -WIDE FINANCIAL STATEMENTS

CITY OF CULVER CITY

Statement of Net Assets

June 30, 2011

With Comparative Totals at June 30, 2010

	Governmental Activities	Business-Type Activities	Totals 2011	Totals 2010
Assets:				
Cash and investments	$ 122,724,512	$ 36,549,603	$ 159,274,115	$ 144,291,829
Cash and investment with fiscal agent	32,329,399	2,521,334	34,850,733	15,859,186
Receivables:				
Accounts	2,423,521	722,674	3,146,195	3,105,029
Accrued interest	201,238	57,934	259,172	526,604
Notes	3,302,092	-	3,302,092	3,058,089
Internal balances	881,686	(881,686)	-	-
Due from other governments	8,089,084	1,715,491	9,804,575	9,863,445
Inventories	870,432	-	870,432	793,610
Prepaid expenses	641,046	189,551	830,597	808,323
Unamortized debt issuance costs	1,831,226	1,108,713	2,939,939	2,567,044
Land held for resale	65,902,424	-	65,902,424	55,871,230
Capital assets:				
Capital assets not depreciated	30,924,157	1,680,970	32,605,127	21,448,412
Other capital assets, net	125,696,689	62,371,743	188,068,432	183,403,476
Total assets	395,817,506	106,036,327	501,853,833	441,596,277
Liabilities:				
Accounts payable	4,068,218	1,459,702	5,527,920	3,194,807
Accrued wages payable	1,849,757	449,021	2,298,778	2,188,657
Accrued interest payable	1,699,311	403,548	2,102,859	1,640,196
Deposits payable	6,673,605	68,782	6,742,387	6,971,637
Unearned revenue	1,518,368	2,304,150	3,822,518	2,217,067
Due to other governments	1,378,742	-	1,378,742	1,583,639
Noncurrent liabilities				
Due within one year	15,845,896	1,948,863	17,794,759	14,168,605
Due in more than one year	227,488,119	23,065,781	250,553,900	205,324,276
Total liabilities	260,522,016	29,699,847	290,221,863	237,288,884
Net assets:				
Invested in capital assets, net of related debt	255,967	44,772,760	45,028,727	46,381,238
Restricted for:				
Transit	1,644,344	-	1,644,344	-
Housing	39,678,353	-	39,678,353	34,787,934
Public safety	744,704	-	744,704	660,517
Public works	2,503,492	-	2,503,492	2,639,294
Redevelopment	74,608,907	-	74,608,907	69,871,340
Community development	1,752,221	-	1,752,221	1,466,457
Unrestricted	14,107,502	31,563,720	45,671,222	48,500,613
Total net assets	$ 135,295,490	$ 76,336,480	$ 211,631,970	$ 204,307,393

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Activities
Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

		Program Revenues		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	$ 5,621,826	$ 271,516	$ 1,272,021	$ -
Parks, recreation and community services	8,088,964	2,416,182	846,941	-
Police	31,788,033	5,118,168	199,413	-
Fire	17,740,363	2,234,203	-	-
Community development	46,579,065	5,800,395	1,836,035	355,877
Public works	13,163,149	1,849,759	2,187,827	3,169,124
Interest and other charges	8,579,601	-	-	-
Total governmental activities	131,561,001	17,690,223	6,342,237	3,525,001
Business-type activities:				
Refuse disposal	$ 10,667,440	$ 11,646,192	43,806	$ 175,000
Bus lines	19,088,076	3,595,784	11,017,119	2,413,325
Sewer	8,068,600	8,638,408	1,813	-
Total business-type activities	37,824,116	23,880,384	11,062,738	2,588,325
	$ 169,385,117	$ 41,570,607	$ 17,404,975	$ 6,113,326

General revenues:
- Property taxes
- Sales taxes
- Utility users tax
- Franchise taxes
- Business license tax
- Transient occupancy taxes
- Other taxes
- Intergovernmental revenues, unrestricted
- Investment income
- Miscellaneous income
- Gain on sale of property

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year
Prior period adjustments
Net assets at beginning of year, as restated

Net assets at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Business-type Activities	Totals 2011	Totals 2010
$ (4,078,289)	$ -	$ (4,078,289)	$ (8,798,008)
(4,825,841)	-	(4,825,841)	(4,027,333)
(26,470,452)	-	(26,470,452)	(26,050,197)
(15,506,160)	-	(15,506,160)	(15,292,428)
(38,586,758)	-	(38,586,758)	(10,551,497)
(5,956,439)	-	(5,956,439)	(8,480,922)
(8,579,601)	-	(8,579,601)	(8,107,981)
(104,003,540)	-	(104,003,540)	(81,308,366)
-	1,197,558	1,197,558	412,827
-	(2,061,848)	(2,061,848)	(5,614,143)
-	571,621	571,621	678,430
-	(292,669)	(292,669)	(4,522,886)
(104,003,540)	(292,669)	(104,296,209)	(85,831,252)
39,842,728	-	39,842,728	25,751,846
16,192,369	1,418,901	17,611,270	14,314,156
14,489,841	-	14,489,841	14,142,799
1,348,274	-	1,348,274	1,278,427
10,049,265	-	10,049,265	9,653,597
3,283,896	-	3,283,896	2,967,131
1,982,979	-	1,982,979	369,409
3,484,424	-	3,484,424	3,476,976
1,427,225	223,925	1,651,150	4,573,518
509,941	104,494	614,435	335,178
14,110,004	-	14,110,004	395,000
(316,947)	316,947	-	-
106,403,999	2,064,267	108,468,266	77,258,037
2,400,459	1,771,598	4,172,057	(8,573,215)
128,809,964	75,497,430	204,307,394	212,880,609
4,085,067	(932,548)	3,152,519	
132,895,031	74,564,882	207,459,913	212,880,609
$ 135,295,490	$ 76,336,480	$ 211,631,970	$ 204,307,394

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Basic Financial Statements

FUND FINANCIAL STATEMENTS

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CITY OF CULVER CITY
Balance Sheet - Governmental Funds
June 30, 2011
With Comparative Totals at June 30, 2010

	General	Special Revenue Fund: Economic Development	Debt Service Fund: RDA Debt Service
Assets:			
Cash and investments	$ 42,549,289	$ 4,463,436	$ 1,061
Cash and investments with fiscal agent	-	-	18,230,214
Receivables:			
Accounts	1,984,254	327,610	-
Interest	70,933	18,344	3
Notes	-	2,119,370	-
Due from other funds	4,537,402	38,981,104	-
Due from other governments	2,778,612	-	-
Advances to other funds	526,737	-	-
Prepaids	587,929	-	-
Land held for resale	5,684,776	-	-
Total assets	$ 58,719,932	$ 45,909,864	$ 18,231,278
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	$ 1,135,466	$ 285,328	$ -
Accrued wages payable	1,687,475	-	-
Due to other funds	3,989,833	1,296,432	-
Deposits payable	1,173,871	5,670	-
Deferred revenue	417,272	73,080	-
Due to other governments	-	-	-
Advances from other funds	-	-	-
Total liabilities	8,403,917	1,660,510	-
Fund balances:			
Nonspendable	6,799,442	-	-
Restricted	-	44,249,354	18,231,278
Assigned	1,024,329	-	-
Committed	-	-	-
Unassigned	42,492,244	-	-
Reserved	-	-	-
Unreserved	-	-	-
Total fund balances (deficits)	50,316,015	44,249,354	18,231,278
Total liabilities and fund balances	$ 58,719,932	$ 45,909,864	$ 18,231,278

See accompanying notes to the basic financial statements

Capital Projects Funds		Non-Major		
Cooperative Projects	RDA Capital Projects	Governmental Funds	Totals 2011	2010
$ -	$ 2,861,634	$ 60,850,367	$ 110,725,787	$ 97,423,280
-	8,256	14,090,929	32,329,399	13,338,220
-	-	29,925	2,341,789	2,328,441
-	19,589	73,102	181,971	337,809
-	-	1,182,722	3,302,092	3,058,089
2,770,738	258,717	438,999	46,986,960	7,000,344
-	2,516,073	2,793,016	8,087,701	7,471,270
-	-	10,483,120	11,009,857	13,642,875
-	-	4,497	592,426	602,201
35,474,170	-	23,593,478	64,752,424	54,721,230
$ 38,244,908	$ 5,664,269	$ 113,540,155	$ 280,310,406	$ 199,923,759
$ 2,406	$ 14,035	$ 2,357,139	$ 3,794,374	$ 2,146,814
-	-	22,437	1,709,912	1,602,778
38,346,264	267,601	2,481,327	46,381,457	6,523,517
-	122,948	5,371,116	6,673,605	6,902,850
-	-	3,058,121	3,548,473	3,447,084
-	-	1,378,742	1,378,742	1,583,639
-	10,464,970	18,150	10,483,120	13,059,253
38,348,670	10,869,554	14,687,032	73,969,683	35,265,935
-	-	22,647	6,822,089	-
-	-	95,987,501	158,468,133	-
-	-	4,893,096	5,917,425	-
-	-	-	-	-
(103,762)	(5,205,285)	(2,050,121)	35,133,076	-
-	-	-	-	107,615,330
-	-	-	-	57,042,494
(103,762)	(5,205,285)	98,853,123	206,340,723	164,657,824
$ 38,244,908	$ 5,664,269	$ 113,540,155	$ 280,310,406	$ 199,923,759

CITY OF CULVER CITY
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds	$	206,340,723
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity:		
Capital assets		211,387,978
Accumulated depreciation		(62,015,490)
Long term debt and compensated absences that have not been included in the governmental fund activity:		
Long-term debt		(214,028,383)
Compensated absences		(8,448,543)
Unamortized debt issuance costs		1,831,226
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.		(1,699,311)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.		2,030,105
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets		(102,815)
Net assets of governmental activities	$	135,295,490

See accompanying notes to the basic financial statements.

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CITY OF CULVER CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

		Special Revenue Fund	Debt Service Fund
	General	Economic Development	RDA Debt Service
Revenues:			
Taxes	$ 50,948,160	$ -	$ -
Licenses and permits	1,765,582	-	-
Fines and forfeitures	4,618,928	-	-
Investment income	511,953	56,604	160,308
Intergovernmental	3,514,018	4,000	-
Charges for services	6,532,420	927,424	-
Sale of land for resale	14,110,004	-	-
Miscellaneous	738,220	9,998	-
Total revenues	82,739,285	998,026	160,308
Expenditures:			
Current:			
General government	4,364,390	-	-
Parks, recreation and community services	5,995,321	-	-
Police	27,989,262	-	-
Fire	15,350,082	-	-
Community development	6,556,964	985,616	-
Public works	8,908,949	-	-
Capital outlay	-	-	-
Debt service:			
Bond issuance costs	-	-	-
Principal payments	-	112,948	6,650,000
Interest and fiscal charges	-	84,013	7,151,937
Intergovernmental:			
SERAF payments	-	-	-
Pass-through payments	-	-	-
Total expenditures	69,164,968	1,182,577	13,801,937
Excess (deficiency) of revenues over (under) expenditures	13,574,317	(184,551)	(13,641,629)
Other financing sources (uses):			
Proceeds from debt issuance			
Original issue discount			
Transfers in	2,702,660	-	18,274,764
Transfers out	(4,854,599)	-	-
Total other financing sources (uses)	(2,151,939)	-	18,274,764
Special items - Cooperative Agreement	-	44,433,905	-
Net change in fund balances	11,422,378	44,249,354	4,633,135
Fund balances at beginning of fiscal year	38,893,637	-	13,598,143
Prior period adjustments	-	-	-
Fund balances at beginning of fiscal year, as restated	38,893,637	-	13,598,143
Fund balances (deficits) at end of fiscal year	$ 50,316,015	$ 44,249,354	$ 18,231,278

See accompanying notes to the basic financial statement

Capital Projects Funds: Cooperative Projects	Capital Projects Funds: RDA Capital Projects	Non-Major Governmental Funds	Totals: 2011	Totals: 2010
$ -	$ 36,320,903	$ -	$ 87,269,063	$ 78,988,490
-	-	479,209	2,244,791	12,247,774
-	-	-	4,618,928	4,413,473
-	244,791	262,860	1,236,516	3,387,362
-	-	8,503,379	12,021,397	9,084,949
39,491	2,009,680	1,634,622	11,143,637	11,817,763
-	-	-	14,110,004	-
-	20,472	172,954	941,644	1,313,896
39,491	38,595,846	11,053,024	133,585,980	121,253,707
-	-	32,588	4,396,978	5,827,231
-	-	898,440	6,893,761	6,258,099
-	-	356,127	28,345,389	29,102,527
-	-	50,616	15,400,698	15,724,439
143,253	20,526,213	5,087,593	33,299,639	18,233,549
-	1,134,838	547,455	10,591,242	12,440,176
-	1,223,673	6,235,342	7,459,015	7,013,846
-	692,083	-	692,083	-
-	-	135,000	6,897,948	8,115,236
-	138,284	37,736	7,411,970	8,026,395
-	2,253,645	-	2,253,645	5,548,474
-	7,177,761	-	7,177,761	10,946,277
143,253	33,146,497	13,380,897	130,820,129	127,236,249
(103,762)	5,449,349	(2,327,873)	2,765,851	(5,982,542)
-	47,412,887	-	47,412,887	-
-	(642,847)	-	(642,847)	-
-	652,037	12,309,347	33,938,808	25,957,103
-	(25,538,945)	(3,194,211)	(33,587,755)	(26,022,142)
-	21,883,132	9,115,136	47,121,093	(65,039)
-	(94,230,533)	49,796,628	-	-
(103,762)	(66,898,052)	56,583,891	49,886,944	(6,047,581)
-	69,871,340	42,294,704	164,657,824	170,705,405
-	(8,178,573)	(25,472)	(8,204,045)	-
-	61,692,767	42,269,232	156,453,779	170,705,405
$ (103,762)	$ (5,205,285)	$ 98,853,123	$ 206,340,723	$ 164,657,824

CITY OF CULVER CITY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net changes in fund balances - total governmental funds	$	49,886,944
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.		
Capital outlay		7,356,534
Depreciation expense		(4,295,293)
Proceeds from the issuance of bonds is reported as other financing sources in governmental funds. The issuance of bonds payable increases liabilities in the statement of net assets, but does not result in an increase in net assets in the statement of activities.		(47,412,887)
In governmental funds, debt issue costs and original issue discount/premium are recognized as expenditures in the period they are incurred. In the government-wide statements, debt issue costs and original issue discount/premium are amortized over the life of the debt.		
Debt issuance costs incurred		692,083
Original issue discount incurred		642,847
Amortization of debt issuance costs		(538,096)
Amortization of original issue discount/premium		(150,628)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal repayment		6,897,948
Increase in net OPEB liability are not included in the governmental funds.		(6,534,675)
The statement of net assets includes accrued interest on long term debt.		(478,907)
To record as an expense (reduction of expense) the net change in compensated absences in the statement of activities.		595,509
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.		614,627
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds is reported with governmental activities.		(4,875,547)
Change in net assets of governmental activities	$	2,400,459

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Net Assets - Proprietary Funds
June 30, 2011

	Business-Type Activities-Enterprise Funds				Governmental
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Activities - Internal Service Funds
Assets					
Cash and investments	$ 1,791,461	$ 7,569,522	$ 27,188,620	$ 36,549,603	$ 11,998,725
Cash and investments with fiscal agent	-	907,013	1,614,321	2,521,334	-
Receivables:					
Accounts	630,434	75,305	16,935	722,674	81,732
Interest	2,766	12,162	43,006	57,934	19,267
Due from other funds	-	-	-	-	112,147
Due from other governments	305,043	1,118,951	291,497	1,715,491	1,383
Prepaid expenses	58,595	124,144	6,812	189,551	48,620
Inventory	-	-	-	-	870,432
Capital assets:					
Land	-	1,450,214	230,756	1,680,970	-
Buildings	2,394,236	20,991,319	4,633,190	28,018,745	-
Improvements other than buildings	508,135	6,935,417	6,012,290	13,455,842	-
Machinery and equipment	5,340,941	26,337,872	7,347,909	39,026,722	20,050,645
Furniture and fixtures	-	1,778,084	605,028	2,383,112	-
Underground	-	-	11,886,673	11,886,673	-
Intangible assets	-	-	26,605,373	26,605,373	-
Accumulated depreciation and amortization	(6,985,175)	(29,211,440)	(22,808,109)	(59,004,724)	(12,802,287)
Other assets:					
Unamortized debt issuance costs	-	92,322	1,016,391	1,108,713	-
Advances to other funds	-	-	-	-	354,949
Land held for resale	-	-	-	-	1,150,000
Total assets	4,046,436	38,180,885	64,690,692	106,918,013	21,885,613
Liabilities and Net Assets					
Liabilities:					
Accounts payable	396,908	381,172	681,622	1,459,702	273,837
Accrued wages payable	121,021	294,600	33,400	449,021	139,845
Due to other funds	-	-	-	-	717,657
Interest payable	-	98,181	305,367	403,548	-
Revenue bonds	-	-	700,000	700,000	-
Certificates of participation	-	610,000	-	610,000	-
Deposits payable	2,902	-	65,880	68,782	-
Unearned revenue	91,202	2,212,948	-	2,304,150	-
Compensated absences payable	436,442	143,672	58,749	638,863	-
Non-current liabilities:					
Compensated absences payable	27,342	352,171	3,680	383,193	635,576
Claims and judgments payable	-	-	-	-	20,221,513
Advances from other funds	881,686	-	-	881,686	-
Revenue bonds	-	-	18,795,000	18,795,000	-
Certificates of participation	-	2,805,000	-	2,805,000	-
Other post employment benefits	301,475	732,312	48,801	1,082,588	-
Total liabilities	2,258,978	7,630,056	20,692,499	30,581,533	21,988,428
Net assets:					
Invested in capital assets, net of related debt	1,258,137	25,865,801	17,648,822	44,772,760	7,248,358
Unrestricted	529,321	4,685,028	26,349,371	31,563,720	(7,351,173)
Total net assets (deficit)	$ 1,787,458	$ 30,550,829	$ 43,998,193	$ 76,336,480	$ (102,815)

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities-Enterprise Funds				Governmental
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Activities - Internal Service Funds
Operating revenues:					
Sales and service charges	$ 11,591,834	$ 3,595,784	$ 8,638,408	$ 23,826,026	$ 15,910,170
Miscellaneous	54,358	-	-	54,358	345,938
Total operating revenues	11,646,192	3,595,784	8,638,408	23,880,384	16,256,108
Operating expenses:					
Salaries and benefits	4,420,513	10,508,508	1,215,375	16,144,396	4,800,031
Supplies	100,089	289,828	1,962,604	2,352,521	2,801,574
Repairs and maintenance	1,969,464	3,941,894	855,964	6,767,322	1,244,379
Insurance	51,922	102,469	21,494	175,885	1,473,122
Claims and settlements	22,449	239,739	-	262,188	8,429,205
Administrative services	1,518,707	1,427,491	539,326	3,485,524	-
Rent and lease expenses	78,000	97,608	360,000	535,608	-
Consulting and contract services	2,297,522	287,018	437,667	3,022,207	433,257
Depreciation and amortization	140,379	1,957,834	1,660,613	3,758,826	1,335,765
Total operating expenses	10,599,045	18,852,389	7,053,043	36,504,477	20,517,333
Operating income (loss)	1,047,147	(15,256,605)	1,585,365	(12,624,093)	(4,261,225)
Non-operating revenues (expenses):					
Interest expense	(68,395)	(235,687)	(1,015,557)	(1,319,639)	-
Investment income	6,163	45,811	171,951	223,925	53,678
Intergovernmental	43,806	11,017,119	1,813	11,062,738	-
Measure R Sales Tax	-	1,418,901	-	1,418,901	-
Other income	-	103,720	774	104,494	-
Total non-operating revenues (expenses)	(18,426)	12,349,864	(841,019)	11,490,419	53,678
Income (loss) before transfers	1,028,721	(2,906,741)	744,346	(1,133,674)	(4,207,547)
Transfers and capital contributions:					
Capital contributions - grants	175,000	2,413,325	-	2,588,325	-
Transfers in	-	758,806	-	758,806	150,000
Transfers out	(72,330)	(297,199)	(72,330)	(441,859)	(818,000)
Total transfers and capital contributions	102,670	2,874,932	(72,330)	2,905,272	(668,000)
Change in net assets	1,131,391	(31,809)	672,016	1,771,598	(4,875,547)
Net assets at beginning of fiscal year	656,067	31,515,186	43,326,177	75,497,430	4,772,732
Prior period adjustments	-	(932,548)	-	(932,548)	-
Net assets at beginning of fiscal year as restated	656,067	30,582,638	43,326,177	74,564,882	4,772,732
Net assets (deficits) at end of fiscal year	$ 1,787,458	$ 30,550,829	$ 43,998,193	$ 76,336,480	$ (102,815)

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Business-Type Activities-Enterprise Funds				Governmental
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Activities - Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 11,354,364	$ 3,732,158	$ 8,734,444	$ 23,820,966	$ 214,738
Cash received from user departments	-	-	-	-	15,879,606
Cash payments to suppliers for goods and services	(5,907,812)	(6,208,782)	(3,788,434)	(15,905,028)	(11,206,374)
Cash payments to employees	(4,146,338)	(9,731,682)	(1,175,953)	(15,053,973)	(4,787,380)
Net cash provided by (used for) operating activities	1,300,214	(12,208,306)	3,770,057	(7,138,035)	100,590
Cash flows from noncapital financing activities:					
Operating grants received	43,806	12,381,593	2,587	12,427,986	-
Cash paid to other funds	-	758,806	-	758,806	183,261
Cash received from other funds	(167,564)	(297,199)	(72,330)	(537,093)	(1,367,482)
Net cash provided by (used for) noncapital financing activities	(123,758)	12,843,200	(69,743)	12,649,699	(1,184,221)
Cash flows from capital and related financing activities:					
Capital grants received	175,000	4,626,273	-	4,801,273	-
Cash paid for acquisition and construction of capital assets	-	(1,144,365)	(2,055,921)	(3,200,286)	(2,365,623)
Interest paid on debt	(68,395)	(228,851)	(910,200)	(1,207,446)	-
Principal paid on debt	-	(575,000)	(590,000)	(1,165,000)	-
Net cash provided by (used for) capital and related financing activities	106,605	2,678,057	(3,556,121)	(771,459)	(2,365,623)
Cash flows from investing activities:					
Interest received on investments	5,990	47,262	239,278	292,530	96,666
Net cash provided by (used for) investing activities	5,990	47,262	239,278	292,530	96,666
Net increase (decrease) in cash and cash equivalents	1,289,051	3,360,213	383,471	5,032,735	(3,352,588)
Cash and cash equivalents at beginning of fiscal year	502,410	5,116,322	28,419,470	34,038,202	15,351,313
Cash and cash equivalents at end of fiscal year	$ 1,791,461	$ 8,476,535	$ 28,802,941	$ 39,070,937	$ 11,998,725
Reconciliation of cash and cash equivalents to the Statement of Net Assets:					
Cash and investments:	$ 1,791,461	$ 7,569,522	$ 27,188,620	$ 36,549,603	$ 11,998,725
Cash and investments with fiscal agent	-	907,013	1,614,321	2,521,334	-
	$ 1,791,461	$ 8,476,535	$ 28,802,941	$ 39,070,937	$ 11,998,725

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2011
(Continued)

	Business-Type Activities-Enterprise Funds				Governmental
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Activities - Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 1,047,147	$ (15,256,605)	$ 1,585,365	$ (12,624,093)	$ (4,261,225)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	140,379	1,957,834	1,660,613	3,758,826	1,335,765
Increase (Decrease) in unearned revenue	-	-	-	-	(94,259)
(Increase) decrease in accounts receivable	(81,440)	136,374	(16,630)	38,304	(66,122)
(Increase) decrease in due from other governments	(210,383)	-	112,666	(97,717)	(1,383)
(Increase) decrease in prepaid expenses	(2,365)	(23,784)	(379)	(26,528)	(5,520)
(Increase) decrease in inventory	-	-	-	-	(76,822)
Increase (decrease) in accounts payable	132,706	201,049	389,000	722,755	646,045
Increase (decrease) in wages payable	(12,959)	48,667	(12,992)	22,716	(19,729)
Increase (decrease) in deposits payable	(5)	-	-	(5)	-
Increase (decrease) in compensated absences	(14,341)	(4,152)	3,613	(14,880)	32,380
Increase (decrease) in other post employment benefits	301,475	732,311	48,801	1,082,587	-
Increase (decrease) in claims and judgments payable	-	-	-	-	2,611,460
Total adjustments	253,067	3,048,299	2,184,692	5,486,058	4,361,815
Net cash provided by (used for) operating activities	$ 1,300,214	$ (12,208,306)	$ 3,770,057	$ (7,138,035)	$ 100,590

There were no significant noncash investing or financing activities during the fiscal year ended June 30, 2011

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Fiduciary Funds
Statement of Net Assets
June 30, 2011

	Westside COG Trust Fund	Agency Funds
Assets		
Cash and investments	$ 120,202	$ 139,838
Interest receivable	200	-
Due from other government agencies	15,454	-
Total assets	135,856	$ 139,838
Liabilities		
Accounts payable	23,824	$ -
Deposits payable	-	139,838
Total liabilities	23,824	$ 139,838
Net assets:		
Held in trust for other purposes	$ 112,032	

See accompanying notes to the basic financial statements

CITY OF CULVER CITY
Fiduciary Funds
Statement of Changes in Fiduciary Net Assets
For the Fiscal Year Ended June 30, 2011

	Westside COG Trust Fund
Additions	
Contributions	$ 120,000
Investment earnings	3,834
Energy Upgrade California Grant	15,454
Total additions	139,288
Deductions	
General government	120,215
Total deductions	120,215
Change in net assets	19,073
Transfer of equity from prior custodian	92,959
Net assets as beginning of fiscal year	-
Net assets at end of fiscal year	$ 112,032

See accompanying notes to the basic financial statements

Basic Financial Statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1 Summary of Significant Accounting Policies

The basic financial statements of the City of Culver City, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (USGAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

(a) Reporting Entity

The City of Culver City was incorporated in 1917 and adopted its current City Charter in 1947. The City Charter establishes the form of government, states the powers and duties of the City Council and establishes the City's various executive offices. Through the end of fiscal year 2005-06, the City operated under a Mayor/City Council/Chief Administrative Office form of government. Under this system, the people elect a City Council of five citizens who serve a term of four years and who in turn appoint a Chief Administrative Officer and the non-elected Department Heads. The City Clerk and the City Treasurer were also elected. The City provides the following services as authorized in its charter: public safety (police and fire), planning, public works, human services, bus lines, refuse collection, sewers, and community development.

During fiscal year 2005-06, a revision to the City Charter was approved that changed the City to a Council/City Manager form of government as of July 1, 2006, and made the City Treasurer and City Clerk appointed instead of elected positions once their terms expired in April 2008.

The accompanying basic financial statements present the activity of the City and its component units, the Culver City Redevelopment Agency and the Culver City Redevelopment Financing Authority. The basic financial statements are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

Blended Component Units

The activities of component financial reporting units are blended into the City's financial statements; the financial data of such component financial reporting units are combined with the financial data of the City's operations. Though the component units primarily serve the City, the members of the City Council sit as the governing board or appoint the governing board of the component units, and the City Council has the ability to impose its will upon, and is financially accountable for its component units.

Note 1 Summary of Significant Accounting Policies (Continued)

The Culver City Redevelopment Agency (Agency) was established on February 8, 1971, pursuant to the State of California Health and Safety Code, Section 33000. The primary purpose of the Agency is to encourage private redevelopment of property and to rehabilitate areas suffering from economic disuse arising from poor and inadequate planning, inadequate street layout and street access, lack of open space, landscaping and other improvements and facilities necessary to establish and maintain economic growth of the City. The members of the City Council sit at the Agency's Board of Directors.

The Culver City Redevelopment Agency administers the Culver City Redevelopment Project. The single Culver City Redevelopment Project was created November 23, 1998, by Ordinance No. 98-014, which merged the Agency's three former project areas. Ordinance No. 98-015 also adopted November 23, 1998, added 270 acres to the Project Area.

The assets of the City and Agency are not available to pay each other's liabilities. Separate financial statements of the Agency have been prepared and should be referred to for a detailed understanding of its financial position and results of its operations. Complete financial statements of the Agency may be obtained from:

City of Culver City
Finance Department
9770 Culver Boulevard
Culver City, California 90232

The Culver City Redevelopment Financing Authority (Authority) is a joint powers authority formed between the City and the Agency in 1989 for the purpose of financing various redevelopment activities. The transactions of the Authority are included in the financial statements of the Agency and transactions between the Agency and the Authority are eliminated for financial statement purposes.

(b) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). Governmental activities include governmental funds and proprietary internal service funds. Business-type activities include proprietary enterprise finds. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Taxes and other items not included among program revenues are reported instead as general revenues.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. The issuance of long-term debt is recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for governmental and enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Measurable means that the amounts can be estimated, or otherwise determined. Available means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

Revenue recognition is subject to the measurable and availability criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). Locally imposed derived tax revenues are recognized as revenues in the period in which the underlying exchange transactions upon which they are based takes place. Imposed nonexchange transactions are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. Government-mandated and voluntary nonexchange transactions are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered "available spendable resources," since they do not represent net current assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Governmental Funds (Continued)

Revenues, expenses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33 which requires that local governments defer grant revenue that is not received within 60 days after the fiscal year end to meet the "available" criteria of revenue recognition. In the past, the industry practice for grants was to recognize revenue in the fiscal year in which the related expense was incurred.

Therefore, recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Sales taxes, property taxes, franchise taxes, intergovernmental, rental income, transient occupancy taxes and special assessments are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Due to the nature of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The issuance of long-term debt is recorded as other financing sources rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Funds

The City's enterprise and internal service funds are proprietary funds. In the fund financial statements, the proprietary funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, the proprietary funds are presented using the economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Proprietary Funds (Continued)

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the enterprise fund financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the enterprise fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the enterprise fund are reported as a reduction of the related liability, rather than as an expenditure.

Internal service funds are also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. These Internal service funds account for charges to other funds and departments for insurance, maintenance, and equipment acquisition.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

(c) Fund Classifications

The City reports the following major governmental funds:

General Fund This is the primary operating fund of the City. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Economic Development Program Special Revenue Fund This special revenue fund is used to account for revenues and resources provided for economic development related programs and activities.

Redevelopment Agency Debt Service Fund This debt service fund accounts for required debt reserve balances and the payment of principal and interest on the Redevelopment Agency's bonded debt.

Cooperation Agreement Capital Projects Fund This capital projects fund accounts for former Redevelopment Agency unrestricted tax increment funds transferred to the City under the 2011 Cooperation Agreement and may only be used for qualified capital projects identified in that Agreement to carry out projects for redevelopment.

Redevelopment Agency Capital Projects Fund This capital projects fund accounts for capital financing and construction, including administrative activities of the Merged Project Area.

The City reports the following major enterprise funds:

Refuse Disposal Fund This enterprise fund is used to account for the operation as well as the capital assets of the City's refuse disposal service.

Note 1 Summary of Significant Accounting Policies (Continued)

(c) Fund Classifications (Continued)

Municipal Bus Lines Fund This enterprise fund is used to account for the operation as well as the capital assets of the City's transportation system.

Sewer Enterprise Fund This enterprise fund is used to account for the maintenance and operation as well as the capital assets of the City's sewage disposal service.

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to restrict that portion of the fund balance, is employed in the governmental funds. Encumbrances are reported as restrictions of fund balances since they do not constitute expenditures or liabilities.

(e) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments. The City pools the cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments.*

(f) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less. Cash equivalents represent the proprietary funds' share in the cash and investment pool of the City. Certain restricted assets and deposits of proprietary funds consist of investments which are not considered to be cash equivalents as defined above and therefore are excluded from the statements of cash flows.

(g) Inventories

Inventories are stated at average cost. Physical counts of inventory are taken on a cyclical basis during each fiscal year with perpetual records adjusted to actual at that time. The City uses the consumption method of accounting for inventories.

Note 1 Summary of Significant Accounting Policies (Continued)

(h) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

(i) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to one percent (1%) of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes that are received within 60 days after year end.

The property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment – November 1
	Second Installment – February 1
Delinquent Date:	First Installment – December 11
	Second Installment – April 11

(j) Claims and Judgments

City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability (including incurred but not reported) has been incurred prior to year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Risk Management Fund.

(k) Employee Leave Benefits

In accordance with GASB Statement No. 16, a liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

Note 1 Summary of Significant Accounting Policies (Continued)

(k) Employee Leave Benefits (Continued)

If material, a proprietary fund liability is accrued for all leave benefits relating to the operations of the Proprietary funds. A current liability is accrued in the governmental funds for material leave benefits due on demand to governmental fund employees that have terminated prior to year end. All other amounts are recorded in the government-wide financial statements. These non-current amounts will be recorded as find expenditures in the year in which they are paid or become due on demand to terminated employees.

(l) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are valued at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value on the date of donation. Capital assets subject to lease obligations are valued at the present value of future lease payments at the inception of the lease. In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government-wide statement of net assets. The City's policy is to capitalize assets over $5,000 with a useful life of at least three years.

Depreciation of all exhaustible capital assets used by the governmental and business-type activities is charged as an expense against their operations. Accumulated depreciation is reported on the statement of net assets. Depreciation has been calculated using the straight-line method over the following estimated useful lives:

Buildings and infrastructure	50-65 years
Other improvements	20 years
Refuse transfer station	50 years
Transportation equipment	5-12 years
Other equipment	3-25 years

Note 1 Summary of Significant Accounting Policies (Continued)

(m) 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 expenses, during the reporting period. Actual results could differ from those estimates.

(n) Prior Year Comparative

Selected information regarding the prior fiscal year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's prior fiscal year financial statements, from which the selected financial data was derived.

(o) New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 54

For the fiscal year ended June 30, 2011, the City implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), *"Fund Balance Reporting and Governmental Fund Type Definitions."* The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied, and it clarifies the existing governmental fund type definitions. It establishes fund balance classification that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are described in the Fund Equity section of this footnote.

The definitions of the General fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this statement. The implementation of this Statement did not have any financial impact on these financial statements.

Governmental Accounting Standards Board Statement No. 59

For the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 59, *"Financial Instruments Omnibus"*. This Statement establishes standards to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

Note 1 Summary of Significant Accounting Policies (Continued)

(p) Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how to specific amounts can be spent.

- *Nonspendable fund balance* – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

- *Restricted fund balance* – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- *Committed fund balance* – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- *Assigned fund balance* – amounts that are constrained by the City's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

- *Unassigned fund balance* – the residual classification for the City's funds that include amounts not contained in the other classification.

The City Council establishes, modifies or rescinds fund balance commitments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the fiscal year.

Fund Balance Policy

The City believes that sound financial management principles require that sufficient funds be retained by the City to provide a stable financial base at all times. To retain this stable financial base, the City needs to maintain unrestricted fund balance in its funds sufficient to fund cash flows of the City and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned, and unassigned fund balances are considered unrestricted.

The purpose of the City's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary shortfalls or unpredicted one-time expenditures.

Note 1 Summary of Significant Accounting Policies (Continued)

(p) Fund Equity (Continued)

Fund Balance Policy (Continued)

It is a goal of the City to maintain a general operating reserve of, at a minimum, 25% of projected General fund operating expenditures for each fiscal year and an additional 5% for emergency situations (excluding debt service, fund transfers, and encumbered funds). These reserves are designed to be used in the event of a significant financial emergency. Should the General fund reserve fall below 30%, the City will implement measures to restore the reserve percentage to 30% in the following fiscal year.

The unreserved portion of General Fund Fund Balances can be loaned to the Redevelopment Agency or to Refuse or Sewer Funds for a total amount no to exceed 50% of the "Unreserved" fund balance shown in the most current Comprehensive Annual Financial Report (CAFR).

a. Such loans should be for a term of five years or less and have a call provision of no more than 120 days. Furthermore, the loan must be secured by assets such as real property, tax increment funds, or secured by the user fee and/or other sound funding source.

b. The interest rate for a loan originated by the City will be determined by the Chief Financial Officer and should be set based on rates of investments and/or loans with comparable terms on or about the date the loan is executed.

c. Such loan shall be considered as part of the reserve calculation.

The City shall establish, at the beginning of each fiscal year, an "appropriated reserve" to provide finding for special projects/programs approved by the City Council after the annual budget is adopted, for unanticipated expenditures of a nonrecurring nature, or to meet unexpected increases in current service delivery costs. The amount of this reserve will be approved annually by the City Council.

A portion of any uncommitted fund balance in excess of 30% of annual revenues resulting from the previous fiscal year's operations should be committed to capital improvement projects or should be used to retire existing debt, fund future liabilities or potential legislative impacts, establish or replenish equipment replacement funds, and/or establish or replenish deferred maintenance funds.

One-time funds should not be used to fund ongoing City programs. Any one-time revenue receipt during the fiscal year should be recognized and recorded in a "non-recurring revenue source" category. One-time revenue windfalls include, but are not limited to: sales of city-owned real estate, CalPERS rebates, lump sum (net present value) savings from debt restructuring, litigation settlement, unexpected revenues, and other similar sources of revenue as designated by the City Council.

Note 1 Summary of Significant Accounting Policies (Continued)

(p) Fund Equity (Continued)

Fund Balance Policy (Continued)

The City should establish and maintain a designated reserve fund for any anticipated future expenses that will require a certain level of steady funding source, i.e. unfunded future retiree medical cost and pension cost. It is prudent to set aside these funding needs each year in order to maintain City's financial stability.

Note 2 Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The City follows procedures in establishing the budgetary data reflected in the financial statements as described in the Notes to the Required Supplementary Information.

B. Deficit Fund Balances/Net Assets

As of June 30, 2011, a deficit fund balance/net assets was recorded in the following funds:

	Fund Deficit
Special Revenue Funds:	
Operating Grants Fund	$ 1,014,885
Parking Authority Fund	13,428
Capital Projects Funds:	
Capital Improvement Grants Fund	1,016,554
CDBG Capital Fund	757
Cooperative Projects Fund	103,762
RDA Capital Projects Fund	5,205,285
Internal Service Funds:	
City Garage Fund	1,096,741
Risk Management Fund	14,955,366

The following material deficits are expected to be corrected as follows:

Operating Grants Fund – Grant monies were received past 60 days after year end. In accordance with GASB Statement No. 33, deferred revenue has been set up because the revenue did not meet the availability criteria for recognition.

Capital Improvement Grants Fund – Grant monies were received past 60 days after year end. In accordance with GASB Statement No. 33, deferred revenue has been set up because the revenue did not meet the availability criteria for recognition.

City Garage Fund – The City is analyzing adjustments to the calculation of hourly rates in order to capture the full cost that should be charged to user departments.

Note 2 Stewardship, Compliance, and Accountability (Continued)

B. Deficit Fund Balances/Net Assets (Continued)

Risk Management Fund – The costs to pay employees on Workers' Compensation related salary continuance were less in the fiscal year ended June 30, 2011. Additionally, there was an overall decrease in total future liability exposure from workers compensation and general liability claims as determined by an actuary. The decrease in total claims liability exposure was exceeded by the actual claims costs paid during the fiscal year. As a result, claims and settlements reflect a negative expenditure.

Parking Authority Fund – The City is reviewing changes to various parking operations and procedures to eliminate the fund's deficit.

CDBG Capital and Cooperative Projects Funds – Future revenue should be sufficient to offset these negative balances.

RDA Capital Projects Fund – This arose as a result of the Cooperation agreements with the City. Future tax increment should be sufficient to return to positive fund balance.

C. Excess of Expenditures over Appropriations by Department in Individual Funds:

Fund	Expenditures	Appropriations	Excess
Economic Development Fund:			
Principal payments	112,948		112,948
Interest and fiscal charges	84,013		84,013
Operating Grants Fund:			
Police	259,205	181,828	77,377
Community Development Block Grant Fund:			
General government	32,588	30,841	1,747
Parks, recreation, and community services	48,882	42,181	6,701
Redevelopment Agency Debt Service Fund:			
Principal	6,650,000	6,424,500	225,500
Redevelopment Capital Projects Fund:			
Public works	1,134,838	1,074,259	60,579
Bond issuance costs	692,083	71,000	621,083
Interest and fiscal charges	138,284	105,000	33,284
Parking Improvement Fund:			
Capital outlay	5,546	5,163	383
Capital Improvement Grants Fund:			
Community development	6,896	5,000	1,896

Note 3 Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:		
Cash and investments	$	159,274,115
Cash and investments with fiscal agents		34,850,733
Statement of Fiduciary Assets and Liabilities:		
Cash and investments		260,040
Total cash and investments	$	194,384,888

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	$	6,621
Deposits with financial institutions		51,894,935
Investments		142,483,332
Total cash and investments	$	194,384,888

Investments Authorized by the California Government Code and the City's Investment Policy

This table identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	Yes	3-5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Treasury Securities	Yes	5 years	None	30%
Banker's Acceptances	Yes	180 days	25%	5%
Commercial Paper	Yes	270 days	15%	5%
Negotiable Certificates of Deposit	No	2 years	30%	None
Repurchase Agreements	Yes	75 days	25%	None
Reverse Repurchase Agreements	Yes	75 days	15% of base value	None
Medium-Term Notes	Yes	3-5 years	20%	5%
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	None	30%
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF) (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Note 3 Cash and Investments (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Term Notes	None	None	None
Negotiable Certificate of Deposits	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosures Relating to 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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

Note 3 Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

		Remaining maturity (in Months)				
Investment Type	Totals	12 Months or Less	13 to 24 Months	25 to 36 Months	37 to 48 60 Months	49 to 60 Months
Treasury Obligations	$ 11,054,990	$ -	$ 10,040,460	$ 1,014,530	$ -	$ -
State Investment Pool	51,472,029	51,472,029				
Federal Agency Securities	40,156,591	2,551,264	1,020,647	17,056,689	8,561,418	10,966,573
Money Market Funds	1,791,096	1,791,096				
Corporate Notes	3,157,894	3,157,894				
Held by Fiscal Agent:						
Money Market Funds	21,589,525	21,589,525				
Investment Agreements	2,110,328		2,110,328			
Federal Agency Securities	5,899,640			5,899,640		
Commercial Paper	5,251,239	5,251,239				
Totals	$ 142,483,332	$ 85,813,047	$ 13,171,435	$ 23,970,859	$ 8,561,418	$ 10,966,573

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the following page is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

				Rating as of Fiscal Year End				
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A/A+/A--	BB+/BBB/ BBB+	Not Rated
State Investment Pool	$ 51,472,029	N/A	$ -	$ -	$ -	$ -	$ -	$ 51,472,029
Federal Agency Securities	40,156,591	N/A		40,156,591				
Money Market Funds	1,791,096	A		1,791,096				
Treasury Obligations	11,054,990	N/A	11,054,990					
Corporate Notes	3,157,894	A			1,161,870	1,996,024		
Held by Fiscal Agent:								
Money Market Funds	21,589,525	A		21,589,525				
Investment Agreements	2,110,328	N/A						2,110,328
Federal Agency Securities	5,899,640	A		5,899,640				
Commercial Paper	5,251,239	A				5,251,239		
Totals	$ 142,483,332		$ 11,054,990	$ 69,436,852	$ 1,161,870	$ 7,247,263	$ -	$ 53,582,357

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that Stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Note 3 Cash and Investments (Continued)

Concentration of Credit Risk (Continued)

Issuer	Investment Type	Reported Amount	Maturity
Federal National Mortgage Association	Federal agency securities	$ 23,879,790	2014-2016
Federal Home Loan Mortgage Corporation	Federal agency securities	8,099,201	2012-2015
Federal Home Loan Bank	Federal agency securities	12,551,894	2014-2016

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits.

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 fair market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as held by bond trustee, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not rated.

Note 4 Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2011 are as follows:

Receiving Fund	Amount	Paying Fund	Amount
General	$ 4,537,402	Economic Development	$ 891,527
		RDA Capital Projects	16,625
		Cooperative Projects	665,351
		Internal Service	717,657
		Nonmajor Governmental	2,246,242
			$ 4,537,402
Economic Development	$ 38,981,104	Cooperative Projects	$ 37,628,246
		General	1,020,606
		RDA Capital Projects	250,152
		Nonmajor Governmental	82,100
			$ 38,981,104
Cooperative Projects	$ 2,770,738	General	$ 2,769,974
		RDA Capital Projects	764
			$ 2,770,738
RDA Capital Projects	$ 258,717	General	$ 119,268
		Economic Development	75,319
		Cooperative Projects	52,667
		Nonmajor Governmental	11,463
			$ 258,717
Nonmajor Governmental	$ 80,038	General	$ 79,978
		RDA Capital Projects	60
			$ 80,038
Internal Service	$ 112,147	Economic Development	$ 329,586
Nonmajor Governmental	358,961	Nonmajor Governmental	141,522
	$ 471,108		$ 471,108
Totals	$ 47,099,107		$ 47,099,107

Interfund balances are the result of short term borrowing to cover negative cash balances and operating shortages at June 30, 2011 as well as from the time lag between the dates that reimbursable expenditures occur and the dates the related revenues are received. All balances are expected to be reimbursed within the subsequent year.

Note 5 Advances To/From Other Funds

Receiving Fund	Amount	Paying Fund	Amount
RDA Capital Projects	$ 10,464,970	Nonmajor Governmental	$ 10,464,970
Refuse Disposal	881,686	General	526,737
		Internal Service	354,949
			881,686
Nonmajor Governmental	18,150	Nonmajor Governmental	18,150
Totals	$ 11,364,806		$ 11,364,806

(a) For the three years ending June 30, 2006, the State of California required the Redevelopment Agency to pay the total of $5,497,595 to the County of Los Angeles administrated Education Revenue Augmentation Fund (ERAF). It also allowed the Redevelopment Agency to borrow 50% of that amount from the Agency's Low/Moderate Housing Fund. Additionally, in June 2011 and 2010, the RDA had to make a payment of approximately $2.25 million and $11 million respectively for the Supplemental Educational Revenue Augmentation Fund (SERAF). The agency can use accumulated balances in their LMIF to make their SERAF payment. Thus this Special Revenue Fund has an advance to the Capital Projects Fund of $2,748,693 for ERAF to be repaid at a term no longer than ten (10) years without interest and an advance of $10,946,277 for the SERAF to be repaid by June 30, 2015. The balance due and owing at June 30, 2011 was $10,464,970.

Note 6 Interfund Transfers

Receiving Fund	Amount	Paying Fund	Amount
General	$ 2,702,660	General	$ 4,854,599
RDA Debt Service	18,274,764	RDA Capital	25,538,945
RDA Capital	652,037	Nonmajor Governmental	3,194,211
Nonmajor Governmental	12,309,347	Refuse Disposal	72,330
Municipal Bus	758,806	Municipal Bus	297,199
Internal Service	150,000	Sewer	72,330
		Internal Service	818,000
Totals	$ 34,847,614		$ 34,847,614

(a) Transfers were made to allocate the MTA Measure – R grant to Municipal Bus Fund.

(b) Transfers were made to set aside 20% of the total tax increment which is required to be set aside for low/moderate income housing.

(c) Transfers were made for the payment of principal, interest, and associated expenses related to the Redevelopment Agency's bonded indebtedness.

Note 7 Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

Governmental Activities:

	Balance at July 1, 2010	Additions	Deletions	Prior Period Adjustment	Balance at June 30, 2011
Buildings	$ 81,021,061	$ 245,029	$ -	$ 3,830,640	$ 85,096,730
Improvements	21,455,147	1,164,563			22,619,710
Machinery and equipment	34,553,468	2,478,425	(57,084)		36,974,809
Infrastructure	51,847,859	3,975,358			55,823,217
Total Depreciable Capital Assets	188,877,535	7,863,375	(57,084)	3,830,640	200,514,466
Less accumulated depreciation					
Buildings	(18,772,055)	(1,678,686)		(839,461)	(21,290,202)
Improvements	(11,924,452)	(712,203)			(12,636,655)
Machinery and equipment	(22,624,312)	(2,238,308)	57,084		(24,805,536)
Infrastructure	(15,083,523)	(1,001,861)			(16,085,384)
Total Accumulated Depreciation	(68,404,342)	(5,631,058)	57,084	(839,461)	(74,817,777)
Net Depreciable Assets	120,473,193	2,232,317		2,991,179	125,696,689
Capital Assets not Depreciated:					
Land	19,248,168	624,888		9,297,933	29,170,989
Construction in progress	519,274	1,487,112	(253,218)		1,753,168
	19,767,442	2,112,000	(253,218)	9,297,933	30,924,157
Capital Assets, Net	$ 140,240,635	$ 4,344,317	$ (253,218)	$ 12,289,112	$ 156,620,846

Depreciation expense was charged in the following functions in the Statement of Activities:

General government	$ 747,264
Parks, recreation and community services	484,390
Police	519,964
Fire	751,706
Community development	414,511
Public works	1,377,458
Internal service funds	1,335,765
	$ 5,631,058

Note 7 Capital Assets (Continued)

Business-type Activities:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Buildings	$ 28,018,745	$ -	$ -	$ 28,018,745
Improvements and other buildings	11,399,503	2,056,339		13,455,842
Machinery and equipment	37,882,775	1,143,947		39,026,722
Furniture and fixtures	2,383,112			2,383,112
Infrastructure	11,886,673			11,886,673
Investment in Hyperion	26,605,373			26,605,373
Total Depreciable Assets	118,176,181	3,200,286		121,376,467
Less accumulated depreciation and amortization:				
Buildings	(6,919,182)	(650,546)		(7,569,728)
Improvements and other buildings	(2,084,589)	(583,501)		(2,668,090)
Machinery and equipment	(29,571,916)	(1,521,066)		(31,092,982)
Furniture and fixtures	(1,270,086)	(24,202)		(1,294,288)
Infrastructure	(3,725,044)	(291,686)		(4,016,730)
Investment in Hyperion	(11,675,081)	(687,825)		(12,362,906)
Total Accumulated Depreciation and Amortization	(55,245,898)	(3,758,826)		(59,004,724)
Net Depreciable Assets	62,930,283	(558,540)		62,371,743
Capital Assets not Depreciated:				
Land	1,680,970			1,680,970
Capital Assets, Net	$ 64,611,253	$ (558,540)	$ -	$ 64,052,713

Depreciation expense was charged in the following functions in the Statement of Activities:

Refuse disposal	$ 140,379
Municipal bus lines	1,957,834
Sewer	1,660,613
	$ 3,758,826

Note 8 Changes in Long-Term Liabilities

Changes in long-term liabilities for the fiscal year ended June 30, 2011 (including unamortized discounts and refunding costs) are as follows:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011	Due Within One Year	Due in more than one year
Governmental Activities:						
Compensated absences payable	$ 9,647,248	$ 4,509,070	$ (5,072,199)	$ 9,084,119	$ 4,865,666	$ 4,218,453
Claims and judgments	17,610,053	5,284,339	(2,672,879)	20,221,513	3,904,944	16,316,569
Net OPEB liability	15,448,055	10,717,184	(4,182,509)	21,982,730		21,982,730
1993 Tax Allocation Refunding Revenue Bond	24,125,000		(4,325,000)	19,800,000	4,560,000	15,240,000
1999 Tax Allocation Refunding Revenue Bonds Series A	22,390,000		(1,005,000)	21,385,000	1,055,000	20,330,000
2002 Tax Allocation Bonds	20,675,000		(1,025,000)	19,650,000	1,070,000	18,580,000
2004 Tax Allocation Refunding Revenue Bond Series A	66,145,000		(110,000)	66,035,000	115,000	65,920,000
2005 Tax Allocation Refunding Bonds	16,570,000		(185,000)	16,385,000	195,000	16,190,000
2011 B Taxable Tax Allocation Revenue Bonds		33,585,000		33,585,000		33,585,000
2011 A Tax Exempt Tax Allocation Revenue Bonds (CABS)		13,827,887		13,827,887		13,827,887
Accreted Interest on 2011 Tax Allocation Bonds (CABS)		347,345		347,345		347,345
Developer loan payable	750,752		(112,948)	637,804	127,273	510,531
Section 108 loan	670,000		(135,000)	535,000	135,000	400,000
Total Governmental Long-Term Liabilities	194,031,108	68,270,825	(18,825,535)	243,476,398	16,027,883	227,448,515
Unamortized original issue discount		(642,847)	15,679	(627,168)	(47,038)	(580,130)
Unamortized original issue premium	1,688,145		(125,571)	1,562,574	125,571	1,437,003
Unamortized bond defeasance loss	(1,338,309)		260,520	(1,077,789)	(260,520)	(817,269)
Net Long-Term Debt	$ 194,380,944	$ 67,627,978	$ (18,674,907)	$ 243,334,015	$ 15,845,896	$ 227,488,119

Governmental compensated absences are generally liquidated by the General Fund.

Note 8 Changes in Long-Term Liabilities (Continued)

Changes in long-term liabilities for business-type activities for the year ended June 30, 2011 (including unamortized discounts and refunding costs) are as follows:

	Balance at July 1, 2010	Additions	Reductions	Balance at June 30, 2011	Due Within One Year	Due in more than one year
Business-type Activities:						
Net OPEB Liability	$ -	$ 1,082,588	$ -	$ 1,082,588	$ -	$ 1,082,588
Compensated absences payable	1,036,937	579,549	(594,430)	1,022,056	638,863	383,193
1996 Certificates of Participation	3,990,000		(575,000)	3,415,000	610,000	2,805,000
2009 Wastewater Facilities Revenue Bonds	20,085,000		(590,000)	19,495,000	700,000	18,795,000
Business-type Long-Term Liabilities	$ 25,111,937	$ 1,662,137	$ (1,759,430)	$ 25,014,644	$ 1,948,863	$ 23,065,781

Note 9 Bonds Payable

Governmental Activities:

1993 Tax Allocation Refunding Revenue Bonds

In November 1993, the Culver City Redevelopment Financing Authority (Authority) issued $128,070,000 of Revenue Bonds. The net proceeds of these bonds were used to provide loans to the Agency. The proceeds of such loans were used to advance refund a portion of the Agency's outstanding 1989 Series A and Series B Revenue Bonds.

Loans to the Agency from the Authority are at rates and payment terms identical to the underlying Revenue Bonds of the Authority; the required Reserve and Debt Service Funds for the Revenue Bonds are maintained by the Agency; and the Agency reimburses the Authority for all of its other net costs, expenses or losses; therefore, the transactions of the Authority are included in the financial statements of the Agency and the transactions between the Agency and the Authority are eliminated for financial statement purposes.

In April 2004, the Agency issued $83,470,000 in Tax Allocation Refunding Bonds 2004 Series A to advance refund $81,790,000 of outstanding 1993 Tax Allocation Refunding Revenue Bonds.

The remaining outstanding term bonds of $19,800,000 at June 30, 2011 are maturing in 2014 and are secured by pledged tax revenues. They are subject to mandatory redemption in part by lot on November 1 of each year commencing November 1, 2009, through maturity from sinking fund payments, in the amounts of $4,100,000 to $5,355,000 with an interest rate of 5.50%.

Note 9 Bonds Payable (Continued)

1993 Tax Allocation Refunding Revenue Bonds (Continued)

Per the terms of the bond indenture, a reserve of $5,532,937 is required to be maintained. The aggregate amount of 1993 Tax Allocation Refunding Revenue Bonds outstanding at June 30, 2011 was $19,800,000.

1999 Tax Allocation Refunding Bonds Series A and B

In October 1999, the Agency issued a total of $51,475,000 in bonds consisting of $31,940,000 in 1999 Series A Bonds (FSA Insured) and $19,535,000 in 1999 Series B Bonds (uninsured). The Agency sold the bonds to the Financing Authority which then resold the bonds to affect a negotiated bonds sale. The 1999 bonds were issued to refinance most of the remaining outstanding 1989 Bonds and generate new bond proceeds to finance redevelopment project activities within the merged Culver City Redevelopment Project. The bonds are secured by and payable from tax revenues from the Agency's Merged Culver City Redevelopment Project.

1999 Series A Tax Allocation refunding Bonds (FSA Insured) – The 1999 Series A Revenue bonds consist of $7,095,000 of serial bonds that mature on November 1 in the years 2007 through 2013, in amounts from $880,000 to $1,170,000 and at interest rates of from 4.500% in 2008 to 5.200% in 2013; $3,260,000, 5.375% term bonds maturing November 1, 2016; $2,485,000, 5.600% term bonds maturing November 1, 2019; and $12,310,000, 5.600% term bonds maturing November 1, 2025. Interest is payable on May 1 and November 1 of each year. The Series A Bonds maturing on or before November 1, 2009 are not subject to optional redemption prior to maturity. The series A bonds maturing on or after November 1, 2010 are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2009, from funds derived by the Agency from any source, at the following redemption prices (expressed as percentages of the principal amount of the Series A Bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

Redemption Period	Redemption Price
November 1, 2009 through October 31, 2010	102%
November 1, 2010 through October31, 2011	101%
November 1, 2011 and thereafter	100%

The Series A Bonds maturing on November 1, 2016, November 1, 2019, and November 1, 2025, are also subject to redemption prior to their stated maturity, in part by lot from Series A sinking Account Installments deposited in the Series A sinking Account at the principal amount thereof and interest accrued thereon to the date fixed for redemption without premium in amounts from $740,000 to $4,870,000.

Note 9 Bonds Payable (Continued)

1999 Tax Allocation Refunding Bonds Series A and B (Continued)

1999 Series B Tax Allocation Refunding Bonds (uninsured) – The outstanding 1999 Series B Revenue Bonds were redeemed through the issuance of the 2005 Tax Allocation Refunding Bonds in November 2005.

Per the terms of the bond indenture, a reserve of $2,718,271 is required to be maintained. The aggregate amount of 1999 Tax Allocation Refunding Revenue Bonds Series A at June 30, 2011 was $21,385,000.

2002 Series A Tax Allocation Bonds

In April 2002, the Agency issued $28,280,000 of Series A Bonds (MIBIA insured) to finance eligible projects within the merged Culver City Redevelopment Project. The Bonds are secured by and payable from tax revenues from the Agency's Merged Culver City Redevelopment Project.

The bonds consist of serial bonds that mature on November 1 as follows: a total of $17,225,000 that matures from 2007 to 2020, in amounts from $910,000 to $1,665,000 and at interest rates from 4% in 2007 to 5.5% in 2020 and term bonds for $6,290,000 maturing in 2025, at an interest rate of 5.125%. Interest is payable on May 1 and November 1 of each year.

The 2002 Bonds maturing on or before November 1, 2011, are not subject to optional redemption prior to maturity. Those maturing on or after November 1, 2012, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities, at the option of the Agency, on any date on or after May 1, 2011, at the following redemption prices (expressed as percentages of the principal amount of the bonds called for redemption) together with accrued interest thereon to the date fixed for redemption.

Redemption Period	Redemption Price
May 1, 2011 through April 30, 2012	101%
May 1, 2012 and thereafter	100%

The term bonds maturing on November 1, 2025 are also subject to mandatory redemption prior to their maturity, in part by lot, from sinking account installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium, in amounts from $1,015,000 to $1,760,000.

In lieu of redemption of any term bond, amounts on deposit in the Special fund or in the Sinking Account therein may be used and withdrawn by the Trustee at any time, upon the written request of the Agency, for the purchase of such term bonds.

Per the terms of the bond indenture, a reserve of $2,057,731 is required to be maintained. The total amount of 2002 Series A Tax Allocation Bonds payable at June 30, 2011 is $19,650,000.

Note 9 Bonds Payable (Continued)

2004 Series A Tax Allocation Refunding Bonds

The 2004 Series A Tax Allocation Refunding Bonds were issued for a total of $83,470,000, to defease 1993 bonds consisting of Serial bonds that mature on November 1 in the years 2007 through 2023, in amounts from $105,000 to $8,630,000 and at interest rates from 2.5% to 5.0%. The bonds are secured by and payable from tax revenues from the Agency's Merged Culver City Redevelopment Project.

The 2004 Bonds maturing on or before November 1, 2014, are not subject to optional redemption prior to maturity. Those maturing on and after November 1, 2015, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities, at the option of the Agency, on any date on or after November 1, 2014, at the following redemption prices (expressed as percentages of the principal amount of the bonds called for redemption) together with accrued interest thereon to the date fixed for the redemption.

Redemption Period	Redemption Price
November 1, 2015 and thereafter	100%

Per the terms of the bond indenture, a reserve of $8,347,000 is required to be maintained. The total amount of 2004 Series A Tax Allocation Refunding Bonds payable at June 30, 2011 is $66,035,000.

2005 Tax Allocation Refunding Bonds

On November 1, 2005, the Culver City Redevelopment Agency issued $17,315,000 Tax Allocation Refunding Bonds Issue of 2005. These bonds were issued to redeem outstanding Subordinate tax Allocation Refunding Bonds 1999 Series B. A total of $16,956,394 was placed in escrow and invested in securities pending the December 28, 2005, redemption date.

The bonds are secured by and payable from tax revenues from the Agency's Merged Culver City Redevelopment Project and were issued in denominations of $5,000 with interest rates ranging from 3.50% to 5.0%. Interest payments are payable semiannually on May 1 and November 1, of each year, and commenced May 1, 2006. Principal payments are made on Optional Redemption: The 2005 Bonds maturing on or before November 1, 2015, are not subject to optional redemption prior to maturity. The 2005 Bonds maturing on and after November 1, 2015, are subject to redemption as a whole or in part, by such maturities as the Agency designates, prior to their respective maturities at the option of the Agency on any date on or after November 1, 2014, from funds derived by the Agency from any source, at a redemption price equal to the principal amount of the 2005 Bonds called for redemption together with interest accrued thereon, without premium.

Note 9 Bonds Payable (Continued)

2005 Tax Allocation Refunding Bonds (Continued)

Mandatory redemption: The 2005 bond maturing on November 1 2023 and November 1, 2025, are also subject to redemption prior to their stated maturity, in party by lot, from Sinking Account Installments deposited in the Sinking Account, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

Per the terms of the bond indenture, a reserve of $1,731,500 is required to be maintained. At June 30, 2011 the total amount of 2005 Tax Allocation Refunding Bonds outstanding is $16,385,000.

2011 Tax Allocation Revenue Bonds

Series A

On March 4, 2011, the Agency issued $13,827,887 of Series A Tax Allocation Capital Appreciation Bonds. The proceeds were used to: 1) pay costs of issuance 2) provide a reserve, and 3) finance certain redevelopment activity within the project area.

These bonds are secured and payable from tax increment revenue of the Agency.

The bonds mature beginning November 1, 2019 with final payment of principal due on November 1, 2028. Interest is payable each May 1 and November 1 beginning in 2019.

Only the bonds maturing after November 1, 2024 are subject to redemption. These bonds may be redeemed in whole or in part beginning on or after November 1, 2021 at the accreted value at no premium.

The outstanding balance as of June 30, 2011 was $13,827,887. The accreted interest amount on the Capital Appreciation Bonds at June 30, 2011 was $374,345.

Series B

On March 4, 2011, the Agency issued $33,585,000 of 2011 Series B Tax Allocation Bonds. The proceeds of the debt were used to: 1) fund a reserve, 2) pay for costs of issuance, and 3) finance certain projects within the project area. The bonds are secured by a pledge of tax increment revenue derived from the Agency.

Interest is payable each May 1 and November 1 with principal being due each November 1 beginning in 2012 with final maturity in 2024. Bonds maturity on or before November 1, 2020 are not subject to optional redemption, however those maturing on November 1, 2020 are subject to redemption in whole or part. Term bonds maturing on November 1, 2020 and 2024 are subject to redemption from sinking fund installment without premium beginning on November 1, 2016 through 2024. Interest rates vary from 3.00% to 6.00% on serial bonds due through November 1, 2015. Interest rates from 8.00% to 8.50% for term bonds due in 2020 and 2024.

The outstanding balance as of June 30, 2011 of the Series B 2010 Tax Appreciation Revenue bonds was $33,585,000.

Note 9 Bonds Payable (Continued)

2011 Tax Allocation Revenue Bonds (Continued)

Pledged Revenues for Tax Allocation Bonds

The City has a number of Tax Allocation bonds outstanding that are collateralized by the pledging of property tax increment revenues. The amount and term of the remainder of these commitments are indicated in the debt service to maturity tables presented above. The purposes for which the proceeds of the related debt issuances were utilized are disclosed in the debt descriptions in the accompanying notes. For the current year, debt service payments as a percentage of the pledged gross revenue (or net of certain expenses where so required by the debt agreement) are indicated in the table below. These percentages also approximate the relationship of debt service to pledged revenue for the remainder of the term of the commitment:

Description of Pledged Revenue	Annual Amount of Pledged Revenue (net of expenses, where required)	Annual Debt Service Payments (of all debt secured by this revenue)	Debt Service as a Percentage of Pledged Revenue
Property tax increment	$ 26,989,497	$ 13,801,938	51%

Business-Type Activities:

2009 Series A Wastewater Facilities Refunding Revenue Bonds

The 2009 Series A Wastewater Facilities Refunding Revenue Bonds (2009 Bonds) dated July 10, 2009 were issued in the amount of $20,085,000 with a final maturity date of September 1, 2029. The 2009 Bonds were issued to provide funds to (a) refinance the City's Wastewater Facilities Refunding Revenue Bonds, 1999 Series A. which were originally issued in the aggregate principal amount of $25,080,000, of which $20,720,000 remained outstanding, (b) fund a deposit to the Reserve Account, and (c) finance the costs of issuance of the 2009 Bonds.

A portion of the proceeds of the 2009 Bonds, together with certain other moneys to be released from funds relating to the 1999 Bonds was deposited in an escrow fund created pursuant to an Escrow Agreement, dated as of July 1, 2009, by and between the City and U.S. Bank National Association, an escrow bank. Moneys in the escrow fund are held as cash or invested solely in non-callable, direct general obligation of the United States of America. Moneys in the escrow fund, together with interest earnings thereon, were sufficient to pay all outstanding 1999 Bonds in full September 1, 2029, at a redemption price equal to 102% of the remaining principal amount to be redeemed, plus accrued interest thereon to the date of redemption.

The capital projects funded with a portion of the proceeds of the 2009 Bonds include the ongoing replacement of sewer transmission pipes and the construction and improvement of pump stations.

Note 9 Bonds Payable (Continued)

2009 Series A Wastewater Facilities Refunding Revenue Bonds (Continued)

Interest is payable each March 1 and September 1.

The bonds maturing on or prior to September 1, 2019 are not subject to redemption prior to maturity. The bonds maturing on or after September 1, 2020 may be redeemed at the option of the City from any source of funds, on September 1, 2019 or thereafter prior to maturity, as a whole on any date or in part, in any order of maturity as determined by the City, or in the absence of direction by the City, pro rata among maturities, and by lot within each maturity, on any interest payment date, at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, without premium. The transaction also resulted in an economic gain of $1,230,715 and a reduction of $3,179,548 in future debt service payments.

The City has covenanted that it shall at all times prescribe, revise and collect rates, fees and charges for the use or service of the Sewer Enterprise Fund so that in each 12-month period such rates, fees and charges, together with other revenues reasonably expected to yield net revenues equal to at least 1.20 times the maximum annual debt service. The City is in compliance with such covenant at June 30, 2011.

Per the terms of the bond indenture, a reserve of $1,338,071 is required to be maintained. At June 30, 2011 the total amount of 2009 Wastewater Refunding Revenue Bonds outstanding is $19,495,000.

Future Annual Requirements

Future annual requirements to amortize Tax Allocation Bonds are as follows:

Fiscal Years Ending June 30,	1993 Tax Allocation Bonds		
	Principal	Interest	Total
2012	$ 4,560,000	$ 963,600	$ 5,523,600
2013	4,815,000	705,788	5,520,788
2014	5,070,000	433,950	5,503,950
2015	5,355,000	147,262	5,502,262
	$ 19,800,000	$ 2,250,600	$ 22,050,600

Note 9 Bonds Payable (Continued)

Future annual requirements to amortize Tax Allocation Bonds are as follows (Continued):

Fiscal Years Ending June 30,	1999 A Tax Allocation Bonds Principal	Interest	Total
2012	$ 1,055,000	$ 1,147,315	$ 2,202,315
2013	1,105,000	1,092,763	2,197,763
2014	1,170,000	1,034,165	2,204,165
2015	1,225,000	970,823	2,195,823
2016	1,295,000	903,098	2,198,098
2017-2021	4,150,000	3,794,007	7,944,007
2022-2026	11,385,000	2,263,380	13,648,380
	$ 21,385,000	$ 11,205,551	$ 32,590,551

Fiscal Years Ending June 30,	2002 A Tax Allocation Bonds Principal	Interest	Total
2012	$ 1,070,000	$ 986,875	$ 2,056,875
2013	1,115,000	937,713	2,052,713
2014	1,170,000	884,837	2,054,837
2015	1,225,000	827,956	2,052,956
2016	1,280,000	766,862	2,046,862
2017-2021	7,500,000	2,686,788	10,186,788
2022-2026	6,290,000	763,367	7,053,367
	$ 19,650,000	$ 7,854,398	$ 27,504,398

Fiscal Years Ending June 30,	2004 A Tax Allocation Bonds Principal	Interest	Total
2012	$ 115,000	$ 2,910,273	$ 3,025,273
2013	115,000	2,906,708	3,021,708
2014	120,000	2,902,843	3,022,843
2015	125,000	2,898,553	3,023,553
2016	5,775,000	2,751,913	8,526,913
2017-2021	36,535,000	9,125,899	45,660,899
2022-2026	23,250,000	1,455,892	24,705,892
	$ 66,035,000	$ 24,952,081	$ 90,987,081

Note 9 Bonds Payable (Continued)

Future annual requirements to amortize Tax Allocation Bonds are as follows (Continued):

Fiscal Years Ending June 30,	2005 Tax Allocation Bonds Principal	Interest	Total
2012	$ 195,000	$ 792,401	$ 987,401
2013	200,000	784,988	984,988
2014	210,000	776,788	986,788
2015	220,000	768,188	988,188
2016	225,000	758,726	983,726
2017-2021	1,285,000	3,641,400	4,926,400
2022-2026	14,050,000	2,128,662	16,178,662
	$ 16,385,000	$ 9,651,153	$ 26,036,153

Fiscal Years Ending June 30,	2011 A Tax Allocation Bonds Principal	Interest	Total
2012	$ -	$ -	$ -
2013			
2014			
2015			
2016			
2017-2021	2,824,801	2,325,199	5,150,000
2022-2026	4,747,294	7,042,706	11,790,000
2027-2029	6,255,792	17,879,208	24,135,000
	$ 13,827,887	$ 27,247,113	$ 41,075,000

Fiscal Years Ending June 30,	2011 B Tax Allocation Bonds Principal	Interest	Total
2012	$ -	$ 2,952,476	$ 2,952,476
2013	265,000	2,544,925	2,809,925
2014	265,000	2,535,650	2,800,650
2015	3,255,000	2,448,975	5,703,975
2016	3,425,000	2,264,850	5,689,850
2017-2021	15,955,000	7,229,500	23,184,500
2022-2025	10,420,000	1,851,725	12,271,725
	$ 33,585,000	$ 21,828,101	$ 55,413,101

Note 9 Bonds Payable (Continued)

Future amounts to amortize the 2009 Wastewater Revenue Bonds are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2012	$ 700,000	$ 895,550	$ 1,595,550
2013	720,000	876,000	1,596,000
2014	740,000	854,100	1,594,100
2015	760,000	830,650	1,590,650
2016	790,000	804,475	1,594,475
2017-2021	4,445,000	3,479,344	7,924,344
2022-2026	5,660,000	2,225,737	7,885,737
2027-2030	5,680,000	592,819	6,272,819
	$ 19,495,000	$ 10,558,675	$ 30,053,675

Note 10 Loans Payable

Governmental Activities:

Loan from Developer

In August 2004, the Agency received a loan of $1,200,000 secured by a deed of trust on real property pursuant to a disposition and development agreement to provide funding for the Town Plaza Project, which includes a movie theater. The loan accrues interest at 12% interest and is repaid monthly from the theater's cash flow after expenses and partial expenditures. Residuals following the loan payment are paid to the Agency to reimburse the cost of construction per a monthly schedule including interest on an unsecured basis. Remaining theater cash flows following the above expenditures are paid 75% to the Agency and 25% to the developer. The amount outstanding at June 30, 2011 was $637,804.

The remaining Developer loan annual debt service requirements are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2012	$ 127,273	$ 69,688	$ 196,961
2013	143,416	53,545	196,961
2014	161,605	35,356	196,961
2015	182,100	14,861	
2016	23,410	306	23,716
	$ 637,804	$ 173,756	$ 811,560

Note 10 Loans Payable (Continued)

Section 108 Loan

The City received a Section 108 Loan from the United States Department of Housing and Urban Development through the Los Angeles County Community Development Commission in the amount of $2,020,000 for the Senior Center Construction Project. Interest rates on the outstanding obligation range from 5.96% to 6.41%. The final payment is schedules for August 1, 2014. The debt service payments are made from the City's Community Development Block Grant allocation.

The remaining Section 108 Loan annual debt service requirements are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2012	$ 135,000	$ 29,488	$ 164,488
2013	135,000	21,104	156,104
2014	135,000	12,606	147,606
2015	130,000	4,167	134,167
	$ 535,000	$ 67,365	$ 602,365

Note 11 Certificates of Participation

Business-type Activities:

1996 Certificates of Participation

The California Transit Finance Corporation, a nonprofit public benefit corporation created by the California Transit Association to provide assistance to transit entities in the State of California issued certificates of participation originally totaling $9,660,000 for the purpose of upgrading and expanding the City's bus facilities.

The City makes lease payments with respect to the certificates from amounts to be received under Federal Transportation Act Project Grants to the extent these funds are available. If funds from Federal Transportation Act Project Grants are insufficient, the shortfall will be made up from other City revenues.

The certificates maturing on or after January 1, 2007 are subject to redemption prior to their respective maturity dates in whole or in part in integral multiples of $5,000, on any date selected by the City on or after January 1, 2006, at the option of the City from moneys deposited in the lease payment fund, at the prices set forth below:

Redemption Date	Redemption Price
January 1, 2006 through December 31, 2006	102%
January 1, 2007 through December 31, 2008	101%
September 1, 2008 and thereafter	100%

Note 11 Certificated of Participation (Continued)

1996 Certificates of Participation (Continued)

The certificates maturing on January 1, 2016 are subject to mandatory redemption in part by lot prior to their stated maturity date on and after January 1, 2012, without premium together with accrued interest from the redemption fund in amounts ranging from $575,000 to $760,000. Per the terms of the bond indenture, a reserve of $806,362 is required to be maintained. The total amount of 1996 Certificates of Participation outstanding at June 30, 2011 was $3,415,000.

The annual debt service requirements to maturity are as follows:

Fiscal Years Ending June 30,	Principal	Interest	Total
2012	$ 610,000	$ 196,362	$ 806,362
2013	645,000	161,288	806,288
2014	680,000	124,200	804,200
2015	720,000	85,100	805,100
2016	760,000	43,700	803,700
	$ 3,415,000	$ 610,650	$ 4,025,650

Note 12 Claims and Judgments

Self-Insurance:

At June 30, 2011 the City was self-insured for workers' compensation claims, unemployment insurance, general and automotive liability. The self insurance program is accounted for in the Risk Management Internal Service Fund. At June 30, 2011, the City reserved $20,221,513 for unpaid workers' compensation and general liability claims, representing estimated amounts to be paid for actual claims and claims incurred but not reported, based upon actuarial evaluations for each program.

The City pays all claims up to $1,000,000 per claim arising from general and automotive liability claim actions brought against the City. Amounts in excess of $1,000,000 per claim, up to $20,000,000 are covered by excess insurance policies secured through the Independent Cities Risk Management Authority (ICRMA).

ICRMA has 29 member cities, and each appoints one member to the ICRMA Governing Board. ICRMA is considered a self-sustaining risk pool that will provide coverage for its members for up to $5,000,000 per insured occurrence for liability claims and statutory limits for workers' compensation claims.

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from the prior year.

Note 12 Claims and Judgments (Continued)

Self-Insurance (continued):

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2010 and 2011 are as follows:

	Balance at Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2009-10	$ 15,450,402	$ 4,169,236	$ (2,009,585)	$ 17,610,053
2010-11	17,610,053	8,598,849	(5,987,389)	20,221,513

Note 13 Defined Benefit Pension Plan (PERS)

The City of Culver City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial reports may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Miscellaneous Plan Participants are required to contribute 2% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account.

Benefit provisions and all other requirements are established by state statute and City contracts with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB Statement No. 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2010 to June 30, 2011 has been determined by an actuarial valuation of the plan as of June 30, 2008. The contribution rate indicated for the period is 26.519 % of payroll for the safety plan and 12.192% of payroll for the miscellaneous plan. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2011, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2010 to June 30, 2011.

Note 13 Defined Benefit Pension Plan (PERS) (Continued)

A summary of principle assumptions and methods used to determine the ARC is shown below.

	Miscellaneous Plan	Safety Plan
Valuation Date	June 30, 2010	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Method	24 Years as of the Valuation Date	30 Years as of the Valuation Date
Asset Valuation Method	15 Years Smoothed Market	15 Years Smoothed Market
Actuarial Assumptions		
Investment Rate of Return	7.75% (net of administrative expenses)	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on Age, Service, and type of employment	3.55% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%	3.00%
Payroll Growth	3.25%	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over an open 30 year amortization period.

The City of Culver City has individual plans for both safety and miscellaneous employees. The Schedules of Funding Progress below show the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll for each plan.

REQUIRED SUPPLEMENTARY INFORMATION

SAFETY PLAN

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)/ (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2008	$ 222,420,735	$190,610,261	$ 31,810,474	87.9%	$ 16,747,937	189.9%
6/30/2009	241,467,110	197,075,694	44,391,416	59.6%	17,602,589	252.2%
6/30/2010	250,718,721	203,993,330	46,725,391	63.6%	17,243,383	271.0%

Note 13 Defined Benefit Pension Plan (PERS) (Continued)

REQUIRED SUPPLEMENTARY INFORMATION
MISCELLANEOUS PLAN

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)/ (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2008	$ 160,923,429	$ 143,292,043	$ 17,631,386	91.0%	$ 29,070,631	60.7%
6/30/2009	181,420,814	149,915,302	31,505,512	60.2%	30,943,544	101.8%
6/30/2010	192,795,536	157,033,629	35,761,907	63.8%	30,732,152	116.4%

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Year	Safety	Miscellaneous	APC Contributed	Obligation
6/30/2009	$ 6,071,250	$ 5,119,421	100%	$ -
6/30/2010	6,483,888	4,969,532	100%	-
6/30/2011	6,800,264	4,824,082	100%	-

Note 14 Other Postemployment Benefits (OPEB)

Plan Description

In addition to the retirement plan described in Note 13, the City of Culver City's Retiree Insurance Program (RIP) provides retiree healthcare benefits for eligible City employees and their spouses who retire with CalPERS pension benefits immediately upon termination of employment from the City. Benefit provisions are established and may be amended by the City Council. The actuarial valuation of the City's RIP was adopted by the City Council in May of 2008. Copies of CalPERS annual financial report may be obtained from their executive office: 400 "P" Street, Sacramento, California 95814.

Under the program, the City pays a portion of the premiums for retiree medical coverage. Participants who retired before January 1, 2007 are eligible for a City contribution up to 100% of the average of Kaiser and PERSCare Premiums. For retirees on or after January 1, 2007, the City pays 70% of the PERSCare premium and 95% of the premium for all other plans.

Eligibility

Employees of the City are eligible for retiree health benefits if they are between 50-55 years of age as of the last day of work prior to retirement and are a vested member of CaIPERS. Membership in the plan consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

Note 14 Other Postemployment Benefits (OPEB) (Continued)

Eligibility (Continued)

Retirees and beneficiaries receiving benefits	461
Active plan members	665
	1,126

Funding Policy

The obligation of the City to contribute to the plan is established and may be amended by the City Council. Employees are not required to contribute to the plan. The City is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC for fiscal year 2010-11 was $11,754,000, 23.6% of estimated covered payroll.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 11,754,000
Interest on net OPEB liability	617,922
Adjustment to annual required contribution	(572,150)
Annual OPEB cost	11,799,772
Contributions made	(4,182,509)
Increase (decrease) in net pension asset	7,617,263
Net OPEB liability - beginning of fiscal year	15,448,055
Net OPEB obligation - end of fiscal year	$ 23,065,318

Note 14 Other Postemployment Benefits (OPEB) (Continued)

Three Year Trend Information

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Liability (Asset)
6/30/2009	$ 10,681,000	$ 3,255,447	30.5%	$ 7,425,553
6/30/2010	11,774,000	3,751,498	31.9%	15,448,055
6/30/2011	11,799,772	4,182,509	35.4%	23,065,318

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of finding progress, presented as required supplementary information below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 4% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements of .5% per year to an ultimate rate of 7.5% after the sixth year. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over an open 30 year period. It is assumed the City's payroll will increase 3.25% per year.

Schedule of Funding Progress

Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets (AVA)	Unfunded Liability (Excess Assets)	Funded Status Based on AVA	Market Value of Assets (MVA)	Funded Status Based on (MVA)	Annual Covered Payroll	UAAL As a % of Payroll
7/1/2007	$ 158,324,000	$ -	$ 158,324,000	0%	$ -	0%	$ 47,046,000	337%
7/1/2009	148,528,000	-	148,528,000	0%	-	0%	49,756,000	299%

Note 15 Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits employees to defer a portion of their salary until future years. In addition, there is a 401(k) plan allowed for one individual.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in trust for the exclusive benefit of the employee participants and their beneficiaries. Therefore, the accumulated assets of the plan are not reported in the funds of the City. Pursuant to guidelines applicable to 401(k) plans, these assets are also not reported.

While the City has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the plan or terminate service with the City, they may be eligible to receive payments under the plan in accordance with provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the plan by participants, along with their allocated contributions.

Note 16 Restatement of Fund Balance/Net Assets

Beginning fund balance/net assets have been restated as follows:

Governmental fund statements

During the fiscal year ended June 30, 2011, the Redevelopment Agency reviewed its capital assets and land held for resale and determined that 15 parcels previously reported as land held for resale were actually capital assets of the Agency. The parcels' cost and respective prior period adjustment amounts to $7,628,573. The Agency also sold a parcel of Land Held for Resale in a prior year but did not delete this from its asset holdings in the amount of $550,000.

The Operating Grants Special Revenue Fund was restated due to an understatement of Deferred Revenue of $25,472.

A prior period adjustment was recorded in the Business-type Activities and the Municipal Bus Lines Fund, a major proprietary fund, due to an overstatement of prior year due from other governments in the amount of $932,548.

Government-wide statements

The City understated the capitalized value of building and improvements of the Cardiff parking structure in the amount of $4,660,539. The Agency also sold a parcel of Land Held for Resale in a prior year but did not delete this from its asset holdings in the amount of $550,000.

Note 17 Contingencies

The City is a defendant in various lawsuits which have arisen in the normal course of business. While damages are alleged in some of these actions, their outcome cannot be predicted with certainty.

Note 17 Contingencies (Continued)

When adopting its budget for fiscal year 2009-10, the state of California reflected in that budget a shift of a significant portion of tax increment revenue from redevelopment agencies to school districts for fiscal years 2009-10 and 2010-11. The California Redevelopment Association filed a lawsuit challenging the legality of this tax shift. The lawsuit is currently in appeals court following an initial verdict in favor of the defendant.

While a decision in the matter is still pending, the Agency was required to make the fiscal year 2009-10 payment of $10,946,277. The payment required and paid in fiscal year 2010-11 was $2,253,645.

Over several years AT&T charged its customers Utility Users Tax on internet charges/use which was not a taxable utility charge. Customers of AT&T filed suit over this practice and prevailed. AT&T is claiming the City is now required to repay what AT&T remitted as tax to the City. The City believes the amount to be approximately $250,000.

The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act). The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of Continuation Act was to provide a voluntary alternative for local governments to continue redevelopment activities. Taken together, these Acts require the Agency and its sponsoring community (the City) to take several legislative actions to implement their various provisions.

If the City, as the Agency's sponsoring community, does not elect to continue the Agency under the provisions of the Continuation Act, the Agency will be deemed dissolved effective October 1, 2011. Under the provisions of the Dissolution Act, an "Enforceable Obligation Payment Schedule" (EOPS) will be adopted by the Agency and presented to the County Auditor-Controller for certification. The last official act of the Agency will be to provide a draft "Recognized Obligation Payment Schedule" (ROPS) to a successor agency. The ROPS is subject to an independent audit and a review by an independent oversight board. Once audited and accepted by the oversight board, the County Auditor & Controller is directed to retain an amount of tax increment sufficient to meet the ongoing cost of enforceable obligations, and then distribute the remainder of revenues to the affected taxing agencies.

If the City elects to continue the Agency, the City Council must enact a non-binding resolution of its intent to continue the Agency no later than October 1, 2011, and it must also enact an ordinance agreeing to comply with the Continuation Act no later than November 1, 2011. Pursuant to the Continuation Act, the City must then make an annual payment, which may be reimbursed by the Agency. The required payment, which was calculated by the State Department of Finance and released to the City on August 1, 2011, is $12,044,227 for fiscal year 2011-12. Subsequent remittance payments will be calculated using a statutory ratio that will be applied to the fiscal year 2011-12 payment and adjusted for inflation and other items. The Agency estimates that the payment for FY 2012-13 will be $2,300,000.

Note 17 Contingencies (Continued)

The City has not recorded any liability related to these Acts in these financial statements. At the close of fiscal year 2010-11 the amount of the required payment was not yet known. The California Redevelopment Association, the League of California Cities, and two cities have sued to prevent enforcement of the Acts. On August 11, 2011, the Supreme Court of California (Supreme Court) agreed to hear the lawsuit and committed to issuing a decision by January 15, 2012. The Supreme Court also issued a stay of many elements of the Acts, including dissolution, County actions required for continuation, and the required payment, until the Supreme Court rules on the merits of the case. The deadlines imposed by the Acts with respect to affirmation of continuation are expected to be re-set by the Supreme Court at that time, depending on its decision. If the Supreme Court upholds these Acts, the realization of any costs related to the Continuation Act is subject to an action by the City Council taken subsequent to the issuance of this report.

Should the City Council elect to discontinue the Agency, it would then be dissolved and its rights, obligations and responsibilities would be assigned to a successor agency. If the Supreme Court upholds these Acts, the City Council will consider the ordinance required for continuation of the Agency subsequent to the issuance of this report.

Note 18 Subsequent Events

On July 28, 2011, the City introduced the Continuation Ordinance. On August 22, 2011, the Board of Directors of the Redevelopment Agency adopted the Enforceable Obligation Payment Schedule and, on September 26, 2011, the Recognized Obligation Payment Schedule and an amended Enforceable Obligation Schedule. Both schedules are required by the Dissolution Act. No other actions have been taken in light of the stay orders issued by the California Supreme Court California Redevelopment Assn. v. Matosantos (SI94861). If the Dissolution Act and Continuation Act are upheld, the Agency will be required to make a determination to continue or to dissolve the Agency. These actions will be taken subsequent to the issuance of this report.

During the 2011-2012 fiscal year, the City entered into a contract to purchase an Enterprise Resource Planning (ERP) system to replace the current finance software at a cost approximately $1 million.

Note 19 Net Assets and Fund Balances

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

A. Net Assets

Net Assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net Assets as determined at the Government-wide level, and are described below:

Note 19 Net Assets and Fund Balances (Continued)

A. Net Assets (Continued)

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these capital assets.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

B. Fund Balances

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, committed, assigned, and unassigned fund balance. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors, such as through debt covenants, grantors, contributors, or laws and regulations. The City does not have any committed fund balances at June 30, 2011.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by the unrestricted, committed, assigned and unassigned resources as they are needed.

Fund balances are presented in the following categories: nonspendable, restricted, assigned, and unassigned.

C. Restricted Net Assets

Restricted net assets are net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Note 19 Net Assets and Fund Balances (Continued)

C. Restricted Net Assets (Continued)

Restricted net assets at June 30, 2011 for governmental activities are as follows:

Restricted for:	
Public works	$ 2,503,492
Housing	39,678,353
Public safety	744,704
Redevelopment	74,608,907
Transit	1,644,344
Community development	1,752,221

Included in the amount above are net assets restricted by enabling legislation of $2,221,356.

D. Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2011 is as follows:

	General	Economic Development	Cooperative Projects	RDA Capital Projects	RDA Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:							
Land held for resale	$ 5,684,776	$ -	$ -	$ -	$ -	$ -	$ 5,684,776
Prepaids/Deposits	587,929					4,497	592,426
Advances	526,737					18,150	544,887
Total Nonspendable Fund Balances							
Restricted for:							
Redevelopment		44,249,354				49,190,793	93,440,147
Debt Service					18,231,278		18,231,278
Public Works						3,072,228	3,072,228
Housing						39,678,353	39,678,353
Public Safety						744,704	744,704
Transit						1,644,434	1,644,434
Community Development						1,656,989	1,656,989
Assigned for:							
Encumbrances	694,135						694,135
OPEB	330,194						330,194
Parking						937,590	937,590
Projects						3,955,506	3,955,506
Unassigned	42,492,244		(103,762)	(5,205,285)		(2,050,121)	35,133,076
Total Fund Balances	$50,316,015	$44,249,354	$(103,762)	$(5,205,285)	$ 18,231,278	$ 98,853,123	$ 206,340,723

Note 20 Related Party Transactions

On January 15, 2011, the Redevelopment Agency and the City of Culver City (City) entered into a purchase and sale agreement whereby the Agency (as buyer) purchased a property located at 3846 Cardiff Ave., Culver City, CA from the City (Seller). The purchase/sale price was $14 million. As the Agency is a Component Unit of the City, the transaction is one between related entities and no gain or loss is recognized. The difference between the carrying value and the current fair value of the property is $8,081,889. The City earned $403 in interest as a result of this transaction. The Agency transferred the Cardiff Parking Property to the Culver City Parking Authority shortly after purchase for no consideration.

The Agency has no employees and utilizes the staff of the City of Culver City. Such staff personnel are members of the Public Employees' Retirement System (PERS) administered by the State of California into which the City and its employees contribute. Specific attribution of the Agency's retirement obligation is not possible. Reference is made to the notes to the basic financial statements in the Comprehensive Annual Financial Report of the City of Culver City for a detailed discussion of the status of the City's retirement plan and funding capabilities.

The Agency indirectly reimburses the City for unemployment and workers' compensation insurance costs incurred.

The Agency rents its office space within City Hall from the City. The annual amount of rent paid is approximately $225,000.

In January and February 2011, the Agency and the City entered into Cooperation and Implementation Agreements whereby the City will purchase and receive certain assets, liabilities, options, rents, leases, and other agreements. Under these Cooperation Agreements, the City will be able to assist the Agency in carrying out its intended purpose – revitalize and eliminate blight in certain areas within the Agency as well as provide affordable housing (additional information in Note 21).

Under these agreements, the City purchased each piece of property for $10. The City will record each piece at its original cost basis to the Agency with the difference as a transfer. The Agency's and City's intent is to be able to continue the projects, agreements, and plans of the Agency.

Note 21 Cooperation Agreement

During the fiscal year ended June 30, 2011, the Agency entered into a Cooperative Agreement with the City of Culver City. Per the Agreement, the Agency was to transfer certain assets, liabilities, options, rents, leases, and other agreements to the City. The City will then be able to assist the Agency in carrying out its intended purpose.

The Agency transferred loans and notes receivable, land held for resale, cash, capital assets, and a developer loan payable to the City. The total amount of assets and liabilities transferred by the governmental funds was $119,586,426. The total transferred by the governmental activities was $118,835,674 which also included the transfer of the developer loan payable of $750,752.

Note 22 Major, Nonmajor, and Special Revenue Funds

During the fiscal year ended June 30, 2011, the Agency entered into a Cooperative Agreement with the City of Culver City and transferred certain assets, liabilities, options, rents, leases, and other agreements to the City. This transfer resulted in a significant change in the City's financial structure and required the creation of a number of new special revenue funds. A few of these newly created special revenue funds are significant in size and therefore have been considered Major funds in these statements. Consequently, some funds that have historically been considered Major funds are classified as Nonmajor funds in these statements. In the interest of clarity and transparency, the below table provides a roadmap for comparing each fund's statements as of June 30, 2010 to the fund's statements as of June 30, 2011.

	Fund Classication	
Fund Name	**2010**	**2011**
General Fund	Major	Major
Economic Development	n/a	Major
RDA Low/Mod Income Housing	Major - Special Revenue	Nonmajor - Special Revenue
RDA Debt Service	Major - Debt Service	Major - Debt Service
Capital Improvement and Acquisition	Major - Capital Projects	Nonmajor - Capital Projects
Cooperative Projects	n/a	Major - Capital Projects
RDA Capital Projects	Major - Capital Projects	Major - Capital Projects
Gas Tax	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Prop A Local Return	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Prop C Local Return	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Measure R	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Proposition 1B	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Proposition 42	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Operating Grants	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Section 8 Housing	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Arts in Public Places	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Community Development	Nonmajor - Special Revenue	Nonmajor - Special Revenue
CDBG	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Landscape Maintenance	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Park Facilities	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Asset Seizure	Nonmajor - Special Revenue	Nonmajor - Special Revenue
Housing Fund	n/a	Nonmajor - Special Revenue
Parking Authority	n/a	Nonmajor - Special Revenue
Capital Grants	Nonmajor - Special Revenue	n/a
Bulilding Surcharge	Nonmajor - Capital Projects	Nonmajor - Special Revenue
Parking Improvement	Nonmajor - Capital Projects	Nonmajor - Capital Projects
Capital Improvement Grants	Nonmajor - Capital Projects	Nonmajor - Capital Projects
CDBG Capital	Nonmajor - Capital Projects	Nonmajor - Capital Projects

2002 Cooperative	n/a	Nonmajor - Capital Projects
2004 Cooperative	n/a	Nonmajor - Capital Projects
2011 Cooperative	n/a	Nonmajor - Capital Projects
2011 Bond	n/a	Nonmajor - Capital Projects

To accommodate this change, the table: *Fund Balances, Governmental Funds, Last Seven Years* on page 147 in the statistical section has been modified to include the fund balances for certain Nonmajor Funds that were previously classified as Major Funds.

Required Supplementary Information

Budgets and Budgetary Data

The adopted budget of the City consists of a resolution specifying the total appropriation for each departmental activity, (e.g., Police Administration, Street Maintenance, etc.).

Total appropriations for each fund may only be increased or decreased by the City Council by passage of a resolution amending the budget, with the exception of budget adjustments which involve offsetting revenues and expenditures. In cases involving offsetting revenues and expenditures, the Finance Director is authorized to increase or decrease an appropriation for a specific purpose where said appropriation is offset by unbudgeted revenue which is designated for said specific purpose.

The City Manager has the authority to adjust the amounts appropriated between the departments and activities of a fund, objects within each departmental activity and between accounts within the objects, provided, however, that the total appropriations for each fund does not exceed the amounts provided in the budget resolution.

The level at which expenditures may not legally exceed appropriations is the fund level.

All appropriations lapse at fiscal year-end unless City Council takes formal action in the form of a resolution to continue the appropriation into the following fiscal year.

Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, debt service, capital projects, and proprietary fund types.

The City did not adopt budgets for the 2011 Tax Exempt Bond Projects Fund.

CITY OF CULVER CITY
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Budget Original	Budget Final	Actual	Variance-with Final Budget Positive (Negative)
Revenues:				
Taxes	$ 49,898,340	$ 50,248,340	$ 50,948,160	$ 699,820
Licenses and permits	1,910,756	1,705,262	1,765,582	60,320
Fines and forfeitures	4,090,500	4,190,500	4,618,928	428,428
Investment income	670,000	670,000	511,953	(158,047)
Intergovernmental	3,564,171	3,564,171	3,514,018	(50,153)
Charges for services	6,493,670	6,548,433	6,532,420	(16,013)
Sale of land held for resale	-	14,020,000	14,110,004	90,004
Miscellaneous	465,660	491,478	738,220	246,742
Total revenues	67,093,097	81,438,184	82,739,285	1,301,101
Expenditures:				
Current:				
General government	5,085,893	5,242,839	4,364,390	878,449
Parks, recreation, and community services	6,303,818	6,562,446	5,995,321	567,125
Police	28,335,736	28,525,244	27,989,262	535,982
Fire	15,298,847	15,555,069	15,350,082	204,987
Community development	7,088,985	7,233,813	6,556,964	676,849
Public works	9,432,354	9,508,978	8,908,949	600,029
Total expenditures	71,545,633	72,628,389	69,164,968	3,463,421
Excess (deficiency) of revenues over (under) expenditures	(4,452,536)	8,809,795	13,574,317	4,764,522
Other financing sources (uses):				
Transfers in	3,026,290	2,702,660	2,702,660	-
Transfers out	(567,068)	(4,567,068)	(4,854,599)	(287,531)
Total other financing sources (uses)	2,459,222	(1,864,408)	(2,151,939)	(287,531)
Net change in fund balances	(1,993,314)	6,945,387	11,422,378	4,476,991
Fund balances at beginning of fiscal year	38,893,637	38,893,637	38,893,637	-
Fund balances at end of fiscal year	$ 36,900,323	$ 45,839,024	$ 50,316,015	$ 4,476,991

CITY OF CULVER CITY
Economic Development Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011

	Budget			Variance-with Final Budget Positive (Negative)	Prior Year Actual
	Original	Final	Actual		
Revenues:					
Investment income	$ -	$ 47,602	$ 56,604	$ 9,002	$ -
Intergovernmental	-	-	4,000	4,000	-
Charges for services	-	1,000,171	927,424	(72,747)	-
Miscellaneous	-	-	9,998	9,998	-
Total revenues	-	1,047,773	998,026	(49,747)	-
Expenditures:					
Current:					
Community development	-	4,256,147	985,616	3,270,531	-
Debt service:			-		
Principal payments	-	-	112,948	(112,948)	-
Interest and fiscal charges	-	-	84,013	(84,013)	-
Total expenditures	-	4,256,147	1,182,577	3,073,570	-
Excess (deficiency) of revenues over (under) expenditures	-	(3,208,374)	(184,551)	3,023,823	-
Special items - Cooperative Agreement	-	44,200,000	44,433,905	233,905	-
Net change in fund balances	-	40,991,626	44,249,354	3,257,728	-
Fund balances at beginning of fiscal year	-	-	-	-	-
Fund balances at end of fiscal year	$ -	$ 40,991,626	$ 44,249,354	$ 3,257,728	$ -

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Non-Major Funds / Other Financial Information

CITY OF CULVER CITY
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011
With Comparative Totals at June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals 2011	Totals 2010
Assets				
Cash and investments	$ 30,044,272	$ 30,806,095	$ 60,850,367	$ 35,254,943
Cash and investments with fiscal agent	-	14,090,929	14,090,929	17,098
Receivables:				
Accounts	13,048	16,877	29,925	45,729
Interest	37,330	35,772	73,102	67,636
Notes	1,182,722	-	1,182,722	1,239,916
Due from other funds	228,060	210,939	438,999	292,852
Due from other governments	1,256,128	1,536,888	2,793,016	2,555,407
Advances to other funds	10,464,970	18,150	10,483,120	13,059,253
Land held for resale	7,350,770	16,242,708	23,593,478	3,103,000
Prepaids	4,497	-	4,497	4,655
Total assets	$ 50,581,797	$ 62,958,358	$ 113,540,155	$ 55,640,489
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 944,423	$ 1,412,716	$ 2,357,139	$ 1,006,853
Accrued wages payable	22,437	-	22,437	32,216
Due to other funds	1,174,435	1,306,892	2,481,327	1,707,717
Deposits payable	6,685	5,364,431	5,371,116	5,651,182
Deferred revenue	1,945,077	1,113,044	3,058,121	3,339,895
Due to other governments	1,270,931	107,811	1,378,742	1,583,639
Advances from other funds	18,150	-	18,150	24,283
Total liabilities	5,382,138	9,304,894	14,687,032	13,345,785
Fund balances:				
Nonspendable	4,497	18,150	22,647	1,012,107
Restricted	46,227,972	49,759,529	95,987,501	-
Assigned	-	4,893,096	4,893,096	-
Committed	-	-	-	-
Unassigned	(1,032,810)	(1,017,311)	(2,050,121)	-
Reserved	-	-	-	35,691,261
Unreserved	-	-	-	5,591,336
Total fund balances	45,199,659	53,653,464	98,853,123	42,294,704
Total liabilities and fund balances	$ 50,581,797	$ 62,958,358	$ 113,540,155	$ 55,640,489

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals 2011	Totals 2010
Revenues:				
Licenses and permits	$ 253,042	$ 226,167	$ 479,209	$ 393,817
Investment income	156,556	106,304	262,860	893,721
Intergovernmental	6,279,545	2,223,834	8,503,379	9,038,117
Charges for services	440,236	1,194,386	1,634,622	1,460,371
Miscellaneous	78,450	94,504	172,954	290,119
Total revenues	7,207,829	3,845,195	11,053,024	12,076,145
Expenditures:				
Current:				
General government	32,588	-	32,588	45,340
Parks, recreation and community service	898,440	-	898,440	911,646
Police	356,127	-	356,127	1,093,401
Fire	50,616	-	50,616	222,389
Community development	5,080,531	7,062	5,087,593	5,052,178
Public works	249,934	297,521	547,455	3,473,520
Capital outlay	1,662,614	4,572,728	6,235,342	3,487,213
Debt service:				
Principal payments	-	135,000	135,000	135,000
Interest and fiscal charges	-	37,736	37,736	45,850
Total expenditures	8,330,850	5,050,047	13,380,897	14,466,537
Excess (deficiency) of revenues over (under) expenditures	(1,123,021)	(1,204,852)	(2,327,873)	(2,390,392)
Other financing sources (uses):				
Transfers in	7,689,347	4,620,000	12,309,347	8,109,336
Transfers out	(2,194,211)	(1,000,000)	(3,194,211)	(5,067,108)
Total other financing sources (uses)	5,495,136	3,620,000	9,115,136	3,042,228
Special items - Cooperative Agreement	3,633	49,792,995	49,796,628	-
Net change in fund balances	4,375,748	52,208,143	56,583,891	651,836
Fund balances at beginning of fiscal year	40,849,383	1,445,321	42,294,704	41,642,868
Prior period adjustments	(25,472)	-	(25,472)	-
Fund balances at beginning of fiscal year, restated	40,823,911	1,445,321	42,269,232	41,642,868
Fund balances at end of fiscal year	$ 45,199,659	$ 53,653,464	$ 98,853,123	$ 42,294,704

NON-MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted for particular purposes.

The City has the following Non-Major Special Revenue Funds:

Gas Tax Fund is used to account for state gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition and street construction.

Proposition A Local Return Fund is used to account for Proposition A funds received from the state. Proposition A funds are voter approved local sales taxes for transportation-related activities. Proposition A, approved by voters in 1980, is a one-half of one percent (0.5%) tax on retail sales in Los Angeles County. The collection of this tax is administered by the County, which returns twenty five percent (25%) of the collections to cities within the County. The balance of Proposition A tax funds are used for rail development (35%) and discretionary purposes (40%). Almost the entire discretionary portion is used to fund bus service provided by Metro and 16 other municipal bus operators within the County, including Culver City Municipal Bus Lines.

Proposition C Local Return Fund is used to account for Proposition C funds received from the state. Proposition C, approved by voters in 1990, is an additional one-half of one percent (1.5%) tax on retail sales in Los Angeles County. Proposition C funds are allocated to the construction and operation of the bus transit and rail system (40%), expansion of rail and bus security (5%), construction of commuter rail transit centers, park and ride lots, and freeway bus stops (10%), and other transit related improvements to freeways and state highways (25%). Each year, more than $1 billion dollars is generated in local transportation revenue.

Measure R Fund is used to account for Measure R funds. Measure R is a one-half cent sales tax approved by Los Angeles County voters in November 2008 and is to be used to fund new transportation projects and programs. The Transportation and Public Works departments utilize the majority of this funding.

Proposition 1B Fund is used to account for funds received for a Transportation Infrastructure Bond approved in November 2006 by California voters. Proposition 1B is a $2 billion dollar bond that is apportioned to each City based on population. Funds can be used for improvements to transportation facilities, projects that will assist in reducing local traffic congestion and for further deterioration of transportation infrastructure, and projects that will improve traffic flows or increase traffic safety that may include, but are not limited to, street and highway pavement maintenance, rehabilitation, installation, construction and reconstruction of necessary associated facilities such as drainage and traffic control devices, or the maintenance, rehabilitation, installation, construction and reconstruction of facilities that expand ridership on transit systems, safety projects to reduce fatalities, or as local match to obtain state or federal transportation for similar purposes.

Proposition 42 Fund is used to account for funds received by the City through the Traffic Congestion Relief Act (TCRA) Exchange Program based on established guidelines adopted in February 2001. The TCRA Exchange Program is intended to increase flexibility in the use of State and federal transportation funding to complete transportation improvements without compromising other state funded projects or activities.

Operating Grants Fund is used to account for operating grant funds resulting from the City's federal, state and local operating grants, and the qualified expenditures of these restricted funds.

Section 8 Housing Fund is used to account for assistance provided by the Federal government dedicated to sponsoring subsidized housing for low-income families and individuals. The Housing Division in the Community Development Department is responsible for managing and administering Culver City's Section 8 Housing Choice Voucher Program (HCVP) to provide rental subsidies for qualified low-income households.

Art in Public Places Fund is used to account for the "Art in Public Places" program. The revenues for this Fund come from developer in–lieu fees.

Community Development Fund is used to account for funds received from new development impact fees collected on non-residential construction in excess of 5,000 square feet. These fees may only be used to fund street improvements, traffic controls and traffic management projects.

CDBG Fund is used to account for Community Development Block Grant (CDBG) funds, and the qualified expenditures of these restricted funds for administrative expenditures such as personnel costs.

Landscape Maintenance Fund is used to account for benefit assessment district funds received from homeowners for special landscaping services of certain properties within the City.

Park Facilities Fund is used to account for funds received from development impact fees assessed on subdivision/residential development. These fees may be used for the improvement and expansion of public parks and park facilities throughout the City.

Asset Seizure Fund is used to account for funds received from federal and local seized and forfeited properties. Such funds may be used for the detection and prevention of criminal activity, and the apprehension of criminals through Drug Abuse Resistance Education (D.A.R.E.), and other law enforcement programs.

Housing Fund is used to account for former Low/Moderate Income Housing funds transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement). These funds may only be used for qualified low/moderate income housing projects identified in the Agreement.

Parking Authority Fund is used to account for the operations of the Culver City Parking Authority, which currently includes the Cardiff Parking Structure. These funds may be used for parking related operations and infrastructure improvements.

RDA/Low/Moderate Income Housing Fund is used to account for twenty percent (20%) housing set aside funds as required by redevelopment law. These funds may be used for qualified low/moderate income housing projects and programs.

Building Surcharge Fund is used to account for funds received from a four percent (4%) surcharge on certain development related permit fees. The surcharge is used by City to fund digital imaging and storage of plans and documents and technology improvements and maintenance to enhance customer service.

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CITY OF CULVER CITY
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2011
With Comparative Totals at June 30, 2010

	Gas Tax Fund	Proposition A Local Return Fund	Proposition C Local Return Fund	Measure R Fund	Propostion 1B Fund	Proposition 42 Fund	Operating Grants Fund	Section 8 Housing Fund
Assets								
Cash and investments	$ 1,552,344	$ 828,030	$ 813,688	$ 606,229	$ 218,292	$ 566,344	$ 171	$ 2,562,206
Receivables:								
Accounts	-	-	-	-	-	-	2,816	-
Interest	2,315	1,361	1,355	900	342	888	-	-
Notes	-	-	-	-	-	-	-	-
Due from other funds	27,788	-	-	-	-	-	-	4,288
Due from other governments	122,149	-	-	-	-	-	1,071,209	-
Advances to other funds	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-	-
Prepaids	-	-	-	-	-	-	4,497	-
Total assets	$ 1,704,596	$ 829,391	$ 815,043	$ 607,129	$ 218,634	$ 567,232	$ 1,078,693	$ 2,566,494
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	$ 50,835	$ -	$ -	$ 531,942	$ 53,446	$ 7,833	$ 48,863	$ 38,440
Accrued wages payable	-	-	-	-	-	-	19,085	3,352
Due to other funds	-	-	-	-	-	-	848,236	112,011
Deposits payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	67,397	152,456	541,350	1,177,394	-
Due to other governments	-	-	-	-	-	-	-	1,231,624
Advances from other funds	-	-	-	-	-	-	-	-
Total liabilities	50,835	-	-	599,339	205,902	549,183	2,093,578	1,385,427
Fund balances:								
Nonspendable	-	-	-	-	-	-	4,497	-
Restricted	1,653,761	829,391	815,043	7,790	12,732	18,049	-	1,181,067
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(1,019,382)	-
Reserved	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-
Total fund balances (deficits)	1,653,761	829,391	815,043	7,790	12,732	18,049	(1,014,885)	1,181,067
Total liabilities and fund balances	$ 1,704,596	$ 829,391	$ 815,043	$ 607,129	$ 218,634	$ 567,232	$ 1,078,693	$ 2,566,494

Art in Public Places Fund	Community Development Fund	CDBG Fund	Landscape Maintenance Fund	Park Facilities Fund	Asset Seizure Fund	Housing Fund	Parking Authority Fund	RDA Low/Mod Income Housing Fund	Building Surcharge Fund	Totals 2011	Totals 2010
$ 848,721	$ 247,953	$ -	$ 196,154	$ 640,177	$ 720,690	$ 16,579,323	$ 28,439	$ 3,065,824	$ 569,687	$ 30,044,272	$ 27,483,084
-	-	-	-	-	-	4,806	5,262	-	164	13,048	4,323
1,327	390	-	318	907	1,065	18,848	15	6,366	933	37,330	63,943
-	-	38,820	-	-	-	1,143,902	-	-	-	1,182,722	1,239,916
22,500	-	-	-	19,151	-	72,325	82,008	-	-	228,060	94,009
-	-	6,589	2,745	-	53,436	-	-	-	-	1,256,128	1,599,564
-	-	-	-	-	-	-	-	10,464,970	-	10,464,970	13,034,970
-	-	-	-	-	-	7,350,770	-	-	-	7,350,770	3,103,000
-	-	-	-	-	-	-	-	-	-	4,497	4,655
$ 872,548	$ 248,343	$ 45,409	$ 199,217	$ 660,235	$ 775,191	$ 25,169,974	$ 115,724	$ 13,537,160	$ 570,784	$ 50,581,797	$ 46,627,464
$ 31,088	$ 1,550	$ -	$ 2,102	$ 28,040	$ 30,000	$ 101,139	$ 15,598	$ 1,499	$ 2,048	$ 944,423	$ 333,122
-	-	-	-	-	-	-	-	-	-	22,437	32,216
-	-	6,589		-	-	97,588	107,074	2,937	-	1,174,435	1,061,606
-	-	-	-	-	-	-	-	6,685	-	6,685	11,023
-	-	-	-	-	-	-	6,480	-	-	1,945,077	2,840,003
-	-	38,820	-	-	487	-	-	-	-	1,270,931	1,475,828
-	-	-	18,150	-	-	-	-	-	-	18,150	24,283
31,088	1,550	45,409	20,252	28,040	30,487	198,727	129,152	11,121	2,048	5,382,138	5,778,081
	-	-	-	-	-	-	-	-	-	4,497	-
841,460	246,793	-	178,965	632,195	744,704	24,971,247		13,526,039	568,736	46,227,972	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(13,428)	-	-	(1,032,810)	-
-	-	-	-	-	-	-	-	-	-	-	35,528,465
-	-	-	-	-	-	-	-	-	-	-	5,320,918
841,460	246,793	-	178,965	632,195	744,704	24,971,247	(13,428)	13,526,039	568,736	45,199,659	40,849,383
$ 872,548	$ 248,343	$ 45,409	$ 199,217	$ 660,235	$ 775,191	$ 25,169,974	$ 115,724	$ 13,537,160	$ 570,784	$ 50,581,797	$ 46,627,464

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Gas Tax Fund	Proposition A Local Return Fund	Proposition C Local Return Fund	Measure R Fund	Proposition 1B Fund	Proposition 42 Fund	Operating Grants Fund	Section 8 Housing Fund
Revenues:								
Licenses and permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment income	8,811	4,660	4,537	5,652	3,207	5,850	28	
Intergovernmental	1,010,241	549,875	457,106	531,942	556,084	105,352	885,224	1,906,472
Charges for services	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	78,148	302
Total revenues	1,019,052	554,535	461,643	537,594	559,291	111,202	963,400	1,906,774
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Parks, recreation and community services	-	-	-	-	-	-	849,558	-
Police	-	-	-	-	-	-	259,205	-
Fire	-	-	-	-	-	-	50,616	-
Community development	-	-	-	-	-	-	-	1,906,774
Public works	8,149	-	-	-	-	-	150,885	-
Capital outlay	259,171	-	-	531,942	556,084	105,352	-	-
Total expenditures	267,320	-	-	531,942	556,084	105,352	1,310,264	1,906,774
Excess (deficiency) of revenues over (under) expenditures	751,732	554,535	461,643	5,652	3,207	5,850	(346,864)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	425,166	-
Transfers out	(350,000)	(547,971)	(551,403)	-	-	-	-	-
Total other financing sources (uses)	(350,000)	(547,971)	(551,403)	-	-	-	425,166	-
Special items - Cooperative Agreement	-	-	-	-	-	-	-	-
Net change in fund balances	401,732	6,564	(89,760)	5,652	3,207	5,850	78,302	-
Fund balances (deficits) at beginning of fiscal year	1,252,029	822,827	904,803	2,138	9,525	12,199	(1,067,715)	1,181,067
Prior period adjustments	-	-	-	-	-	-	(25,472)	-
Fund balances (deficits) at beginning of fiscal year, restated	1,252,029	822,827	904,803	2,138	9,525	12,199	(1,093,187)	1,181,067
Fund balances (deficits) at end of fiscal year	$ 1,653,761	$ 829,391	$ 815,043	$ 7,790	$ 12,732	$ 18,049	$ (1,014,885)	$ 1,181,067

Art in Public Places Fund	Community Development Fund	CDBG Fund	Landscape Maintenance Fund	Park Facilities Fund	Asset Seizure Fund	Housing Fund	Parking Authority Fund	RDA Low/Mod Income Housing Fund	Building Surcharge Fund	Totals 2011	Totals 2010
$ 157,891	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 95,151	$ 253,042	$ 190,410
5,466	1,647	-	1,131	2,754	4,455	54,059	29	50,150	4,120	156,556	678,196
-	19,125	81,470	-	-	176,654	-	-	-	-	6,279,545	5,817,025
-	-	-	94,355	211,747	-	29,000	54,134	51,000	-	440,236	337,498
-	-	-	-	-	-	-	-	-	-	78,450	274,325
163,357	20,772	81,470	95,486	214,501	181,109	83,059	54,163	101,150	99,271	7,207,829	7,297,454
-	-	32,588	-	-	-	-	-	-	-	32,588	45,340
-	-	48,882	-	-	-	-	-	-	-	898,440	911,646
-	-	-	-	-	96,922	-	-	-	-	356,127	1,093,401
-	-	-	-	-	-	-	-	-		50,616	222,389
4,371	-	-	11,363	-	-	467,705	71,224	2,618,895	199	5,080,531	4,854,549
62,464	28,436	-	-	-	-	-	-	-	-	249,934	301,698
14,053	17,839	-	-	177,772	-	-	-	401	-	1,662,614	1,321,967
80,888	46,275	81,470	11,363	177,772	96,922	467,705	71,224	2,619,296	199	8,330,850	8,750,990
82,469	(25,503)	-	84,123	36,729	84,187	(384,646)	(17,061)	(2,518,146)	99,072	(1,123,021)	(1,453,536)
-	-	-	-	-	-	-	-	7,264,181		7,689,347	7,903,676
-	-	-	(47,000)	-	-	-	-	(652,037)	(45,800)	(2,194,211)	(3,550,950)
-	-	-	(47,000)	-	-	-	-	6,612,144	(45,800)	5,495,136	4,352,726
-	-	-	-	-	-	25,355,893	3,633	(25,355,893)	-	3,633	-
82,469	(25,503)	-	37,123	36,729	84,187	24,971,247	(13,428)	(21,261,895)	53,272	4,375,748	2,899,190
758,991	272,296	-	141,842	595,466	660,517	-	-	34,787,934	515,464	40,849,383	37,950,193
-	-	-	-	-	-	-	-	-	-	(25,472)	-
758,991	272,296	-	141,842	595,466	660,517	-	-	34,787,934	515,464	40,823,911	37,950,193
$ 841,460	$ 246,793	$ -	$ 178,965	$ 632,195	$ 744,704	$ 24,971,247	$ (13,428)	$ 13,526,039	$ 568,736	$ 45,199,659	$ 40,849,383

CITY OF CULVER CITY
Gas Tax - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 736,000	$ 1,010,241	$ 274,241	$ 715,537
Investment income	20,000	8,811	(11,189)	37,172
Total revenues	756,000	1,019,052	263,052	752,709
Expenditures:				
Current:				
Public works	207,607	8,149	199,458	22,216
Capital outlay	1,262,591	259,171	1,003,420	151,624
Total expenditures	1,470,198	267,320	1,202,878	173,840
Excess (deficiency) of revenues over (under) expenditures	(714,198)	751,732	1,465,930	578,869
Other financing sources (uses):				
Transfers out	(350,000)	(350,000)	-	(350,000)
Total other financing sources (uses)	(350,000)	(350,000)	-	(350,000)
Net change in fund balance	(1,064,198)	401,732	1,465,930	228,869
Fund balance at beginning of fiscal year	1,252,029	1,252,029	-	1,023,160
Fund balance at end of fiscal year	$ 187,831	$ 1,653,761	$ 1,465,930	$ 1,252,029

CITY OF CULVER CITY
Proposition A Local Return - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 660,000	$ 549,875	$ (110,125)	$ 28,575
Investment income	20,000	4,660	(15,340)	517,737
Total revenues	680,000	554,535	(125,465)	546,312
Excess (deficiency) of revenues over (under) expenditures	680,000	554,535	(125,465)	546,312
Other financing sources (uses):				
Transfers out	(660,000)	(547,971)	112,029	(689,899)
Total other financing sources (uses)	(660,000)	(547,971)	112,029	(689,899)
Net change in fund balance	20,000	6,564	(13,436)	(143,587)
Fund balance at beginning of fiscal year	822,827	822,827	-	966,414
Fund balance at end of fiscal year	$ 842,827	$ 829,391	$ (13,436)	$ 822,827

CITY OF CULVER CITY
Proposition C Local Return - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 750,581	$ 457,106	$ (293,475)	$ 429,486
Investment income	20,000	4,537	(15,463)	29,831
Total revenues	770,581	461,643	(308,938)	459,317
Excess (deficiency) of revenues over (under) expenditures	770,581	461,643	(308,938)	459,317
Other financing sources (uses):				
Transfers out	(621,825)	(551,403)	70,422	(642,841)
Total other financing sources (uses)	(621,825)	(551,403)	70,422	(642,841)
Net change in fund balance	148,756	(89,760)	(238,516)	(183,524)
Fund balance at beginning of fiscal year	904,803	904,803	-	1,088,327
Fund balance at end of fiscal year	$ 1,053,559	$ 815,043	$ (238,516)	$ 904,803

CITY OF CULVER CITY
Measure R - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ -	$ 531,942	$ 531,942	$ 1,161,115
Investment income	-	5,652	5,652	2,138
Total revenues	-	537,594	537,594	1,163,253
Expenditures:				
Capital outlay	599,306	531,942	67,364	-
Total expenditures	599,306	531,942	67,364	-
Excess (deficiency) of revenues over (under) expenditures	(599,306)	5,652	604,958	1,163,253
Other financing sources (uses):				
Transfers out	-	-	-	(1,161,115)
Total other financing sources (uses)	-	-	-	(1,161,115)
Net change in fund balance	(599,306)	5,652	604,958	2,138
Fund balance at beginning of fiscal year	2,138	2,138	-	-
Fund balance at end of fiscal year	$ (597,168)	$ 7,790	$ 604,958	$ 2,138

CITY OF CULVER CITY
Propostion 1B - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 102,113	$ 556,084	$ 453,971	$ 9,089
Investment income	-	3,207	3,207	-
Total revenues	102,113	559,291	457,178	9,089
Expenditures:				
Capital outlay	708,540	556,084	152,456	-
Total expenditures	708,540	556,084	152,456	-
Net change in fund balance	(606,427)	3,207	609,634	9,089
Fund balance at beginning of fiscal year	9,525	9,525	-	436
Fund balance (deficit) at end of fiscal year	$ (596,902)	$ 12,732	$ 609,634	$ 9,525

CITY OF CULVER CITY
Propostion 42 - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 189,643	$ 105,352	$ (84,291)	$ 72,672
Investment income	10,000	5,850	(4,150)	11,906
Total revenues	199,643	111,202	(88,441)	84,578
Expenditures:				
Capital outlay	189,643	105,352	84,291	72,672
Total expenditures	189,643	105,352	84,291	72,672
Excess (deficiency) of revenues over (under) expenditures	10,000	5,850	(4,150)	11,906
Net change in fund balance	10,000	5,850	(4,150)	11,906
Fund balance at beginning of fiscal year	12,199	12,199	-	293
Fund balance at end of fiscal year	$ 22,199	$ 18,049	$ (4,150)	$ 12,199

CITY OF CULVER CITY
Operating Grants - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 693,703	$ 885,224	$ 191,521	$ 1,029,248
Investment income	-	28	28	4,244
Charges for services	-	-	-	-
Miscellaneous	86,900	78,148	(8,752)	271,942
Total revenues	780,603	963,400	182,797	1,305,434
Expenditures:				
Current:				
Parks, recreation, and community services	953,146	849,558	103,588	870,870
Police	181,828	259,205	(77,377)	1,005,034
Fire	50,855	50,616	-	222,389
Public works	289,374	150,885	138,489	234,091
Total expenditures	1,475,203	1,310,264	164,700	2,332,384
Excess (deficiency) of revenues over (under) expenditures	(694,600)	(346,864)	347,736	(1,026,950)
Other financing sources (uses):				
Transfers in	543,893	425,166	(118,727)	453,743
Total other financing sources (uses)	543,893	425,166	(118,727)	453,743
Net change in fund balances	(150,707)	78,302	229,009	(573,207)
Fund balance (deficits) at beginning of fiscal year	(1,067,715)	(1,067,715)	-	(494,508)
Prior period adjustments	-	(25,472)	(25,472)	-
Fund balance (deficit) at beginning of fiscal year, restated	(1,067,715)	(1,093,187)	(25,472)	(494,508)
Fund balance (deficit) at end of fiscal year	$ (1,218,422)	$ (1,014,885)	$ 203,537	$ (1,067,715)

CITY OF CULVER CITY
Section 8 Housing - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 1,788,706	$ 1,906,472	$ 117,766	$ 1,483,906
Investment income	60,000	-	(60,000)	4,474
Miscellaneous	600	302	(298)	2,383
Total revenues	1,849,306	1,906,774	57,468	1,490,763
Expenditures:				
Current:				
Community development	1,995,567	1,906,774	88,793	1,997,485
Total expenditures	1,995,567	1,906,774	88,793	1,997,485
Net change in fund balances	(146,261)	-	146,261	(506,722)
Fund balance at beginning of fiscal year	1,181,067	1,181,067	-	1,687,789
Fund balance at end of fiscal year	$ 1,034,806	$ 1,181,067	$ 146,261	$ 1,181,067

CITY OF CULVER CITY
Art in Public Places - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 50,000	$ 157,891	$ 107,891	$ 83,148
Investment income	20,000	5,466	(14,534)	24,104
Total revenues	70,000	163,357	93,357	107,252
Expenditures:				
Current:				
General government	-	-	-	6,031
Community development	13,707	4,371	9,336	4,627
Public works	295,340	62,464	232,876	45,391
Capital outlay	337,340	14,053	323,287	4,106
Total expenditures	646,387	80,888	565,499	60,155
Net change in fund balance	(576,387)	82,469	658,856	47,097
Fund balance at beginning of fiscal year	758,991	758,991	-	711,894
Fund balance at end of fiscal year	$ 182,604	$ 841,460	$ 658,856	$ 758,991

CITY OF CULVER CITY
Community Development - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 2,000	$ 19,125	$ 17,125	$ 9,004
Investment income	10,000	1,647	(8,353)	-
Total revenues	12,000	20,772	8,772	9,004
Expenditures:				
Current:				
Public works	31,065	28,436	2,629	-
Capital outlay	225,121	17,839	207,282	40,586
Total expenditures	256,186	46,275	209,911	40,586
Net change in fund balance	(244,186)	(25,503)	(218,683)	(31,582)
Fund balance at beginning of fiscal year	272,296	272,296	-	303,878
Fund balance at end of fiscal year	$ 28,110	$ 246,793	$ (218,683)	$ 272,296

CITY OF CULVER CITY
CDBG - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 73,299	$ 81,470	$ 8,171	$ 93,179
Total revenues	73,299	81,470	8,171	93,179
Expenditures:				
Current:				
General government	30,841	32,588	(1,747)	39,309
Parks, recreation, and community services	42,181	48,882	(6,701)	40,776
Total expenditures	73,022	81,470	(8,448)	80,085
Net change in fund balance	277	-	(277)	13,094
Fund balance at beginning of fiscal year	-	-	-	(13,094)
Fund balance at end of fiscal year	$ 277	$ -	$ (277)	$ -

CITY OF CULVER CITY
Landscape Maintenance - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 3,000	$ 1,131	$ (1,869)	$ 4,737
Charges for services	70,000	94,355	24,355	80,806
Total revenues	73,000	95,486	22,486	85,543
Expenditures:				
Current:				
Community development	22,959	11,363	11,596	9,500
Total expenditures	22,959	11,363	11,596	9,500
Excess (deficiency) of revenues over (under) expenditures	50,041	84,123	34,082	76,043
Other financing sources (uses):				
Transfers out	(47,000)	(47,000)	-	(47,000)
Total other financing sources and uses	(47,000)	(47,000)	-	(47,000)
Net change in fund balance	3,041	37,123	34,082	29,043
Fund balance at beginning of fiscal year	141,842	141,842	-	112,799
Fund balance at end of fiscal year	$ 144,883	$ 178,965	$ 34,082	$ 141,842

CITY OF CULVER CITY
Park Facilities - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 10,000	$ 2,754	$ (7,246)	$ 20,317
Charges for services	25,000	211,747	186,747	189,692
Total revenues	35,000	214,501	179,501	210,009
Expenditures:				
Capital outlay	439,091	177,772	261,319	121,146
Total expenditures	439,091	177,772	261,319	121,146
Net change in fund balance	(404,091)	36,729	440,820	88,863
Fund balance at beginning of fiscal year	595,466	595,466	-	506,603
Fund balance at end of fiscal year	$ 191,375	$ 632,195	$ 440,820	$ 595,466

CITY OF CULVER CITY
Asset Seizure - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	$ 4,455	$ 4,455	$ 19,138
Intergovernmental	104,626	176,654	72,028	188,711
Total revenues	104,626	181,109	76,483	207,849
Expenditures:				
Current:				
Police	136,556	96,922	39,634	88,367
Capital outlay	-	-	-	802,349
Total expenditures	136,556	96,922	39,634	890,716
Net change in fund balances	(31,930)	84,187	116,117	(682,867)
Fund balance at beginning of fiscal year	660,517	660,517	-	1,343,384
Fund balance at end of fiscal year	$ 628,587	$ 744,704	$ 116,117	$ 660,517

CITY OF CULVER CITY
Housing - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 111,656	$ 54,059	$ (57,597)	$ -
Charges for services	38,000	29,000	(9,000)	-
Total revenues	149,656	83,059	(66,597)	-
Expenditures:				
Current:				
Community development	4,903,767	467,705	4,436,062	-
Capital outlay	15,435,907	-	15,435,907	-
Total expenditures	20,339,674	467,705	19,871,969	-
Excess (deficiency) of revenues over (under) expenditures	(20,190,018)	(384,646)	(19,805,372)	-
Special items - Cooperative Agreement	25,100,000	25,355,893	255,893	-
Net change in fund balance	4,909,982	24,971,247	20,061,265	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	$ 4,909,982	$ 24,971,247	$ 20,061,265	$ -

CITY OF CULVER CITY
Parking Authority - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	$ 29	$ 29	$ -
Charges for services	83,633	54,134	(29,499)	-
Total revenues	83,633	54,163	(29,470)	-
Expenditures:				
Current:				
Community development	223,005	71,224	151,781	-
Total expenditures	223,005	71,224	151,781	-
Excess (deficiency) of revenues over (under) expenditures	(139,372)	(17,061)	122,311	-
Special items - Cooperative Agreement	-	3,633	3,633	-
Net change in fund balance	(139,372)	(13,428)	125,944	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance (deficit) at end of fiscal year	$ (139,372)	$ (13,428)	$ 125,944	$ -

CITY OF CULVER CITY
RDA Low/Mod Income Housing - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Charges for services	$ 75,000	$ 51,000	$ (24,000)	$ 67,000
Investment income	200,000	50,150	(149,850)	457,790
Intergovernmental	-	-	-	1,684
Total revenues	275,000	101,150	(173,850)	526,474
Expenditures:				
Current:				
Community development	5,139,207	2,618,895	2,520,312	2,842,937
Capital outlay	2,487,179	401	2,486,778	5,734
Total expenditures	7,626,386	2,619,296	5,007,090	2,848,671
Excess (deficiency) of revenues over (under) expenditures	(7,351,386)	(2,518,146)	4,833,240	(2,322,197)
Other financings sources and uses:				
Transfers in	9,552,000	7,264,181	(2,287,819)	7,449,933
Transfers out	(652,483)	(652,037)	446	(652,295)
Total other financing sources (uses)	8,899,517	6,612,144	(2,287,373)	6,797,638
Special items - cooperative agreement	(25,100,000)	(25,355,893)	(255,893)	-
Net change in fund balance	(23,551,869)	(21,261,895)	2,289,974	4,475,441
Fund balance at beginning of fiscal year	34,787,934	34,787,934	-	30,312,493
Fund balance at end of fiscal year	$ 11,236,065	$ 13,526,039	$ 2,289,974	$ 34,787,934

CITY OF CULVER CITY
Building Surcharge - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 105,000	$ 95,151	$ (9,849)	$ 107,262
Investment income	10,000	4,120	(5,880)	15,677
Total revenues	115,000	99,271	(15,729)	122,939
Expenditures:				
Curent:				
Community development	6,510	199	6,311	-
Total expenditures	6,510	199	6,311	-
Excess (deficiency) of revenues over (under) expenditures	108,490	99,072	(9,418)	122,939
Other financing sources (uses):				
Transfers out	(45,800)	(45,800)	-	(7,800)
Total other financing sources (uses)	(45,800)	(45,800)	-	(7,800)
Net change in fund balance	62,690	53,272	(9,418)	115,139
Fund balance at beginning of fiscal year	515,464	515,464	-	400,325
Fund balance at end of fiscal year	$ 578,154	$ 568,736	$ (9,418)	$ 515,464

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MAJOR DEBT SERVICE FUND

Redevelopment Agency Debt Service Fund is used to account for the funding of required debt reserve balances and the payment of principal and interest on the Redevelopment Agency's bonded debt.

CITY OF CULVER CITY
Redevelopment Agency Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	$ 160,308	$ 160,308	$ 151,938
Total revenues	-	160,308	160,308	151,938
Expenditures:				
Debt Service:				
Principal	6,424,500	6,650,000	(225,500)	6,330,000
Interest and fiscal charges	7,547,923	7,151,937	395,986	7,482,512
Total expenditures	13,972,423	13,801,937	170,486	13,812,512
Excess (deficiency) of revenues over (under) expenditures	(13,972,423)	(13,641,629)	330,794	(13,660,574)
Other financing sources (uses):				
Transfers in	13,972,423	18,274,764	4,302,341	13,064,014
Total other financing sources (uses)	13,972,423	18,274,764	4,302,341	13,064,014
Net change in fund balance	-	4,633,135	4,633,135	(596,560)
Fund balance at beginning of fiscal year	13,598,143	13,598,143	-	14,194,703
Fund balance at end of fiscal year	$ 13,598,143	$ 18,231,278	$ 4,633,135	$ 13,598,143

MAJOR AND NON-MAJOR CAPITAL PROJECTS FUNDS

Major Funds:

Cooperative Projects Fund is used to account for former Redevelopment Agency unrestricted tax increment funds. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

Redevelopment Agency Capital Projects Fund is used to account for capital financing and construction, including related administrative activities, of the Merged Redevelopment Project Area.

Nonmajor Funds:

Parking Improvement Fund is used to account for revenues from parking meter collections and other parking lots owned and operated by the City. These funds are used for parking related operations and major parking improvements by action of the City Council.

Capital Improvement Grants Fund is used to account for grant funds awarded to the City by federal, state and local grant agencies for capital improvements, and the qualified expenditure of these restricted funds.

CDBG Capital Grants Fund is used to account for Community Development Block Grant (CDBG) funds, and the qualified expenditures of these restricted funds for capital improvement projects.

2002 Cooperative Fund is used to account for former Redevelopment Agency tax exempt bond proceeds received from the 2002 Tax Allocation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

2004 Cooperative Fund is used to account for former Redevelopment Agency tax exempt bond proceeds received from the 2004 Tax Allocation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

2011 Cooperative Fund is used to account for former Redevelopment Agency tax exempt bond proceeds received from the 2011 Series A Tax Allocation Capital Appreciation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

2011 Bond Fund is used to account for former Redevelopment Agency taxable bond proceeds received from the 2011 Series B Taxable Tax Allocation Bond Issue. These funds were transferred to the City under the 2011 Cooperation and Implementation Agreement (Agreement) and may only be used for qualified capital projects identified in the Agreement.

Capital Improvement and Acquisition Fund is used to account for capital projects that are not otherwise funded by a special revenue fund or other specifically identified by the source of funding. Project funding is mainly from general revenues allocated by action of the City Council.

CITY OF CULVER CITY
Combining Balance Sheet
Non-Major Capital Projects Funds
June 30, 2011
With Comparative Totals at June 30, 2010

	Parking Improvement Fund	Capital Improvement Grants Fund	CDBG Capital Fund	2002 Cooperative Fund
Assets				
Cash and investments	$ 936,755	$ -	$ -	$ 14,881,083
Cash with fiscal agent	-	-		-
Receivables:				
Accounts	8,979	-	-	-
Interest	1,357	-	-	14,514
Notes	-	-	-	-
Due from other funds	-	99,281	-	10,597
Due from other governments	-	1,464,777	72,111	-
Advances to other funds	-	-	-	-
Land held for resale	-	-	-	3,072,861
Total assets	$ 947,091	$ 1,564,058	$ 72,111	$ 17,979,055
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ -	$ 258,556	$ 71,355	$ 27,590
Due to other funds	4,386	1,101,959	755	76,679
Deposits payable	5,115	-	-	-
Deferred revenue	-	1,112,286	758	-
Due to other governments	-	107,811	-	-
Total liabilities	9,501	2,580,612	72,868	104,269
Fund balances:			`	
Nonspendable	-	-	-	-
Restricted	-	-	-	17,874,786
Assigned	937,590	-	-	
Unassigned	-	(1,016,554)	(757)	-
Reserved	-	-	-	-
Unserved	-	-	-	-
Total fund balances (deficit)	937,590	(1,016,554)	(757)	17,874,786
Total liabilities and fund balances	$ 947,091	$ 1,564,058	$ 72,111	$ 17,979,055

2004 Cooperative Fund	2011 Cooperative Fund	2011 Bond Fund	Capital Improvement and Acquisition Fund	Totals 2011	Totals 2010
$ 4,558,856	$ -	$ 74,835	$ 10,354,566	$ 30,806,095	$ 7,771,859
-	12,202,745	1,888,184	-	14,090,929	17,098
-	-	-	7,898	16,877	41,406
4,448	-	73	15,380	35,772	3,693
-	-	-	-	-	-
-	-	-	101,061	210,939	198,843
-	-	-	-	1,536,888	955,843
-	-	-	18,150	18,150	24,283
-	-	13,169,847	-	16,242,708	-
$ 4,563,304	$ 12,202,745	$ 15,132,939	$ 10,497,055	$ 62,958,358	$ 9,013,025
$ 9,565	$ -	$ -	$ 1,045,650	$ 1,412,716	$ 673,731
4,680	-	-	118,433	1,306,892	646,111
-	-	-	5,359,316	5,364,431	5,640,159
-	-	-	-	1,113,044	499,892
-	-	-	-	107,811	107,811
14,245	-	-	6,523,399	9,304,894	7,567,704
-	-	-	18,150	18,150	1,012,107
4,549,059	12,202,745	15,132,939	-	49,759,529	-
			3,955,506	4,893,096	-
-	-	-	-	(1,017,311)	-
-	-	-	-	-	162,796
-	-	-	-	-	270,418
4,549,059	12,202,745	15,132,939	3,973,656	53,653,464	1,445,321
$ 4,563,304	$ 12,202,745	$ 15,132,939	$ 10,497,055	$ 62,958,358	$ 9,013,025

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Capital Projects Funds
For The Fiscal Year Ended June 30, 2011
With Comparative Totals for The Fiscal Year Ended June 30, 2010

	Parking Improvement Fund	Capital Improvement Grants Fund	CDBG Capital Fund
Revenues:			
Licenses and permits	$ 226,167	$ -	$ -
Investment income	3,596	-	-
Intergovernmental	-	1,813,264	274,407
Charges for services	834,386	-	-
Miscellaneous	-	-	-
Total revenues	1,064,149	1,813,264	274,407
Expenditures:			
Current:			
Community development	-	6,896	-
Public works	750	126,845	-
Capital outlay	5,546	2,249,554	102,428
Debt service:	-	-	-
Principal payments	-	-	135,000
Interest and other charges	-	-	37,736
Total expenditures	6,296	2,383,295	275,164
Excess (deficiency) of revenues over (under) expenditures	1,057,853	(570,031)	(757)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(1,000,000)	-	-
Total other financing sources (uses)	(1,000,000)	-	-
Special items - Cooperative Agreement	-	-	-
Net change in fund balances	57,853	(570,031)	(757)
Fund balances (deficit) at beginning of fiscal year	879,737	(446,523)	-
Fund balances (deficit) at end of fiscal year	$ 937,590	$ (1,016,554)	$ (757)

2002 Cooperative Fund	2004 Cooperative Fund	2011 Cooperative Fund	2011 Bond Fund	Capital Improvement and Acquisition Fund	Totals 2011	Totals 2010
$ -	$ -	$ -	$ -	$ -	$ 226,167	$ 203,407
39,403	12,077	2,553	3,469	45,206	106,304	215,525
-	-	-	-	136,163	2,223,834	3,221,092
-	-	-	-	360,000	1,194,386	1,122,873
-	-	-	-	94,504	94,504	15,794
39,403	12,077	2,553	3,469	635,873	3,845,195	4,778,691
166	-	-	-	-	7,062	197,629
22,328	-	-	-	147,598	297,521	3,171,822
54,227	14,247	-	-	2,146,726	4,572,728	2,165,246
-	-	-	-	-	-	-
-	-	-	-	-	135,000	135,000
-	-	-	-	-	37,736	45,850
76,721	14,247	-	-	2,294,324	5,050,047	5,715,547
(37,318)	(2,170)	2,553	3,469	(1,658,451)	(1,204,852)	(936,856)
-	-	-	-	4,620,000	4,620,000	205,660
-	-	-	-	-	(1,000,000)	(1,516,158)
-	-	-	-	4,620,000	3,620,000	(1,310,498)
17,912,104	4,551,229	12,200,192	15,129,470	-	49,792,995	-
17,874,786	4,549,059	12,202,745	15,132,939	2,961,549	52,208,143	(2,247,354)
-	-	-	-	1,012,107	1,445,321	3,692,675
$ 17,874,786	$ 4,549,059	$ 12,202,745	$ 15,132,939	$ 3,973,656	$ 53,653,464	$ 1,445,321

CITY OF CULVER CITY
Parking Improvement - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 215,000	$ 226,167	$ 11,167	$ 203,407
Charges for services	1,201,499	834,386	(367,113)	762,873
Investment income	20,000	3,596	(16,404)	29,581
Total revenues	1,436,499	1,064,149	(372,350)	995,861
Expenditures:				
Current:				
Public works	750	750	-	65
Capital outlay	5,163	5,546	(383)	33,823
Total expenditures	5,913	6,296	(383)	33,888
Excess (deficiency) of revenues over (under) expenditures	1,430,586	1,057,853	(372,733)	961,973
Other financing sources (uses):				
Transfers out	(1,380,000)	(1,000,000)	380,000	(1,380,000)
Total other financing sources (uses)	(1,380,000)	(1,000,000)	380,000	(1,380,000)
Net change in fund balance	50,586	57,853	7,267	(418,027)
Fund balance at beginning of fiscal year	879,737	879,737	-	1,297,764
Fund balance at end of fiscal year	$ 930,323	$ 937,590	$ 7,267	$ 879,737

CITY OF CULVER CITY
Capital Improvement Grants - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 7,641,907	$ 1,813,264	$ (5,828,643)	$ 2,578,332
Investment income	-	-	-	624
Total revenues	7,641,907	1,813,264	(5,828,643)	2,578,956
Expenditures:				
Current:				
Community development	5,000	6,896	(1,896)	284
Public works	137,301	126,845	10,456	188,175
Capital outlay	7,298,706	2,249,554	5,049,152	2,096,949
Total expenditures	7,441,007	2,383,295	5,057,712	2,285,408
Excess (deficiency) of revenues over (under) expenditures	200,900	(570,031)	(770,931)	293,548
Other financing sources (uses):				
Transfers out	-	-	-	(136,158)
Total other financing sources and (uses)	-	-	-	(136,158)
Net changes in fund balance	200,900	(570,031)	(770,931)	157,390
Fund balance (deficit) at beginning of fiscal year	(446,523)	(446,523)	-	(603,913)
Fund balance (deficit) at end of fiscal year	$ (245,623)	$ (1,016,554)	$ (770,931)	$ (446,523)

CITY OF CULVER CITY
CDBG Capital - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 385,938	$ 274,407	$ (111,531)	$ 311,922
Total revenues	385,938	274,407	(111,531)	311,922
Expenditures:				
Capital outlay	212,679	102,428	110,251	34,474
Debt service:				
Principal payments	135,000	135,000	-	135,000
Interest and other charges	37,736	37,736	-	45,850
Total expenditures	385,415	275,164	110,251	215,324
Net change in fund balance	523	(757)	(1,280)	96,598
Fund balance (deficit) at beginning of fiscal year	-	-	-	(96,598)
Fund balance (deficit) at end of fiscal year	$ 523	$ (757)	$ (1,280)	$ -

CITY OF CULVER CITY
2002 Cooperative - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 151,720	$ 39,403	$ (112,317)	$ -
Total revenues	151,720	39,403	(112,317)	-
Expenditures:				
Current:				
Intergovernmental	2,000,000	-	2,000,000	-
Community development	3,923	166	3,757	-
Public works	3,342,975	22,328	3,320,647	-
Capital outlay	10,529,392	54,227	10,475,165	-
Total expenditures	15,876,290	76,721	15,799,569	-
Excess (deficiency) of revenues over (under) expenditures	(15,724,570)	(37,318)	15,687,252	-
Special items - Cooperative Agreement	18,000,000	17,912,104	(87,896)	
Net change in fund balance	2,275,430	17,874,786	15,599,356	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	$ 2,275,430	$ 17,874,786	$ 15,599,356	$ -

CITY OF CULVER CITY
2004 Cooperative - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 31,856	$ 12,077	$ (19,779)	$ -
Total revenues	31,856	12,077	(19,779)	-
Expenditures:				
Capital outlay	1,886,110	14,247	1,871,863	-
Total expenditures	1,886,110	14,247	1,871,863	-
Excess (deficiency) of revenues over (under) expenditures	(1,854,254)	(2,170)	1,852,084	-
Special items - Cooperative Agreement	4,600,000	4,551,229	(48,771)	-
Net change in fund balance	2,745,746	4,549,059	1,803,313	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	$ 2,745,746	$ 4,549,059	$ 1,803,313	$ -

CITY OF CULVER CITY
2011 Cooperative - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 2,500	$ 2,553	$ 53	$ -
Total revenues	2,500	2,553	$ 53	-
Special items - Cooperative Agreement	-	12,200,192	12,200,192	-
Net change in fund balances	2,500	12,202,745	12,200,245	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	$ 2,500	$ 12,202,745	$ 12,200,245	$ -

CITY OF CULVER CITY
2011 Bond - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	$ 3,469	$ 3,469	$ -
Total revenues	-	3,469	3,469	-
Expenditures:				
Capital outlay	14,550,000	-	14,550,000	-
Total expenditures	14,550,000	-	14,550,000	-
Excess (deficiency) of revenues over (under) expenditures	(14,550,000)	3,469	14,553,469	-
Special items - Cooperative Agreement	-	15,129,470	15,129,470	-
Net change in fund balance	(14,550,000)	15,132,939	29,682,939	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	$ (14,550,000)	$ 15,132,939	$ 29,682,939	$ -

CITY OF CULVER CITY
Capital Improvement and Acquisition - Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 4,055,255	$ 134,163	$ (3,921,092)	$ 330,838
Investment income	160,000	45,206	(114,794)	185,320
Charges for services	360,000	360,000	-	360,000
Miscellaneous	18,240	96,504	78,264	15,794
Total revenues	4,593,495	635,873	(3,957,622)	891,952
Expenditures:				
Current:				
Public works	446,263	147,598	298,665	197,345
Capital outlay	11,378,092	2,146,726	9,231,366	2,983,582
Total expenditures	11,824,355	2,294,324	9,530,031	3,180,927
Excess (deficiency) of revenues over (under) expenditures	(7,230,860)	(1,658,451)	5,572,409	(2,288,975)
Other financing sources (uses):				
Transfers in	4,620,000	4,620,000	-	205,660
Total other financing sources (uses)	4,620,000	4,620,000	-	205,660
Net change in fund balance	(2,610,860)	2,961,549	5,572,409	(2,083,315)
Fund balance at beginning of fiscal year	1,012,107	1,012,107	-	3,095,422
Fund balance at end of fiscal year	$ (1,598,753)	$ 3,973,656	$ 5,572,409	$ 1,012,107

CITY OF CULVER CITY
Redevelopment Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 35,010,000	$ 36,320,903	$ 1,310,903	$ 37,249,668
Investment income	817,000	244,791	(572,209)	1,278,711
Charges for services	2,815,120	2,009,680	(805,440)	4,046,540
Miscellaneous	17,450	20,472	3,022	364,181
Total revenues	38,659,570	38,595,846	(63,724)	42,939,100
Expenditures:				
Current:				
Community development	31,381,972	20,526,213	10,855,759	6,490,482
Public works	1,074,259	1,134,838	(60,579)	1,877,398
Pass-through payments	8,699,418	7,177,761	1,521,657	5,548,474
SERAF payment	2,253,645	2,253,645	-	10,946,277
Capital outlay	13,321,778	1,223,673	12,098,105	543,051
Debt service:				
Bond issuance costs	71,000	692,083	(621,083)	-
Principal payments	-	-	-	1,650,236
Interest and other charges	105,000	138,284	(33,284)	498,033
Total expenditures	56,907,072	33,146,497	23,760,575	27,553,951
Excess (deficiency) of revenues over (under) expenditures	(18,247,502)	5,449,349	23,696,851	15,385,149
Other financing sources (uses):				
Proceeds from debt issuance	-	47,412,887	47,412,887	-
Original issue discount	-	(642,847)	(642,847)	-
Transfers in	652,483	652,037	(446)	652,295
Transfers out	(23,524,423)	(25,538,945)	(2,014,522)	(20,513,947)
Total other financing sources (uses)	(22,871,940)	21,883,132	44,755,072	(19,861,652)
Special Items - Cooperation Agreement	(66,800,000)	(94,230,533)	(27,430,533)	-
Net change in fund balances	(107,919,442)	(66,898,052)	41,021,390	(4,476,503)
Fund balance at beginning of fiscal year	69,871,340	69,871,340	-	81,347,543
Prior period adjustments	-	(8,178,573)	(8,178,573)	-
Fund balance at beginning of fiscal year, restated	69,871,340	61,692,767	-	81,347,543
Fund balance at end of fiscal year	$ (38,048,102)	$ (5,205,285)	$ 32,842,817	$ 76,871,040

CITY OF CULVER CITY
Cooperative Projects
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Final Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Charges for services	$ -	$ 39,491	$ 39,491	$ -
Total revenues	-	39,491	39,491	-
Expenditures:				
Current:				
Community development	7,681,732	143,253	7,538,479	-
Total expenditures	7,681,732	143,253	7,538,479	-
Net change in fund balance	(7,681,732)	(103,762)	7,577,970	-
Fund balance at beginning of fiscal year	-	-	-	-
Fund balance at end of fiscal year	$ (7,681,732)	$ (103,762)	$ 7,577,970	$ -

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INTERNAL SERVICE FUNDS

Equipment Replacement Fund is used to set aside funds annually for the future replacement of City equipment (primarily vehicles) from designated user departments. This fund is used to purchase equipment for which replacement funds have been set aside.

City Garage Fund is used to accounts for all activities of the City's central garage operations, the costs of which are distributed among the designated user departments.

Risk Management Fund is used to account for the City's insurance programs, including workers compensation and general liability, and related administrative expenses. It also accounts for the Employee Disability (IOD) program for employee long-term work-related disabilities.

Central Stores Fund is used to account for the timely purchase of needed materials, supplies and auto parts in advance of actual need. Departments are billed as items are issued for use.

Innovation Fund is used to account for funds set aside for grants or loans to City departments/divisions to cover one-time costs of implementing innovative programs that improve productivity and/or community service.

CITY OF CULVER CITY
Internal Service Funds
Combining Balance Sheet
June 30, 2011
With Comparative Totals at June 30, 2010

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2011	Totals 2010
Assets							
Cash and investments	$ 7,957,382	$ -	$ 4,041,343	$ -	$ -	$ 11,998,725	$ 15,351,313
Receivables:							
Accounts	-	31,173	50,559	-	-	81,732	15,610
Interest	12,376	-	6,891	-	-	19,267	62,255
Due from other funds	-	4,066	106,681	1,400	-	112,147	105,319
Due from other governments	-	1,383	-	-	-	1,383	-
Prepaids	-	45,094	3,526	-	-	48,620	43,100
Inventory	-	108,685	-	761,747	-	870,432	793,610
Total current assets	7,969,758	190,401	4,209,000	763,147	-	13,132,306	16,371,207
Machinery and equipment	19,777,936	224,920	47,789	-	-	20,050,645	17,742,106
Accumulated depreciation	(12,534,500)	(219,998)	(47,789)	-	-	(12,802,287)	(11,523,606)
Net property, plant, and equipment	7,243,436	4,922	-	-	-	7,248,358	6,218,500
Other assets:							
Advances to other funds	307,839	-	-	-	47,110	354,949	393,298
Land held for resale	-	-	1,150,000	-	-	1,150,000	1,150,000
Total other assets	307,839	-	1,150,000	-	47,110	1,504,949	1,543,298
Total assets	$ 15,521,033	$ 195,323	$ 5,359,000	$ 763,147	$ 47,110	$ 21,885,613	$ 24,133,005
Liabilities and Net Assets							
Liabilities:							
Accounts payable	$ 21,284	$ 134,424	$ 12,479	$ 105,650	$ -	$ 273,837	$ 311,045
Accrued wages payable	-	110,102	29,743	-	-	139,845	159,574
Due to other funds	-	462,593	-	220,660	34,404	717,657	582,146
Unearned revenue	-	-	-	-	-	-	94,259
Total current liabilities	21,284	707,119	42,222	326,310	34,404	1,131,339	1,147,024
Long-term liabilities:							
Compensated absences payable	-	584,945	50,631	-	-	635,576	603,196
Claims and judgments payable	-	-	20,221,513	-	-	20,221,513	17,610,053
Total long-term liabilities	-	584,945	20,272,144	-	-	20,857,089	18,213,249
Total liabilities	21,284	1,292,064	20,314,366	326,310	34,404	21,988,428	19,360,273
Net assets:							
Invested in capital assets	7,243,436	4,922	-	-	-	7,248,358	6,218,500
Unrestricted	8,256,313	(1,101,663)	(14,955,366)	436,837	12,706	(7,351,173)	(1,445,768)
Total net assets (deficit)	15,499,749	(1,096,741)	(14,955,366)	436,837	12,706	(102,815)	4,772,732
Total liabilities and net assets	$ 15,521,033	$ 195,323	$ 5,359,000	$ 763,147	$ 47,110	$ 21,885,613	$ 24,133,005

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2011	Totals 2010
Operating revenues:							
Sales and service charges	$ 1,341,481	$ 6,650,704	$ 6,524,382	$ 1,393,603	$ -	$ 15,910,170	$ 17,309,418
Miscellaneous	59,397	6,858	272,348	3,681	3,654	345,938	279,958
Total revenues	1,400,878	6,657,562	6,796,730	1,397,284	3,654	16,256,108	17,589,376
Operating expenses:							
Salaries and benefits	-	3,877,626	922,405	-	-	4,800,031	5,017,363
Supplies	23,802	1,378,816	18,083	1,380,873	-	2,801,574	2,954,775
Repairs and maintenance	-	1,244,379	-	-	-	1,244,379	1,318,375
Insurance	-	-	1,473,122	-	-	1,473,122	1,154,646
Claims and settlements	-	88,557	8,340,648	-	-	8,429,205	6,943,632
Consulting and contract services	-	79,707	353,550	-	-	433,257	445,374
Depreciation	1,330,775	4,276	714	-	-	1,335,765	1,305,632
Total operating expenses	1,354,577	6,673,361	11,108,522	1,380,873	-	20,517,333	19,139,797
Operating income (loss)	46,301	(15,799)	(4,311,792)	16,411	3,654	(4,261,225)	(1,550,421)
Nonoperating revenues (expenses):							
Investment income (expenses)	38,399	-	15,955	-	(676)	53,678	469,660
Total nonoperating revenues (expenses)	38,399	-	15,955	-	(676)	53,678	469,660
Income (loss) before transfers	84,700	(15,799)	(4,295,837)	16,411	2,978	(4,207,547)	(1,080,761)
Transfers in	150,000	-	-	-	-	150,000	150,000
Transfers out	(750,000)	-	-	-	(68,000)	(818,000)	(1,800,000)
Total transfers	(600,000)	-	-	-	(68,000)	(668,000)	(1,650,000)
Change in net assets	(515,300)	(15,799)	(4,295,837)	16,411	(65,022)	(4,875,547)	(2,730,761)
Net assets (deficit) at beginning of fiscal year	16,015,049	(1,080,942)	(10,659,529)	420,426	77,728	4,772,732	7,503,493
Net assets (deficit) at end of fiscal year	$ 15,499,749	$ (1,096,741)	$ (14,955,366)	$ 436,837	$ 12,706	$ (102,815)	$ 4,772,732

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2011	Totals 2010
Cash flows from operating activities:							
Cash received from user departments	$ 1,341,481	$ 6,620,140	$ 6,524,382	$ 1,393,603	$ -	$ 15,879,606	$ 17,597,866
Other operating revenue	59,397	5,475	142,030	4,182	3,654	214,738	-
Cash payments to suppliers for goods and services	(2,518)	(2,359,982)	(7,645,481)	(1,198,393)	-	(11,206,374)	(12,088,066)
Cash payments to employees	-	(3,881,978)	(905,402)	-	-	(4,787,380)	(4,072,586)
Net cash provided by (used for) operating activities	1,398,360	383,655	(1,884,471)	199,392	3,654	100,590	1,437,214
Cash flows from noncapital financing activities:							
Cash received from other funds	183,261	-	-	-	-	183,261	252,499
Cash paid to other funds	(750,000)	(383,655)	(5,927)	(199,392)	(28,508)	(1,367,482)	(1,729,009)
Net cash provided by (used for) noncapital financing activities	(566,739)	(383,655)	(5,927)	(199,392)	(28,508)	(1,184,221)	(1,476,510)
Cash flows from capital and related financing activities:							
Cash paid for acquisition of capital assets	(2,365,623)	-	-	-	-	(2,365,623)	(549,567)
Proceeds from sale of capital assets	-	-	-	-	-	-	313,289
Interest paid on debt	-	-	-	-	-	-	22,741
Net cash proved by (used for) capital and related financing activities	(2,365,623)	-	-	-	-	(2,365,623)	(213,537)
Cash flows from investing activities:							
Interest received (paid) on investments	64,533	-	32,523	-	(390)	96,666	472,701
Net cash provided (used) by investing activities	64,533	-	32,523	-	(390)	96,666	472,701
Net increase (decrease) in cash and cash equivalents	(1,469,469)	-	(1,857,875)	-	(25,244)	(3,352,588)	219,868
Cash and cash equivalents at beginning of fiscal year	9,426,851	-	5,899,218	-	25,244	15,351,313	15,131,445
Cash and cash equivalents at end of fiscal year	$ 7,957,382	$ -	$ 4,041,343	$ -	$ -	$ 11,998,725	$ 15,351,313

(Continued)

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010
(Continued)

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2011	Totals 2010
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	$ 46,301	$ (15,799)	$ (4,311,792)	$ 16,411	$ 3,654	$ (4,261,225)	$ (1,550,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	1,330,775	4,276	714	-	-	1,335,765	1,305,632
(Increase) decrease in accounts receivable	-	(30,564)	(36,059)	501	-	(66,122)	8,489
(Increase) decrease in prepaids	-	(5,280)	(240)	-	-	(5,520)	(43,100)
(Increase) decrease in due from other governments	-	(1,383)	-	-	-	(1,383)	-
(Increase) decrease in inventory	-	(10,690)	-	(66,132)	-	(76,822)	(16,750)
Increase (decrease) in accounts payable	21,284	447,447	(71,298)	248,612	-	646,045	(510,088)
Increase (decrease) in accrued wages payable	-	(31,475)	11,746	-	-	(19,729)	72,352
Increase (decrease) in compensated absences	-	27,123	5,257	-	-	32,380	11,449
Increase (decrease) in claims and judgments payable	-	-	2,611,460	-	-	2,611,460	2,159,651
Increase (decrease) in unearned revenue	-	-	(94,259)	-	-	(94,259)	-
Total adjustments	1,352,059	399,454	2,427,321	182,981	-	4,361,815	2,987,635
Net cash provided by (used for) operating activities	$ 1,398,360	$ 383,655	$ (1,884,471)	$ 199,392	$ 3,654	$ 100,590	$ 1,437,214

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Statistical Section

Statistical Section

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial Trends Information

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain trend information to help the reader understand the City's most significant local revenue source, property taxes.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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Schedule 1
CITY OF CULVER CITY

NET ASSETS BY COMPONENT,
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	$ (122,106,000)	$ 110,262,000	$ (61,226,000)	$ (48,975,000)	$ (48,144,000)	$ (17,430,778)	$ (3,739,583)	$ 3,324,019	$ 255,967
Restricted	111,585,000	115,758,000	116,147,000	109,746,000	109,336,000	113,783,900	111,255,792	109,425,542	120,932,521
Unrestricted	14,952,000	(163,402,000)	14,237,000	21,627,000	40,591,000	20,050,965	28,238,889	16,060,402	14,107,002
Total governmental activities net assets	$ 4,431,000	$ 62,618,000	$ 69,158,000	$ 82,398,000	$ 101,783,000	$ 116,404,087	$ 135,755,098	$ 128,809,963	$ 135,295,490
Business-type activities									
Invested in capital assets, net of related debt	$ 39,988,000	$ 38,806,000	$ 39,431,000	$ 37,329,000	$ 36,821,000	$ 41,280,241	$ 41,686,763	$ 43,057,219	$ 44,772,760
Unrestricted	15,613,000	14,359,000	20,091,000	23,669,000	27,303,000	30,230,621	35,576,295	32,440,211	31,563,720
Total business-type activities net assets	$ 55,601,000	$ 53,165,000	$ 59,522,000	$ 60,998,000	$ 64,124,000	$ 71,510,862	$ 77,263,058	$ 75,497,430	$ 76,336,480
Primary government									
Invested in capital assets, net of related debt	$ (82,118,000)	$ 149,068,000	$ (21,795,000)	$ (11,646,000)	$ (11,323,000)	$ 23,849,463	$ 37,947,180	$ 46,381,238	$ 45,028,727
Restricted	111,585,000	115,758,000	116,147,000	109,746,000	109,336,000	113,783,900	111,255,792	109,425,542	120,932,021
Unrestricted	30,565,000	(149,043,000)	34,328,000	45,296,000	67,894,000	50,281,586	63,815,184	48,500,613	45,671,222
Total primary government net assets	$ 60,032,000	$ 115,783,000	$ 128,680,000	$ 143,396,000	$ 165,907,000	$ 187,914,949	$ 213,018,156	$ 204,307,393	$ 211,631,970

Note: The City of Culver City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003 .

Schedule 2

CITY OF CULVER CITY

CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

		2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities:										
	General government	$ 14,156,000	$ 9,835,000	$ 15,377,000	$ 16,835,000	$ 15,815,000	$ 12,043,969	$ 7,912,284	$ 9,892,196	$ 5,621,826
	Parks, recreation and community services	6,921,000	4,669,000	7,151,000	7,337,000	8,237,000	6,329,820	6,740,814	7,835,307	8,088,964
	Police	25,431,000	14,685,000	34,142,000	28,266,000	26,901,000	28,699,839	28,297,020	31,669,431	31,788,033
	Fire	11,401,000	7,954,000	13,214,000	13,896,000	14,641,000	15,479,274	15,574,764	18,546,617	17,740,363
	Community Development	42,809,000	13,455,000	14,284,000	19,624,000	25,044,000	20,973,449	17,392,182	19,317,046	46,579,065
	Public Works	7,647,000	4,974,000	8,438,000	8,774,000	9,154,000	14,901,349	14,208,031	14,616,281	13,163,149
	Transportation	22,000	-	-	-	-	-	-	-	-
	Interest on long-term debt	9,733,000	8,418,000	8,644,000	9,563,000	8,721,000	8,908,295	7,935,287	8,107,981	8,579,601
Total governmental activities expenses		118,120,000	63,990,000	101,250,000	104,295,000	108,513,000	107,335,995	98,060,382	109,984,860	131,561,001
Business-type activities:	Refuse Disposal Fund	8,518,000	9,097,000	8,851,000	9,529,000	9,610,000	10,631,384	10,516,201	10,751,063	10,667,440
	Municipal Bus Lines Fund	14,071,000	14,477,000	15,416,000	16,765,000	16,889,000	17,978,224	17,876,341	18,418,501	19,088,076
	Sewer Enterprise Fund	7,805,000	6,230,000	6,797,000	6,885,000	8,027,000	7,657,624	6,106,718	8,400,664	8,068,600
Total business-type activities expenses		30,394,000	29,804,000	31,064,000	33,179,000	34,526,000	36,267,232	34,499,260	37,570,228	37,824,116
Total primary government expenses		148,514,000	93,794,000	132,314,000	137,474,000	143,039,000	143,603,227	132,559,642	147,555,088	169,385,117
Program Revenues										
Governmental activities:										
	Charges for services:									
	General government	$ 6,090,000	$ 7,886,000	$ 8,721,000	$ 10,617,000	$ 10,737,000	$ 232,296	$ 724,119	$ 681,128	$ 271,516
	Parks and recreation	1,501,000	1,916,000	1,908,000	2,036,000	2,331,000	2,260,574	2,190,981	2,364,235	2,416,182
	Police	4,247,000	4,221,000	4,821,000	4,996,000	5,481,000	5,310,204	4,530,822	4,963,657	5,118,168
	Fire	1,337,000	1,388,000	1,224,000	1,511,000	1,418,000	3,135,673	3,545,535	3,254,189	2,234,203
	Community Development	1,150,000	1,158,000	1,310,000	2,073,000	2,288,000	5,513,737	5,348,992	6,947,986	5,800,395
	Public Works	421,000	31,000	60,000	27,000	42,000	986,759	751,321	1,020,461	1,849,759
	Transportation	14,000	14,000	11,000	14,000	11,000	-	-	-	-
	Operating Contributions and Grants	6,857,000	6,664,000	8,630,000	6,413,000	6,117,000	6,713,924	7,338,357	5,127,862	6,342,237
	Capital Grants and Contributions	-	931,000	1,531,000	767,000	1,374,000	2,025,464	2,206,610	4,316,975	3,525,001
Total governmental activities program revenues		21,617,000	24,209,000	28,216,000	28,454,000	29,799,000	26,178,631	26,636,737	28,676,493	27,557,461
Business-type activities:										
	Charges for services:									
	Refuse Disposal Fund	7,419,000	8,051,000	9,096,000	9,833,000	10,519,000	10,747,405	10,962,463	11,154,752	11,646,192
	Municipal Bus Lines Fund	2,242,000	2,506,000	2,546,000	2,732,000	2,800,000	2,881,323	2,937,041	3,257,360	3,595,784
	Sewer Enterprise Fund	5,031,000	6,824,000	7,132,000	8,709,000	7,758,000	9,347,887	8,848,985	9,079,094	8,638,408
	Operating grants and contributions	8,162,000	7,925,000	9,145,000	10,003,000	12,147,000	11,084,172	11,820,879	9,503,221	11,062,738
	Capital grants and contributions	2,608,000	825,000	4,123,000	1,881,000	2,085,000	4,410,630	4,325,720	52,915	2,588,325
Total business-type activities program revenues		25,462,000	26,131,000	32,042,000	33,158,000	35,309,000	38,471,417	38,895,088	33,047,342	37,531,447
Total primary government program revenues		$ 47,079,000	$ 50,340,000	$ 60,258,000	$ 61,612,000	$ 65,108,000	$ 64,650,048	$ 65,531,825	$ 61,723,835	$ 65,088,908

Note: The City of Culver City implemented GASB 34 for the fiscal year ended 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF CULVER CITY

CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue									
Governmental activities	$ (96,503,000)	$ (39,781,000)	$ (73,034,000)	$ (75,841,000)	$ (78,714,000)	$ (81,157,364)	$ (71,423,645)	$ (81,308,367)	$ (104,003,540)
Business-type activities	(4,932,000)	(3,673,000)	1,248,000	(21,000)	783,000	2,204,185	4,395,828	(4,522,886)	(292,669)
Total primary government net expense	$ (101,435,000)	$ (43,454,000)	$ (71,786,000)	$ (75,862,000)	$ (77,931,000)	$ (78,953,179)	$ (67,027,817)	$ (85,831,253)	$ (104,296,209)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	$ 23,854,000	$ 24,968,000	$ 22,705,000	$ 28,213,000	$ 31,667,000	$ 34,725,099	$ 37,661,322	$ 25,751,846	$ 39,842,728
Sales taxes	15,030,000	16,223,000	17,433,000	18,000,000	18,081,000	17,922,101	16,004,311	14,314,156	16,192,369
Utility users tax	12,047,000	12,409,000	12,616,000	13,169,000	13,891,000	14,245,839	14,337,233	14,142,799	14,489,841
Franchise taxes	2,047,000	1,279,000	1,114,000	1,213,000	1,253,000	1,338,872	1,457,293	1,278,427	1,348,274
Business license taxes	7,534,000	7,910,000	8,191,000	8,552,000	9,184,000	10,171,478	10,534,685	9,653,597	10,049,265
Transient occupancy taxes	2,226,000	1,872,000	1,992,000	2,766,000	2,769,000	2,944,728	2,944,183	2,967,131	3,283,896
Other taxes	2,028,000	2,559,000	2,850,000	4,547,000	3,893,000	8,160,108	411,763	369,409	1,982,979
Motor vehicle in lieu taxes	2,406,000	1,837,000	3,240,000	2,862,000	2,922,000	3,093,074	3,288,296	3,476,976	3,484,424
Use of money and property	7,146,000	4,458,000	7,194,000	7,183,000	13,594,000	6,585,317	3,503,478	3,650,929	1,427,225
Gain (Loss) on sale of capital assets	-	-	-	(2,000)	-	-	2,729,879	395,000	509,941
Other	698,000	1,288,000	439,000	3,473,000	1,661,000	-	78,000	78,000	14,110,004
Transfers	(476,000)	(1,165,000)	(570,000)	(731,000)	(699,000)	(510,782)	(372,025)	(1,715,039)	(316,947)
Total governmental activities	$ 74,540,000	$ 73,638,000	$ 77,204,000	$ 89,245,000	$ 98,216,000	$ 98,675,834	$ 92,578,418	$ 74,363,231	$ 106,403,999
Business-type activities:									
Sales Taxes- Measure R	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,161,115	$ 1,418,901
Use of money and property	1,069,000	371,000	709,000	567,000	1,378,000	1,258,634	816,074	922,589	223,925
Other	23,000	1,000	27,000	9,000	266,000	388,382	168,269	257,178	104,494
Transfers	476,000	1,165,000	570,000	731,000	699,000	510,782	372,025	553,924	316,947
Total business-type activities	1,568,000	1,537,000	1,306,000	1,307,000	2,343,000	2,157,798	1,356,368	2,894,806	2,064,267
Total primary government	$ 76,108,000	$ 75,175,000	$ 78,510,000	$ 90,552,000	$ 100,559,000	$ 100,833,632	$ 93,934,786	$ 77,258,037	$ 108,468,266
Change in Net Assets									
Governmental activities	$ (21,963,000)	$ 33,857,000	$ 4,170,000	$ 13,404,000	$ 19,502,000	$ 17,518,470	$ 21,154,773	$ (6,945,136)	$ 2,400,459
Business-type activities	(3,364,000)	(2,136,000)	2,554,000	1,286,000	3,126,000	4,361,983	5,752,196	(1,628,080)	1,771,598
Total primary government	$ (25,327,000)	$ 31,721,000	$ 6,724,000	$ 14,690,000	$ 22,628,000	$ 21,880,453	$ 26,906,969	$ (8,573,216)	$ 4,172,057

Note: The City of Culver City implemented GASB Statement 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

CITY OF CULVER CITY

PROGRAM REVENUES BY REVENUE FUNCTION,
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

		Program Revenues								
		2003	2004	2005	2006	2007	2008	2009	2010	2011
Function/Program										
Governmental activities:										
	General government	$ 6,203,000	$ 8,014,000	$ 8,751,000	$ 10,648,000	$ 10,766,000	$ 2,438,643	$ 1,255,678	$ 1,094,188	$ 1,543,537
	Parks and recreation	1,909,000	3,157,000	5,725,000	2,685,000	3,292,000	3,627,382	4,001,648	3,807,974	3,263,123
	Police	4,385,000	4,743,000	5,171,000	5,999,000	5,710,000	5,964,366	5,269,470	5,619,234	5,317,581
	Fire	1,337,000	1,388,000	1,271,000	1,511,000	1,418,000	3,135,673	3,545,535	3,254,189	2,234,203
	Community Development	6,081,000	4,515,000	4,465,000	4,450,000	4,569,000	8,065,008	8,402,829	8,765,549	7,992,307
	Public Works	733,000	869,000	1,597,000	1,654,000	2,649,000	2,947,559	4,161,577	6,135,359	7,206,710
	Transportation	969,000	1,523,000	1,236,000	1,507,000	1,395,000	-	-	-	-
Subtotal governmental activities		21,617,000	24,209,000	28,216,000	28,454,000	29,799,000	26,178,631	26,636,737	28,676,493	27,557,461
Business-type activities:										
	Refuse Disposal Fund	7,419,000	8,067,000	9,118,000	9,855,000	10,526,000	10,747,405	10,962,463	11,163,890	11,864,998
	Municipal Bus -Transit	13,012,000	11,240,000	16,062,000	14,594,000	17,025,000	18,376,125	19,083,640	12,804,358	17,026,228
	Sewer Enterprise Fund	5,031,000	6,824,000	7,132,000	8,709,000	7,758,000	9,347,887	8,848,985	9,079,094	8,640,221
Subtotal business-type activities		25,462,000	26,131,000	32,312,000	33,158,000	35,309,000	38,471,417	38,895,088	33,047,342	37,531,447
Total primary government		$ 47,079,000	$ 50,340,000	$ 60,528,000	$ 61,612,000	$ 65,108,000	$ 64,650,048	$ 65,531,825	$ 61,723,835	$ 65,088,908

CITY OF CULVER CITY

FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	$ 2,410,000	$ 2,623,000	$ 2,197,000	$ 7,690,000	$ 6,972,000	$ 15,892,059	$ 10,714,977	$ 7,650,079	$ -
Unreserved	19,568,000	24,031,000	24,091,000	27,761,000	31,897,000	25,319,185	29,805,314	31,243,558	-
Nonspendable	-	-	-	-	-	-	-	-	6,799,442
Assigned	-	-	-	-	-	-	-	-	1,024,329
Unassigned	-	-	-	-	-	-	-	-	42,492,244
Total General Fund	$ 21,978,000	$ 26,654,000	$ 26,288,000	$ 35,451,000	$ 38,869,000	$ 41,211,244	$ 40,520,291	$ 38,893,637	$ 50,316,015
All Other Governmental Funds									
Reserved	$ 69,328,000	$ 77,064,000	$ 41,612,000	$ 42,495,000	$ 55,994,000	$ 94,711,042	$ 96,849,643	$ 99,965,251	$ -
Unreserved, reported in:									
Special revenue funds-RDA	-	-	9,542,000	12,725,000	15,051,000	-	-	-	-
Capital projects funds	(3,481,000)	(4,474,000)	(3,281,000)	(2,367,000)	821,000	2,648,924	2,397,955	643,775	-
Capital projects funds-RDA	45,677,000	39,318,000	45,274,000	29,177,000	20,016,000	16,633,351	23,994,430	19,048,361	-
Debt service funds	-	-	14,134,000	16,009,000	14,939,000	-	-	-	-
Non-Major funds - Special revenue funds	3,225,000	2,050,000	4,596,000	4,396,000	5,442,000	5,922,164	6,331,652	5,320,918	-
Non-Major funds - Capital projects funds	282,000	(46,000)	202,000	1,212,000	444,000	1,570,311	611,434	785,882	-
Nonspendable	-	-	-	-	-	-	-	-	22,647
Restricted	-	-	-	-	-	-	-	-	39,488,003
Restricted - COOP	-	-	-	-	-	-	-	-	118,980,130
Assigned	-	-	-	-	-	-	-	-	4,893,096
Unassigned	-	-	-	-	-	-	-	-	(7,359,168)
Total all other Governmental Funds	$ 115,031,000	$ 113,912,000	$ 112,079,000	$ 103,647,000	$ 112,707,000	$ 121,485,792	$ 130,185,114	$ 125,764,187	$ 156,024,708

CITY OF CULVER CITY

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Taxes	$ 64,766,000	$ 67,220,000	$ 66,089,000	$ 75,271,000	$ 81,311,000	$ 79,838,309	$ 81,545,109	$ 78,988,490	$ 87,269,063
Licenses and permits	1,274,000	1,353,000	1,451,000	2,255,000	2,374,000	13,224,442	12,977,318	12,247,774	2,244,791
Fines and forfeitures	3,705,000	3,619,000	4,065,000	4,243,000	4,543,000	4,830,667	3,922,874	4,413,473	4,618,928
Investment income	6,660,000	4,425,000	6,922,000	6,942,000	12,824,000	5,863,385	3,517,166	3,387,362	1,236,516
Intergovernmental	9,263,000	9,309,000	11,225,000	9,652,000	12,335,000	6,777,641	7,228,161	9,084,949	12,021,397
Charges for services	9,781,000	11,642,000	12,539,000	14,768,000	15,399,000	13,124,126	9,974,608	11,817,763	11,143,637
Sale of Land for resale	-	-	-	-	-	-	-	-	14,110,004
Other revenues	698,000	1,293,000	439,000	3,470,000	1,645,000	1,955,132	4,396,396	1,313,896	941,644
Total revenues	96,147,000	98,861,000	102,730,000	116,601,000	130,431,000	125,613,702	123,561,632	121,253,707	133,585,980
Expenditures									
General government	10,677,000	10,973,000	12,122,000	13,439,000	15,001,000	10,217,548	6,370,275	5,827,231	4,396,978
Parks, recreation and community services	6,473,000	6,276,000	6,680,000	6,889,000	7,503,000	6,078,828	6,343,893	6,258,099	6,893,761
Police	21,701,000	21,834,000	24,737,000	26,510,000	27,905,000	28,067,568	28,910,326	29,102,527	28,345,389
Fire	10,955,000	11,772,000	12,944,000	13,643,000	13,894,000	14,843,667	15,344,944	15,724,439	15,400,698
Community development	42,995,000	20,068,000	14,242,000	19,592,000	24,223,000	17,510,916	17,711,375	18,233,549	33,299,639
Public works	7,213,000	7,134,000	8,162,000	8,552,000	8,658,000	13,177,016	13,460,405	12,440,176	10,591,242
Capital outlay	6,059,000	4,365,000	10,787,000	6,432,000	6,624,000	9,535,679	7,255,428	7,013,846	7,459,015
Debt service									
Debt issuance costs	-	1,233,000	-	545,000	-	-	-	-	692,083
Principal payment	6,234,000	5,629,000	7,833,000	6,591,000	6,295,000	6,057,387	6,317,776	8,115,236	6,897,948
Interest and fiscal charges	9,967,000	7,760,000	9,219,000	8,819,000	8,678,000	8,720,605	7,820,329	8,026,395	7,411,970
SERAF payments	-	-	-	-	-	-	-	10,946,277	2,253,645
Pass-through payments	-	-	-	-	-	3,310,845	4,942,725	5,548,474	7,177,761
Payment of refunding bond escrow - prior issue	-	700,000	-	1,566,000	-	-	-	-	-
Total expenditures	122,274,000	97,744,000	106,726,000	112,578,000	118,781,000	117,520,059	114,477,476	127,236,249	130,820,129
Excess of revenues over (under) expenditures	(26,127,000)	1,117,000	(3,996,000)	4,023,000	11,650,000	8,093,643	9,084,156	(5,982,542)	2,765,851
Other Financing Sources (Uses)									
Transfers in	16,658,000	16,743,000	15,631,000	25,480,000	16,037,000	29,457,365	26,275,033	25,957,103	33,938,808
Transfers out	(17,134,000)	(17,955,000)	(16,214,000)	(26,893,000)	(16,698,000)	(26,429,479)	(25,547,058)	(26,022,142)	(33,587,755)
Long-term debt issued	59,000	83,587,000	10,000	17,315,000	1,550,000	-	-	-	47,412,887
Payment to refunded bond escrow - current issue	-	(83,819,000)	-	(15,390,000)	-	-	-	-	-
Original issue premium (discount)	-	2,140,000	-	-	-	-	-	-	(642,847)
Total other financing sources (uses)	(417,000)	696,000	(573,000)	512,000	889,000	3,027,886	727,975	(65,039)	47,121,093
Net change in fund balances	$ (26,544,000)	$ 1,813,000	$ (4,569,000)	$ 4,535,000	$ 12,539,000	$ 11,121,529	$ 9,812,131	$ (6,047,581)	$ 49,886,944
Debt service as a percentage of noncapital expenditures	16.2%	19.6%	21.6%	19.8%	15.4%	16.4%	16.0%	18.4%	15.2%

CITY OF CULVER CITY

TAX REVENUES BY SOURCE
GOVERNMENTAL FUNDS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

Fiscal Year	Property Tax	Sales Tax	Utility Users Tax	Other Tax	Licenses, Permits	Fines, Forfeitures, Penalties	Use of Money, Property	Revenue from other Agencies	Charges for Services	Sale of Property	Other	Total
2002	25,223,000	14,254,000	10,970,000	10,286,000	886,000	3,478,000	7,779,000	11,722,000	9,864,000	-	1,577,000	96,039,000
2003	23,853,000	15,030,000	12,047,000	13,543,000	1,274,000	3,705,000	6,660,000	9,788,000	9,781,000	-	698,000	96,379,000
2004	24,968,000	16,223,000	12,409,000	13,620,000	1,353,000	3,619,000	4,425,000	9,309,000	11,642,000	-	1,293,000	98,861,000
2005	22,705,000	17,433,000	12,616,000	13,335,000	1,451,000	4,065,000	6,922,000	11,225,000	12,539,000	-	439,000	102,730,000
2006	28,213,000	18,000,000	13,169,000	15,889,000	2,255,000	4,243,000	6,942,000	9,652,000	14,768,000	-	3,470,000	116,601,000
2007	31,667,000	18,081,000	13,891,000	17,672,000	2,374,000	4,543,000	12,824,000	12,335,000	15,399,000	-	1,645,000	130,431,000
2008	34,725,099	17,922,101	14,245,839	12,945,270	13,224,442	4,830,667	12,640,711	10,592,880	13,124,126	-	1,955,447	136,206,582
2009	37,661,322	16,004,311	14,337,233	13,542,243	12,977,318	3,922,874	3,517,166	7,228,161	9,979,766	-	4,391,238	123,561,632
2010	25,751,846	14,314,156	14,142,799	24,779,689	12,247,774	4,413,473	3,387,362	9,084,949	11,817,763	-	1,313,896	121,253,707
2011	39,842,728	17,611,270	14,489,841	15,325,224	2,244,791	4,618,928	1,236,516	12,021,397	11,143,637	14,110,004	941,644	133,585,980

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Secured Property	Unsecured Property	Net (a) Total Taxable Assessed Value	Total Direct Tax % Rate
2002	3,968,950,402	416,485,846	4,385,436,248	0.511%
2003	4,152,354,615	399,452,859	4,551,807,474	0.507%
2004	4,418,714,311	392,953,627	4,811,667,938	0.504%
2005	4,721,147,195	332,647,260	5,053,794,455	0.498%
2006	5,054,157,579	366,616,923	5,420,774,502	0.494%
2007	5,455,855,553	357,449,547	5,813,305,100	0.497%
2008	6,000,305,616	379,698,875	6,380,004,491	0.516%
2009	6,470,933,414	431,239,783	6,902,173,197	0.529%
2010	6,841,788,858	446,470,232	7,288,259,090	0.546%
2011	6,760,932,194	405,656,855	7,166,974,024	0.538%

Source: HdL Coren & Cone, Los Angeles County Assessor 2001/02 - 2010/11 Combined Tax Rolls

Note:
(a) Exemptions are netted directly against the individual property categories

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

CITY OF CULVER CITY

DIRECT AND OVERLAPPING PROPERTY TAX RATES

(Rate per $100 of assessed values)

	2009	2010	2011
City Direct Rate			
City Basic Rate	$ 0.1043	$ 0.1043	$ 0.1043
Total City Direct Rate	$ 0.1043	$ 0.1043	$ 0.1043
Overlapping Rates:			
Los Angeles County General	$ 0.3470	$ 0.3471	$ 0.3471
Culver City Unified School District	$ 0.2330	$ 0.2328	$ 0.2328
Educational Augmentation Fund Impound	$ 0.1580	$ 0.1584	$ 0.1584
Educational Revenue Augmentation Fund	$ 0.0640	$ 0.0641	$ 0.0641
Los Angeles Community College District	$ 0.0320	$ 0.0320	$ 0.0320
Los Angeles County Library	$ 0.0250	$ 0.0251	$ 0.0251
County Flood Control Maintenance	$ 0.0107	$ 0.0107	$ 0.0107
County School Services Fund	$ 0.0088	$ 0.0088	$ 0.0088
County Fire - FFW	$ 0.0080	$ 0.0080	$ 0.0080
Children's Institutional Tuition Fund	$ 0.0030	$ 0.0030	$ 0.0030
Co. Flood Control District Imp Dist Maint	$ 0.0019	$ 0.0019	$ 0.0019
County School Services Fund	$ 0.0015	$ 0.0015	$ 0.0015
Development Center Handicapped Minors	$ 0.0010	$ 0.0010	$ 0.0010
Culver City Children's Center Fund	$ 0.0006	$ 0.0006	$ 0.0006
LA Community College Children's Cntr Fund	$ 0.0003	$ 0.0003	$ 0.0003
LA Co West Vector Control Dist	$ 0.0003	$ 0.0003	$ 0.0003
Co. Accumulative Capital Outlay	$ 0.0001	$ 0.0001	$ 0.0001

Source: HdL Coren & Cone, Los Angeles County Assessor and Auditor 2009/10 Lien DateTax Rolls, Tax Rate Table
Note:
In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within.

CITY OF CULVER CITY

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

	2011			2002		
Total Net Assessed Value	**$ 7,166,974,024**		100.00%	**$ 4,385,436,248**		100.00%

Taxpayer	*Net Taxable Assessed Value (2011)	Rank (2011)	Percentage of Total Taxable Assessed Value (2011)	*Net Taxable Assessed Value (2002)	Rank (2002)	Percentage of Total Taxable Assessed Value (2002)
Lot, Inc.	$ 267,538,702	1	3.73%	$ 158,370,473	2	3.61%
Transwestern Corporate Pointe	106,859,905	2	1.49%			
Symantec Corporation	100,773,238	3	1.41%			
TCE Filmland Holdings LLC	90,493,617	4	1.26%	86,291,420	3	1.97%
Sony Pictures Entertainment Inc.	86,444,180	5	1.21%	255,010,487	1	5.81%
PCCP Studio City Los Angles TCS	83,230,598	6	1.16%			
Sy Culver City Portfolio Limited Partnership	71,831,655	7	1.00%			
Fox Hills Mall LLC/Westfield	70,346,849	8	0.98%	76,448,844	4	1.74%
Culver Center Partners East 1 LP	57,250,291	9	0.80%			
Legacy III Culver City LLC	56,510,000	10	0.79%			
Arden Reality Finance Partnership				69,368,650	5	1.58%
Brotman Partners Limited Partnership				44,223,040	6	1.01%
American Land Conservancy				35,947,000	8	0.82%
Teachers Insurance and Annuity Association				33,172,908	9	0.76%
Maier Brewing Company				29,906,906	10	0.68%
Amberdon Corporate Pointe Limited				38,500,000	7	0.88%
Total	$ 991,279,035		13.83%	$ 827,239,728		18.86%

Source: Los Angeles County Assessor 2010/11 Combined Tax Rolls

CITY OF CULVER CITY

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	2,246,000	2,080,000	92.6%	$ (66,000)	2,014,000	89.7%
2003	2,297,000	2,335,000	101.7%	$ 27,000	2,362,000	102.8%
2004	2,451,000	2,340,000	95.5%	$ 57,000	2,397,000	97.8%
2005	2,552,000	1,790,000	70.1%	$ 190,000	1,980,000	72%*
2006	2,625,000	2,096,000	79.8%	$ 63,000	2,159,000	82.2%*
2007	2,704,000	3,083,000	114.0%	$ 2,370	3,085,370	114.1%
2008	2,877,000	3,048,814	106.0%	$ 82,891	3,131,705	108.9%
2009	3,062,494	3,098,398	101.2%	$ 247,009	3,345,407	109.2%
2010	3,270,467	3,347,900	102.4%	$ 177,194	3,525,094	107.8%
2011	3,264,220	3,041,430	93.2%	$ 57,531	3,098,961	94.9%

Source: Los Angeles County Assessor

Note: This schedule includes Tax District 1 (City of Culver City) only and does not include data of the Redevelopment Agency.

* The decrease in percentage collected is the result of the State partial shift of financial responsibility for education funding to local governments by allocating local property tax revenues to Education Revenue Augmentation Fund (ERAF) directing that these local agency property taxes be deposited into funds to support schools.

CITY OF CULVER CITY

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

	Governmental Activities				Business-type Activities						
Fiscal Year	Redevelopment Bonds	Capital Leases	Loans	Total Governmental Activities	Wastewater Revenue Bonds	Certificates of Participation	Capital Leases	Total Business-type Activities	Total Primary Government	Percentage of Personal Income [a]	Debt Per Capita [a]
2002	195,346,000	2,574,000	2,029,000	199,949,000	23,980,000	7,675,000	3,236,000	34,891,000	234,840,000	19.6%	5,971
2003	189,791,000	1,711,000	1,837,000	193,339,000	23,575,000	7,290,000	2,617,000	33,482,000	226,821,000	18.5%	5,692
2004	185,735,000	1,534,000	1,639,000	188,908,000	23,150,000	6,885,000	1,682,000	31,717,000	220,625,000	17.4%	5,480
2005	178,626,000	1,169,000	1,443,000	181,238,000	22,705,000	6,460,000	1,014,000	30,179,000	211,417,000	15.7%	5,219
2006	173,650,000	700,000	2,332,000	176,682,000	22,245,000	6,015,000	594,000	28,854,000	205,536,000	14.6%	5,059
2007	168,105,000	311,000	3,656,000	172,072,000	21,760,000	5,545,000	211,000	27,516,000	199,588,000	13.5%	4,908
2008	162,394,938	-	3,443,764	165,838,702	21,255,000	5,055,000	-	26,310,000	192,148,702	11.9%	4,722
2009	156,235,000	-	3,205,988	159,440,988	20,720,000	4,535,000	-	25,255,000	184,695,988	12.6%	4,787
2010	149,905,000	-	1,420,752	151,325,752	20,085,000	3,990,000	-	24,075,000	175,400,752	11.9%	4,330
2011	190,667,887	-	1,172,804	191,840,691	19,495,000	3,415,000	-	22,910,000	214,750,691	13.7%	5,274

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

For the 10 years ending June 30 2011, the City had no General Obligation Bonds.

[a] See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF CULVER CITY

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2011

City Assessed Valuation	$	3,669,847,166
Redevelopment Agency Incremental Valuation		3,497,126,858
Total Net Taxable Assessed Valuation	$	7,166,974,024

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt Repaid with Voter-Approved Property Taxes:			
Los Angeles County	$ -		$ -
Los Angeles County Flood Control District	-		-
Metropolitan Water District	**107,259,876**	0.432%	463,539
El Camino College District	**171,202,715**	0.005%	7,990
Los Angeles Community College District	**3,105,670,000**	1.245%	38,670,415
Los Angeles Community College District	**431,075,000**	1.245%	5,367,253
Culver City Unified School District	**35,500,000**	99.362%	35,273,669
Inglewood Unified School District	**112,555,000**	0.047%	52,501
Los Angeles Unified School District	**11,596,250,000**	0.009%	1,042,995
Subtotal, overlapping debt		2.20%	80,878,362
City direct debt		0.00%	-
Total direct and overlapping debt		2.20%	$ 80,878,362

Sources: HdL Coren & Cone, Los Angeles County Assessor 2010/2011 Combined Lien Date Tax Rolls

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Culver City. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident—and therefore responsible for repaying the debt—of each overlapping government. The overlapping debt represents 2.20% of the City's 2010/2011 assessed valuation or $81 million.

CITY OF CULVER CITY

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total assessed valuation	$ 4,459,406,000	$ 4,683,970,000	$ 4,947,092,000	$ 5,198,484,000	$ 5,595,297,000	$ 6,001,605,000	$ 6,568,960,000	$ 7,095,779,000.00	$ 7,527,054,000.00	$ 7,417,771,754.00
Debt Limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	**15%**	**15%**
Debt Limit	$ 668,910,900	$ 702,595,500	$ 742,063,800	$ 779,772,600	$ 839,294,550	$ 900,240,750	$ 985,344,000	$ 1,064,366,850	$ 1,129,058,100	$ 1,112,665,763
Amount of debt applicable to the limit:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal Debt Margin	$ 668,910,900	$ 702,595,500	$ 742,063,800	$ 779,772,600	$ 839,294,550	$ 900,240,750	$ 985,344,000	$ 1,064,366,850	$ 1,129,058,100	$ 1,112,665,763
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: In accordance with California Government Code, total general obligation bonds outstanding cannot exceed 15 percent of total assessed valuation. For the 10 years ended June 30, 2011, the City was not obligated in any manner for general obligation bonds.

CITY OF CULVER CITY

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

	Wastewater Facilities Revenue Bonds (b)							Tax Allocation Bonds			
	Utility	Interest	Less:	Net							
Fiscal	Service	Earnings	Operating	Available	Debt Service			Tax Increment	Debt Service		
Year	Charges	(a)	Expenses	Revenue	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage
2002	4,641,000	986,000	3,509,000	2,118,000	385,000	1,298,000	1.26	23,172,000	3,935,000	8,568,000	1.85
2003	5,031,000	833,000	4,728,000	1,136,000	405,000	1,282,000	0.67	21,455,000	5,563,000	9,728,000	1.40
2004	6,825,000	214,000	3,456,000	3,583,000	425,000	1,275,000	2.11	22,573,000	5,141,000	9,471,000	1.54
2005	7,132,000	559,000	3,902,000	3,789,000	445,000	1,247,000	2.24	20,836,000	7,069,000	12,869,000	1.05
2006	8,709,000	433,000	4,129,000	5,013,000	460,000	1,228,000	2.97	25,906,000	5,860,000	7,052,000	2.01
2007	7,758,000	1,132,000	5,397,000	3,493,000	485,000	1,207,000	2.06	28,461,000	5,680,000	8,241,000	2.04
2008	9,334,000	1,010,000	4,027,000	6,317,000	505,000	1,272,000	3.55	31,388,000	5,845,000	8,009,000	2.27
2009	8,849,000	712,804	2,998,000	6,563,804	535,000	1,161,539	3.87	38,015,000	6,080,000	7,766,000	2.75
2010	9,079,094	823,493	5,596,721	4,305,866	560,000	1,134,456	2.54	37,250,000	6,330,000	7,482,511	2.70
2011	8,638,408	171,951	5,392,430	3,417,929	590,000	910,200	2.28	36,321,000	6,650,000	7,151,937	2.63

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest expense, depreciation, or amortization expenses.

(a) Per the Wastewater Facilities Revenue Bond covenant, interest earnings are included when computing net available revenue for bond compliance purposes.
(b) The 1999 'Wastewater Facilities Revenue Bonds were issued on December 8, 1999. The 1999 Bonds were defeased and replaced by the 2009 Bonds issued on July 21, 2009.

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population	Personal Income *(thousands of dollars)*	Per Capita Personal Income	Unemployment Rate
2001	39,306	1,166,857	29,686	3.8%
2002	39,794	1,185,757	29,797	4.6%
2003	40,176	1,226,927	30,539	4.7%
2004	40,447	1,297,669	32,083	4.4%
2005	40,584	1,362,508	33,573	3.6%
2006	40,516	1,449,886	34,426	3.2%
2007	50,401	1,505,190	35,786	3.4%
2008	40,399	1,518,849	37,256	5.1%
2009	40,507	1,479,760	37,596	8.0%
2010	38,420	1,565,191	38,436	8.7%

Sources: HDL 2010-11 CAFR Statistical Basic Package for City of Culver City
Population: California State Department of Finance.
Unemployment Data: California Employment Development Department
2000-2009 Income, Age, and Education Data: ESRI - Demographic Estimates are based on the last available Census. Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap
2010 Income, Age, and Educatin Data: US Census Bureau, most recent American Community Survey

CITY OF CULVER CITY

PRINCIPAL EMPLOYERS
Current Year

	2011		
Employer	Employees	Rank	Percentage of Total City Employment
Sony Pictures Entertainment	6,000	1	15.13%
Goldrich and Kest Industries	1,100	2	2.77%
Culver City Unified School District	1,084	3	2.73%
Brotman Medical Center	860	4	2.17%
Culver City **	650	5	1.64%
Security Industry Specialists	400	6	1.01%
Target	400	7	1.01%
Inovel	300	8	0.76%
Karl Storz Endoscopy	300	9	0.76%
Kayne-Eras Center	300	10	0.76%
Moldex-Metric	300	11	0.76%
JC Penny	274	12	0.69%
Discuss Dental	250	13	0.63%
Miller Toyota	250	14	0.63%
Macy's	220	15	0.55%
Hand W Land Surveying & Mapping	200	16	0.50%
Harold Hanslmair Insurance	200	17	0.50%
Miller Honda Of Culver City	200	18	0.50%
Sherwood Management Company	200	19	0.50%
Valet Parking Services	200	20	0.50%
Total [1]	13,688		34.52%
Total Employment in City	**39,651**		

[1] Source: InfoGroup from Hdl Coren & Cone 2009-10 CAFR Statistical Reports
**Culver City (see Full-Time Equivalent City Government Employees by Function/Program)

Note: Due to the difficulty of obtaining most recent and reliable data, only the current year information is provided.

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	89	88	86	85	86	89	83	84	82	71
Parks, recreation and community services	48	47	39	41	41	41	39	39	38	30
Police	174	166	162	164	164	161	164	166	166	156
Fire	74	70	71	71	71	72	72	73	73	70
Community development	45	47	48	46	50	50	56	57	57	52
Public works	67	65	59	60	60	58	61	62	62	51
Grants operating	18	16	18	13	11	11	10	10	10	10
Internal service	45	45	42	45	45	43	43	43	43	41
Refuse	51	51	50	50	50	50	49	49	48	40
Transit	99	102	107	110	109	109	109	120	120	120
Sewer	5	5	5	5	5	6	9	10	10	9
Total	715	703	688	690	692	689	695	714	709	649

Source: City Budget Office.

Notes: A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

CITY OF CULVER CITY

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Building permits issued	2,267	2,527	2,582	1,554	2,519	3,264	2,575	2,141	2,356	2,400
Building inspections conducted	unavailable	7,982	8,500	9,585	10,500	9,814	11,121	10,254	10,616	9,500
Police										
Arrestees Processed	3,327	1,687	2,100	2,797	1,500	1,616	2,774	1,700	1,700	1,400
Parking citations	32,093	40,610	32,000	38,098	34,000	38,963	34,798	40,000	40,100	36,000
Traffic citations	23,292	19,065	16,000	14,672	13,000	13,749	11,236	14,000	14,000	14,000
Fire										
Emergency responses	3,887	3,777	3,907	3,919	3,950	4,180	4,233	4,400	4,500	4,500
Fire Emergency Incidents	151	164	140	151	152	159	132	150	155	155
Commercial Fire Safety Inspections	2,517	1,159	2,148	1,928	1,900	1,965	1,965	2,427	2,369	2,400
Refuse collection										
Residential Refuse collected (tons per day)	16	14	15	15	15	15	15	32	35	41
Commercial Refuse Collected (tons per day)	27	21	20	20	21	21	20	132	136	136
Responses to Customer Service Requests	245	240	200	200	200	200	200	200	200	200
Public Works										
Traffic Engineering Investigations	1,630	1,200	2,576	2,000	2,475	3,597	3,956	4,352	5,849	4,535
Tons of Asphalt Placed	1,340	1,000	900	681	558	600	650	700	725	700
Damaged Sidewalk removed/replaced (sq ft)	14,000	10,000	9,000	13,335	9,500	9,500	13,500	14,250	15,000	16,000
Trees Trimmed	5,021	3,573	2,850	3,483	3,208	5,836	5,800	5,840	5,850	5,850
Parks and recreation										
Park picnic permits issued	1,342	1,375	1,181	1,300	1,300	1,300	1,390	1,300	1,300	1,300
Participation in Youth Sports	15,000	12,500	12,500	4,997	5,345	5,345	5,368	5,500	5,000	5,000
Participation in Adults Sports	45,000	33,731	35,000	35,818	36,800	36,800	34,000	35,000	35,000	35,500
Transit - Municipal buses										
Total service miles	1,550,434	1,350,043	1,419,451	1,423,365	1,415,371	1,438,606	1,444,350	1,450,000	1,700,000	1,700,000
Passengers	5,247,382	5,288,494	5,398,584	5,402,335	5,721,345	5,893,083	6,055,246	6,240,000	6,430,000	6,630,000

Sources: Annual Budgets and various city departments.

CITY OF CULVER CITY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	22	26	31	32	30	31
Motorcycle units	11	11	11	11	11	12	12	11	11	14
Detective Units	18	18	18	18	18	17	20	20	20	19
Parking Enforcement Units	9	9	9	9	9	8	6	7	7	8
Fire stations	3	3	3	3	3	3	3	3	3	3
Refuse collection										
Collection trucks	15	15	15	15	16	16	18	18	18	19
Other public works										
Streets (miles)	83.2	83.2	83.2	83.2	83.2	83.2	83.2	83.2	83.2	83.2
Highways (miles)	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Streetlights										
Traffic signals	89	89	90	105	106	104	110	106	104	104
Parks and recreation										
Acreage	92.2	92.2	92.2	92.2	92.2	93.3	93.3	93.3	93.3	93.3
Community parks	8	8	8	8	8	8	8	8	8	8
Neighborhood parks	6	6	6	6	6	6	6	6	6	6
Mini parks	4	4	4	4	4	4	4	4	4	4
Wastewater										
Sanitary sewers (miles)	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85.0	85	85
Pumping (lift) stations	7	7	7	7	7	7	7	7	7	7
Transit - Municipal buses	42	46	46	46	46	46	46	52	52	52

Sources: Various city departments.

CITY OF CULVER CITY, CALIFORNIA

Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)

Financial Statements and Supplementary Information
June 30, 2011

CITY OF CULVER CITY, CALIFORNIA

Municipal Bus Lines

June 30, 2011

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City Council
City of Culver City
Culver City, California

Independent Auditor's Report

We have audited the accompanying financial statements of the Culver City Municipal Bus Lines, an Enterprise fund of the City of Culver City, California, as of and for the fiscal year ended June 30, 2011 as listed in the table of contents. These financial statements are the responsibility of the management of the City of Culver City. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements (comparative totals) of the Culver City Municipal Bus Lines as of and for the fiscal year ended June 30, 2010 were audited by other auditors whose report dated October 15, 2010 expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements present only the Culver City Municipal Bus Lines and do not purport to, and do not, present fairly the financial position of the City of Culver City, California, as of June 30, 2011, and the changes in financial position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Culver City Municipal Bus Lines of the City of Culver City, California, as of June 30, 2011, and the respective changes in financial position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated October 14, 2011 on our consideration of the Culver City Bus Lines' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance.

The Culver City Municipal Bus Lines has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Culver City Municipal Bus Lines of the City of Culver City's basic financial statements. The supplementary information included in Sources of Operating Revenues and Capital Grants and 50% Expenditures Limitation Test are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
October 14, 2011

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statement of Net Assets
June 30, 2011
(With Comparative Statement as of June 30, 2010)

	June 30, 2011	June 30, 2010
ASSETS		
CURRENT ASSETS		
Cash and Investments	$ 7,569,522	$ 4,193,052
Cash and Investments with Fiscal Agent	907,013	923,270
Accounts Receivable	75,305	211,679
Interest Receivable	12,162	13,613
Prepaid Expenses	124,144	100,360
Due from Other Governments	1,118,951	1,893,352
TOTAL CURRENT ASSETS	9,807,097	7,335,326
NONCURRENT ASSETS		
Deferred Debt Issuance Costs	92,322	115,402
Capital Assets		
Capital Assets not Being Depreciated	1,450,214	1,450,214
Capital Assets Subject to Depreciation	56,042,692	54,898,327
Accumulated Depreciation	(29,211,440)	(27,253,606)
TOTAL CAPITAL ASSETS, NET	28,281,466	29,094,935
TOTAL NONCURRENT ASSETS	28,373,788	29,210,337
TOTAL ASSETS	38,180,885	36,545,663
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	381,172	180,123
Accrued Salaries and Benefits Payable	294,600	245,933
Interest Payable	98,181	114,425
Certificates of Participation Payable	610,000	575,000
Deferred Revenue	2,212,948	
Compensated Absences Payable	143,672	106,768
TOTAL CURRENT LIABILITIES	3,740,573	1,222,249
NONCURRENT LIABILITIES		
Other Post Employment Benefits Payable	732,312	
Certificates of Participation Payable	2,805,000	3,415,000
Compensated Absences Payable	352,171	393,228
TOTAL NONCURRENT LIABILITIES	3,889,483	3,808,228
TOTAL LIABILITIES	7,630,056	5,030,477
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	25,773,479	26,028,205
Restricted for Debt Service	808,832	808,845
Unrestricted	3,968,518	4,678,136
TOTAL NET ASSETS	$ 30,550,829	$ 31,515,186

See accompanying notes to financial statements

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statement of Revenues, Expenses, and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011
With Comparative Totals for the Fiscal Year Ended June 30, 2010

	June 30, 2011	June 30, 2010
Operating Revenues		
Charges for Services	$ 3,595,784	$ 3,257,360
Total Operating Revenues	3,595,784	3,257,360
Operating Expenses		
Salaries and Benefits	10,508,508	9,504,770
Supplies	289,828	646,590
Repairs and Maintenance	3,941,894	3,860,595
Insurance, Claims, and Settlements	342,208	20,446
Administrative Services	1,427,491	1,725,705
Rent and Lease Expenses	97,608	101,276
Consulting and Contract Services	287,018	126,679
Depreciation	1,957,834	2,163,138
Total Operating Expenses	18,852,388	18,149,199
Operating Income (Loss)	(15,256,605)	(14,891,839)
Non-Operating Revenues (Expenses)		
Intergovernmental Revenue	11,017,119	9,494,083
Measure R Sales Tax	1,418,901	1,161,115
Investment Income	45,811	89,878
Interest Expense	(235,687)	(269,302)
Other Income	103,720	252,440
Total Non-Operating Revenues (Expenses)	12,349,864	10,728,214
Net Income (Loss) Before Contributions and Transfers	(2,906,741)	(4,163,625)
Transfers and Capital Contributions		
Capital Contributions - Grants	2,413,325	52,915
Transfers in from the City of Culver City	758,806	964,424
Transfers out to the City of Culver City	(297,199)	(274,500)
Total Transfers and Capital Contributions	2,874,932	742,839
Change in Net Assets	(31,809)	(3,420,786)
Total Net Assets, Beginning of Fiscal Year	31,515,186	34,935,972
Prior Period Adjustment	(932,548)	
Total Net Assets, Beginning of Fiscal Year, as Restated	30,582,638	34,935,972
Total Net Assets, End of Fiscal Year	$ 30,550,829	$ 31,515,186

See accompanying notes to financial statements

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011
(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

	June 30, 2011	June 30, 2010
Cash Flows From Operating Activities		
Cash Payments from Customers	$ 3,732,158	$ 3,048,072
Cash Payments to Suppliers for Goods and Services	(4,781,291)	(4,744,549)
Cash Payments to Employees for Services	(9,731,682)	(9,322,324)
Cash Payments for Administrative Services	(1,427,491)	(1,725,705)
Net Cash Used in Operating Activities	(12,208,306)	(12,744,506)
Cash Flows From Non-Capital Financing Activities		
Other Non-Operating Revenues	103,720	252,440
Operating Grants Received	12,277,873	12,970,735
Transfers to the City of Culver City	(297,199)	(274,500)
Transfers from City of Culver City	758,806	2,125,539
Net Cash Provided by Non-Capital Financing Activities	12,843,200	15,074,214
Cash Flows From Capital and Related Financing Activities		
Principal Paid on Debt	(575,000)	(545,000)
Interest Paid on Debt	(228,851)	(254,025)
Acquisition and Construction of Capital Assets	(1,144,365)	(167,327)
Capital Grants Received	4,626,273	52,915
Net Cash Provided by (Used) by Capital and Related Financing Activities	2,678,057	(913,437)
Cash Flows From Investing Activities		
Interest Received on Investments	47,262	89,878
Net Cash Provided by Investing Activities	47,262	89,878
Net Increase (Decrease) in Cash and Investments	3,360,213	1,506,149
Cash and Investments, Beginning of Fiscal Year	5,116,322	3,610,173
Cash and Investments, End of Fiscal Year	$ 8,476,535	$ 5,116,322
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operations:		
Operating Income (Loss)	$ (15,256,605)	$ (14,891,839)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used in Operating Activities:		
Depreciation	1,957,834	2,163,138
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	136,374	(209,288)
(Increase) Decrease in Prepaid Expenses	(23,784)	(48,043)
Increase (Decrease) in Accounts Payable	201,049	59,081
Increase (Decrease) in Accrued Salaries and Benefits Payable	48,667	93,884
Increase (Decrease) in Compensated Absences Payable	(4,153)	88,561
Increase (Decrease) in Other Post Employment Benefits Payable	732,312	
Total Adjustments	3,048,299	2,147,333
Net Cash Used in Operating Activities	$ (12,208,305)	$ (12,744,506)

There were no noncash investing or financing activities for the fiscal years ended June 30, 2011 and 2010.

See accompanying notes to financial statements

Note 1 Summary of Significant Accounting Policies

(a) Basis of Presentation

The Municipal Bus Lines of the City of Culver City, California (CCMBL) was created by the City of Culver City, California (City) in 1928 by resolution of the City Council. The CCMBL follows the uniform system of accounts and records prescribed by the Federal Transit Administration (FTA) and the California State Controller.

The CCMBL provides transportation services to the City and surrounding communities. These operations constitute part of the overall financial reporting entity of the City and are accounted for as an enterprise fund in accordance with generally accepted accounting principles within the City's comprehensive annual financial report. The accounting policies of the CCMBL conform to the accrual basis of accounting.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The CCMBL accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The CCMBL utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

The CCMBL applies all applicable GASB pronouncements in accounting and reporting for proprietary operations as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB's) of the Committee on Accounting Procedure.

The CCMBL distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with transportation operations. The principal operating revenues of the CCMBL are charges to customers for services, and operating grants. Operating expenses include cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1 Summary of Significant Accounting Policies (continued)

(c) Capital Assets

Property, plant and equipment purchases are capitalized at original acquisition cost. Donated fixed assets are recorded at their estimated fair market value at the date of donation. Fixed assets acquired under capital leases are recorded at the net present value of the total lease payments. Depreciation is charged to operations, using a straight-line method, based on the estimated useful life of the assets. The estimated useful lives of the assets are as follows:

Buildings	50 years
Building improvements	10 to 15 years
Buses and other vehicles	5 to 12 years
Equipment	5 to 10 years
Furniture and fixtures	20 years

(d) Cash and Cash Equivalents

For purposes of the statement of cash flows, the CCMBL considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool and held by trustees are considered to be cash equivalents.

(e) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's prior year financial statements, from which this selected data was derived. Certain minor reclassifications of prior year data may have been made in order to enhance their comparability with current year figures.

(f) Use of Estimates

The preparation of financial statements in conformity with Accounting Principles Generally Accepted in the United States of America (USGAAP) 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 expenses, during the reporting period. Actual results could differ from those estimates.

(g) Date of Management's Review

Subsequent events were evaluated by management through October 14, 2011, which is the date the financial statements were available to be issued.

Note 2 Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of Net Assets:		
Cash and Investments	$	7,569,522
Cash and Investments with Fiscal Agents		907,013
Total Cash and Investments	$	8,476,535

Cash and Investments as of June 30, 2011 consist of the following:

Total cash and investments	$	8,476,535

Investments Authorized by the California Government Code and the City of Culver City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds with fiscal agent that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Investment Types Authorized by State Law	Authorized by Investment Policy	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment In One Issuer*
Local Agency Bonds	Yes	3-5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	30%
Banker's Acceptances	Yes	180 days	25%	5%
Commercial Paper	Yes	270 days	15%	5%
Negotiable Certificates of Deposit	No	2 years	30%	None
Repurchase Agreements	Yes	75 days	25%	None
Reverse Repurchase Agreements	Yes	75 days	15%	None
Medium-Term Notes	Yes	3-5 years	20%	5%
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	None	30%
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None

** Based on state law requirements or investment policy requirements, whichever is more restrictive.*

Note 2 Cash and Investments, (Continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds with fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City of Culver City's investment policy. The table below identifies the investment types that are authorized for investments with fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	180 days	None	None
Investment Contracts	N/A	None	None

Disclosures Relating to 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. One of the ways that the CCMBL manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the CCMBL's investments (including investments with fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the CCMBL's investments by maturity:

Note 2 Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Total	Remaining Maturity (in Months): 12 Months or Less	13 to 24 Months	25-60 Months	More than 60 Months
Equity in City of Culver City investment pool	$ 7,569,522	$ 7,569,522	$ -	$ -	$ -
Held with fiscal agent:					
Money market funds	907,013	907,013			
Total	$ 8,476,535	$ 8,476,535	$ -	$ -	$ -

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City of Culver City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End: AAA	Aa	Not Rated
Equity in City of Culver City investment pool	$ 7,569,522	N/A	$ -	$ -	$ 7,569,522
Held with fiscal agent:					
Money market funds	907,013	N/A	907,013		
Total	$ 8,476,535		$ 907,013	$ -	$ 7,569,522

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

Note 2 Cash and Investments, (Continued)

The California Government Code and the City of Culver City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

For investments identified herein as with fiscal agent, the bond trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

For further information about cash and investments refer to the City's Comprehensive Annual Financial Report.

Note 3 Capital Assets

Property, plant, and equipment activity for the fiscal year ended June 30, 2011 consisted of the following:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
Capital assets, depreciated:				
Machinery and equipment	$25,199,739	$ 1,138,133	$ -	$26,337,872
Building and improvements	27,920,503	6,232		27,926,735
Furniture and fixtures	1,778,085			1,778,085
Subtotal	54,898,327	1,144,365		56,042,692
Less accumulated depreciation:				
Machinery and equipment	(20,829,398)	(1,166,911)		(21,996,309)
Building and improvements	(5,685,928)	(768,134)		(6,454,062)
Furniture and fixtures	(738,280)	(22,789)		(761,069)
Total accumulated depreciation	(27,253,606)	(1,957,834)		(29,211,440)
Net depreciable assets	27,644,721	(813,469)		26,831,252
Capital assets, not depreciated:				
Land	1,450,214			1,450,214
Capital Assets, Net	$29,094,935	$ (813,469)	$ -	$28,281,466

Note 4 Self-Insurance Program

The CCMBL contracts with the City for state unemployment insurance, employee long-term disability and workers' compensation insurance and is therefore subject to the same terms and retention level as the City. The City's retention for workers' compensation is $1,000,000 per occurrence with excess insurance coverage of $50,000,000 per occurrence. The CCMBL also carries full individual general liability coverage for claims between $250,000 and $10,000,000.

Effective May 1, 1987, the CCMBL became self-insured for the first $250,000 of each general liability claim. The City has agreed to support the CCMBL liability for self-insurance in the event of the inability of the CCMBL to fund its self-insurance liabilities on a timely basis. Refer to the City of Culver City Comprehensive Annual Financial Report for information about outstanding claims payable at June 30, 2011.

Note 5 Due from Other Governments

Amounts due from other governments consist of the following at June 30, 2011:

Due from Federal Transit Administration	$ 520,225
Due from Los Angeles County	482,367
Others	116,359
Total due from other governments	$ 1,118,951

Note 6 Transactions with the City of Culver City

The City provides administrative services and allocates certain administrative and overhead costs to the Culver City Municipal Bus Lines (CCMBL) based upon a cost allocation plan. Costs are allocated based on specific relevant measurable units associated with each department. Such allocated costs applicable to the CCMBL aggregated $1,427,491 for the fiscal year ended June 30, 2011.

The City also transferred a portion of its Proposition "A" and "C" Local Return funds to CCMBL to assist in operations.

The CCMBL transferred funds to the City in the amount of $297,199.

Note 7 Employee Benefits

Employees of the CCMBL, as employees of the City, are members of the Public Employees' Retirement System (PERS) administered by the State of California into which the City and its employees contribute. Pension expense allocated to the CCMBL by the City for CCMBL employees totaled $959,783 for the year ended June 30, 2011. Reference is made to the City's Comprehensive Annual Financial Report for further information regarding the City's pension system and other employee benefit programs.

Note 8 Long Term Debt

Long-term liability activity for the fiscal year ended June 30, 2011 was as follows:

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011	Due Within One Year
Other post employment benefits	$ -	$ 1,049,106	$ 316,794	$ 732,312	$ -
Certificates of participation	3,990,000		575,000	3,415,000	610,000
Compensated absences	499,996	297,060	301,213	495,843	143,672
Total	$4,489,996	$ 1,346,166	$1,193,007	$ 4,643,155	$753,672

Certificates of Participation

On June 1, 1996, the California Transit Finance Corporation issued certificates of participation totaling $9,660,000 for the purpose of upgrading and expanding the City's bus facilities.

The City makes debt service payments with respect to the certificates from amounts to be received under FTA Project Grants to the extent these funds are available. If funds from FTA Project Grants are insufficient, the shortfall will be made up from other revenues.

The certificates of participation are issued as term certificates with remaining principal amounts varying from $610,000 to $760,000 totaling $3,990,000 with a current portion due of $610,000, with interest rates varying from 5.35% to 5.75%. The final maturity date is January 1, 2016.

The certificates maturing on or after January 1, 2007, are subject to redemption prior to their respective maturity dates in whole or in part in integral multiples of $5,000, on any date selected by the City on or after January 1, 2006, at the option of the City from monies deposited in the Debt Service Fund, at the prices (expressed as a percentage of principal amount of certificates so redeemed) set forth below plus accrued interest to the date fixed for redemption:

Note 8 Long Term Debt (Continued)

Redemption Period	Redemption Price
January 1, 2006 through December 31, 2006	102%
January 1, 2007 through December 31, 2007	101%
January 1, 2008 and thereafter	100%

The Certificates maturing on January 1, 2016, are subject to mandatory redemption in part by lot prior to their stated maturity date on and after January 1, 2012, without premium together with accrued interest from the Redemption Fund in amounts from $610,000 to $760,000.

The annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service Payment
2012	$ 610,000	$ 196,362	$ 806,362
2013	645,000	161,288	806,288
2014	680,000	124,200	804,200
2015	720,000	85,100	805,100
2016	760,000	43,700	803,700
	$ 3,415,000	$ 610,650	$ 4,025,650

Note 9 Prior Period Adjustment

The prior period adjustment reflected in the Statement of Revenues, Expenses, and Changes in Net Assets is a result of amounts due from other governments that was overstated in the prior year.

Note 10 Other Post Employment Benefits

Employees of the CCMBL, as employees of the City, are part of the City's Retiree Insurance Program (RIP) which provides retiree healthcare benefits for eligible employees who retire with CalPERS pension benefits. For the fiscal year ended June 30, 2011 the total cost of retiree health care benefits of CCMBL was $1,049,106 which includes a liability of $732,312 of unfunded Annual Required Contribution (ARC). The ARC was calculated as part of the July 1, 2009 actuarial valuation. Reference is made to the City of Culver City's Comprehensive Annual Financial Report for further information regarding the City's Post Employment Benefits program.

SUPPLEMENTARY INFORMATION

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Sources of Operating Revenues and Capital Grants
For the Fiscal Year Ended June 30, 2011
(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

	June 30, 2011	June 30, 2010
The following is detail of the sources of operating revenues received:		
Passenger Fares, Metrocard, Hollywood Bowl, EZ Pass, BruinGO	$ 3,595,784	3,257,360
Operating Grants:		
Federal Transit Administration - Section 9	2,507,939	-
Transportation Development Act-Article 4 (LTF)	3,035,386	3,302,201
State Transit Assistance (STA)	814,602	492,425
Proposition "A" Discretionary	2,713,145	3,023,591
Proposition "A" Discretionary (Interest)		625,664
Special Overcrowding Fund	209,624	204,611
Proposition C BSIP	146,487	158,062
Proposition C Foothill Mitigation	97,659	85,795
Proposition C Discretionary Operating (Security)	157,535	278,763
Proposition "C" Discretionary - MOSIP	810,809	815,954
Measure R - Sales Tax	1,418,901	1,161,115
Capital Grant Revenues Used to Fund Interest Expense (FTA) (Sect 9/5307)		111,774
Capital Grant Revenues Used to Fund Operating Expenses (FTA)		38,494
Total Operating Grants	11,912,087	10,298,449
Other Revenues:		
Clean Natural Gas Tax Credit	523,933	356,749
Interest Earnings	45,811	89,878
Miscellaneous	103,720	252,440
Proposition "C" Local Return (Transfer in)	210,835	274,525
Proposition "A" Local Return (Transfer in)	547,971	689,899
Total Other Revenues	1,432,270	1,663,491
Total Operating and Other Revenues	$ 16,940,141	$ 15,219,300
The following is a detail of the sources of capital grants:		
AQMD Discretionary	$ 510,000	$ -
State Transit Administration (STA)	752,683	
Federal Transit Administration Section 9 Grant COPS	787,521	
Federal Transit Administration Section 9 Grant (Sect 9/5307)	212,898	
Proposition 1B Metro Bridge	71,456	
Proposition "C" Discretionary Interest Capital		52,915
Proposition "C" Discretionary - Security	78,767	
Total Capital Grants	$ 2,413,325	$ 52,915

See Independent Auditor's Report

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
50% Expenditures Limitation Test
Article IV Funds
For the Fiscal Year Ended June 30, 2011
(With Comparative Totals for the Fiscal Year Ended June 30, 2010)

		2011	2010
1	Total Operating Expenses before Depreciation	$ 16,894,554	$ 15,986,061
2	Total Depreciation	1,957,834	2,163,138
3	Total Capital Outlay	1,144,365	167,326
4	Debt Service Requirement (Principal)	575,000	545,000
5	Total (Lines 1, 2, 3, and 4)	20,571,753	18,861,525
6	Less Federal Grants Expended	3,508,358	150,268
7	Less Local Transportation Fund Capital Intensive Programs		
8	Less State Transit Assistance Fund Monies Received	1,567,285	492,425
9	Total (Lines 6, 7 and 8)	5,075,643	642,693
10	Total (Line 5 Less Line 9)	15,496,110	18,218,832
11	50% of Line 10	7,748,055	9,109,416
12	Add Amount of Local Transportation Funds Claimed in Excess of Line 9 for Match to Federal Operating Grants	-	-
13	Add Local Transportation Funds Capital Intensive Programs	-	-
14	Total Permissible Local Transportation Funds Expenditure (Sum of Lines 11, 12 and 13)	$ 7,748,055	$ 9,109,416

See Independent Auditor's Report

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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

City Council
City of Culver City
Culver City, California

We have audited the financial statements of the Culver City Municipal Bus Lines ("CCMBL"), an enterprise fund of the City of Culver City, California as of and for the year ended June 30, 2011, and have issued our report thereon dated October 14, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered CCMBL's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CCMBL's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CCMBL's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCMBL'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.

OFFICES: BEVERLY HILLS · CULVER CITY · SANTA MARIA
MEMBER AMERICAN INSTITUTE OF C.P.A.'S · CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS · CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

In prior years these tests included certain procedures contained in the Transportation Development Act Statutes and California Code of Regulations in connection with a review of the City's compliance with applicable laws, rules and regulations of the Transportation Development Act (TDA). Based on the below exemption claimed by CCMBL for this fiscal year the results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards* or the Transportation Development Act Statutes and California Code of Regulations.

Exemption from State of California Efficiency Statistics

CCMBL represents that under California Public Utilities Code Section 99314.6 (e), statistical information related to compliance with efficiency standards is not required as this code section states in part, "allocation of funds made pursuant to applicable code sections 99313 and 99314 from January 1, 2010 and through the fiscal year 2011-2012 are no longer applicable". CCMBL meets these requirements.

This report is intended solely for the information and use of the City Council and management of the City of Culver City and the Culver City Municipal Bus Lines and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
October 14, 2011

CITY OF CULVER CITY

MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

FOR THE FISCAL YEAR ENDED
JUNE 30, 2011

CITY OF CULVER CITY

June 30, 2011

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December 23, 2011

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December 23, 2011

Honorable Members of the City Council of the
City of Culver City
9700 Culver City Boulevard
Culver City, CA 90232

Honorable Members of the City Council:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City (City) as of and for the fiscal year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We did not identify any deficiency in internal control that we consider to be significant deficiencies.

During our audit, we noted certain other matters involving internal controls and their operations, and are submitting, for your consideration, related recommendations designed to help the City make improvements and achieve operational efficiencies. These recommendations are described in the current year recommendations section as Findings 2011-1 through 2011-6. Our comments reflect our desire to be of continuing assistance to the City.

The City's written responses to the findings identified in our audit are described in the current year recommendations section. We did not audit the City's responses and, accordingly, we express no opinion on them. In addition, we would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

We have included in this letter a summary of the communication with the members of the City Council as required by professional auditing standards. We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement. The accompanying communications and recommendations are intended solely for the information and use of management, the members of the City Council, and others within the City, and is not intended to be and should not be used by anyone other these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 23, 2011

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December 23, 2011

Honorable Members of the City Council of the
City of Culver City
9700 Culver City Boulevard
Culver City, California 90232

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the City of Culver City (City) for the fiscal year ended June 30, 2011. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 27, 2011. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Culver City are described in Note 1 to the financial statements. As discussed in Note 1 of the notes to the basic financial statements effective June 15, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* and GASB Statement No. 59, *Financial Instruments Omnibus.* The effects of these pronouncements on the City are further discussed in Note 1 of the notes to the basic financial statements.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimates of the funding progress for CALPERS is based on CALPERS's estimate, claims uncollectible, accounts receivable, uncollectible notes receivable, the value of land held for resale, the funding progress of Other Postemployment Benefits (OPEB) is based on an actuarial report prepared by a third party, the estimated historical cost of capital assets and the estimated useful life of the capital assets were based on an appraisal report prepared by a third party, historical data, and data provided by City records. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole except for the accounting and capitalization of the Cardiff Parking structure. In the past, the City had depreciated the Cardiff land under the Parking Structure and neglected to capitalize selected Cardiff Parking structure construction.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 23, 2011.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Culver City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Culver City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the information and use of the members of the City Council and Management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California

CURRENT YEAR RECOMMENDATIONS

Other Matters

2011-1 Finding – Lack of supporting documentation for a forgiven loan:

During our review of supporting documentation and inquiries with the Project Manager, we noted that one forgiven loan between the Redevelopment Agency and the Borrower does not contain the verification for one of the requirements of receiving the forgiveness of the loan, which is that "the tenants occupying the Site employ at least 75 full time employees per year."

Effect:

Without obtaining and retaining verification of the number of full-time, onsite employees, it is difficult to determine whether borrowers meet the terms of the loan.

Recommendation:

We recommend that the City obtain and retain supporting documents such as payroll tax returns to verify the number of full-time employees working at the tenant's site.

Management's Response:

The City will work with the Borrower to ensure supporting documentation exists to verify the number of full-time employees working at the various tenant sites.

2011-2 Finding – Payroll documentation not properly retained:

During our test of payroll, we noted the following:

1) One out of 25 employees tested did not have a Form SSA-1945 available for review.
2) Four out of 25 employees tested did not have W-4 forms available for review.

Effect:

1) Without having an SSA-1945 form in the file, we are unable to verify whether a person who is exempt from social security tax has been informed that he may also be exempt from receiving social security benefits.
2) W-4 forms were not obtained and retained as required.

Recommendation:

We recommend that the City obtain/retain Form SSA-1945 for applicable employees and W-4 forms for all employees, and periodically review personnel files to ensure all necessary documentation is retained.

Management's Response:

Staff will work to ensure Form SSA-1945 is obtained and retained for applicable employees and W-4 forms are retained for all employees. Staff will periodically review sample personnel files to ensure these documents are retained. The City is also in the process of implementing new Financial and Human Resources software that will allow managing these documents electronically.

Other Matters (Continued)

2011-3 Finding – Lack of sequential pre-numbered cash receipts at the Police Department:
During our test of Police department cash receipts, we noted the Police department uses standard store-bought triplicate pre-numbered receipt books. Although these receipt books have sequential receipt numbers, the books may not be used in sequential order and when new receipt books are ordered, the new set of books may not start with the last set of prior receipt books, causing gaps in receipt number sequence.

Further, there is no written log book tracking the use and nonuse of these receipts (used, voided, unused, etc.). An independent review of cash receipt books does not exist at the police department.

Effect:
When there is no control log utilized for receipt books by an offsite location, as in this case the police department, that takes cash payments, it is difficult to ensure that all cash receipts collected are being remitted to the Finance department as not all receipts can be accounted for. Further, receipts could be issued out of sequence or destroyed without notice, creating an opportunity for misappropriation of funds.

Recommendation:
We recommend that the City ensure a log (used, unused and void) maintaining the sequences of the pre-numbered cash receipt books is utilized at the Police Department. We have noted that the City is also considering the implementation of an electronic cash receipts program, which could mitigate this issue.

Management's Response:
The City is in the progress of implementing an electronic cash receipts program in conjunction with the Police Department to replace their current paper-based system.

2011-4 Finding – Internal control over payroll:
During our test of internal control over payroll, we noted the following :

One out of 25 employees tested was paid at an incorrect rate since 2009. The error was not discovered and corrected until mid-May of 2011.

One out of 25 employees tested was not accruing the correct rate of vacation and sick leave which was set up incorrectly in the system (JDE) until the employee switched from part-time to full-time.

Effect:
When payroll information is not reviewed periodically, the risk that errors or misappropriation of funds could occur and go undetected.

Recommendation:
We recommend that payroll information be reviewed by authorized personnel periodically.

Management's Response:
Payroll is reviewed periodically by staff. The City has a large and diverse workforce. There are currently several disparate systems used to manage personnel and payroll information. There are occasional errors that are detected and corrected. The City is in the process of implementing new Financial and Human Resources software that should further assist with mitigating such errors from occurring.

Other Matters (Continued)

2011-5 Finding – Deficiency in internal control over cash receipts at Plunge (City Pool):
During our test of cash receipts at Plunge (City Pool), we noted that daily cash close out reconciliations are not reviewed. Cash is collected by a single cashier, not reviewed by an independent person and not reconciled to admittances by a separate City employee.

Effect:
When daily cash close out reconciliations are not reviewed, there is a risk of misappropriation of funds.

Recommendation:
We recommend that the City ensure that cash received is reconciled with the number of customers admitted to the pool by the cashier and signed before being reviewed and signed by an appropriate City Employee on a daily basis before being remitted to the Finance Department in a timely manner. Also, we recommend that management conduct periodic unannounced cash counts.

Management's Response:
Finance Department staff will work with Parks, Recreation and Community Services (PRCS) staff to implement a procedure for carrying out unannounced cash counts during the different shifts at the Plunge. This would be in addition to the current practice of having a second individual from PRCS reviewing and signing off on deposits from the Plunge prior to their being remitted to the Finance Department. Increased control over the admission process to the Plunge is difficult to achieve without some significant capital investment by the City. Reduced staffing throughout the City also presents a challenge.

2011-6 Finding – Lack of segregation of duties over cash receipts at Veterans Hall:
During our test of cash receipts at the Veterans Hall, we noted that one employee at Veteran Hall collects cash and rental payments and also tracks rental agreements. There is no review or reconciliation of rental agreements or rental money with the cash receipts by a separate City employee.

Effect:
When cash receipts are collected by the same person that reconciles payments with the rent schedule, there is a lack of segregation of duties and an increased risk of misappropriation of funds.

Recommendation:
We recommend that the City ensure that a schedule of property rentals is reconciled with cash receipts by an employee other than the one issuing receipts to ensure that all property rentals were charged appropriate fees based on the fee schedule and have paid the requisite fees.

Management's Response
Finance Department staff will work with PRCS staff to set up a procedure to ensure that there is a review of property rentals versus cash receipts submitted. Finance Department staff will also conduct periodic random sampling of rental agreements to reconcile cash received with the payments recorded in the PRCS Department.

CITY OF CULVER CITY

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

FOR THE FISCAL YEAR ENDING JUNE 30, 2012

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

Honorable Mayor and Members of the City Council
City of Culver City, California

We have applied the procedures enumerated below to the accompanying Appropriations Limit Worksheet (or other alternative computation) of the City of Culver City (City) for the fiscal year ended June 30, 2012. These procedures, which were agreed to by the City and the League of California Cities and presented in their Article XIII-B Appropriations Limitation Uniform Guidelines, were performed solely to assist you in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative). The City's management is responsible for the Appropriations Limit Worksheet (or other alternative computation).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheets (or other alternative computation) used by the City to calculate its appropriations limit for the fiscal year ending June 30, 2012, and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet, we added prior year's limit to the total ratio of change, and agreed the resulting amount to the current year's limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet to other worksheets used by the City as described in No. 1 above.

   Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council for the prior year.

   Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet (or other alternative computation). Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of the City Council and City Management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, California
December 5, 2011

CITY OF CULVER CITY
2011-2012
APPROPRIATIONS LIMIT CALCULATION

A.	2010-2011 APPROPRIATIONS LIMIT (Prior year)	$	78,872,647
	2011-2012 CALCULATION FACTORS:		
B.	CHANGE IN PER CAPITA PERSONAL INCOME:		2.51%
C.	CHANGE IN COUNTY POPULATION:		0.38%
D.	RATIO OF CHANGE		1.02899538
E.	2011-2012 APPROPRIATIONS LIMIT	$	81,159,589

TOTAL FY 2011-2012 APPROPRIATIONS LIMIT	$	81,159,589
LESS: ESTIMATED REVENUES SUBJECT TO APPROPRIATIONS LIMIT	$	44,811,329
AMOUNT UNDER THE APPROPRIATIONS LIMIT	$	36,348,260

CITY OF CULVER CITY
NOTES TO APPROPRIATIONS LIMIT SCHEDULE
FOR THE FISCAL YEAR ENDING JUNE 30, 2012

1. PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII-B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

2. METHOD OF CALCULATION

Under Section 10.5 of Article XIIIB, for fiscal years beginning on or after July, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed in Notes 3 and 4 below.

3. POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population or the annual percentage change in population of the County in which the City is located. The factor adopted by the City of Culver City for fiscal year 2011-2012 represents the annual percentage change in population for the County.

4. INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change in the 4th quarter per capita personal income (which percentage is supplied by the State of California Department of Finance) or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Culver City for fiscal year 2011-2012 represents the annual percentage change in per capita personal income for the State.

5. OTHER ADJUSTMENTS

A California government agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from another government agency or private entity. The City of Culver City had no such adjustments for the calculation for the fiscal year ending June 30, 2012.