MEETING DATE: 01/10/11

AGENDA ITEM: **Receive and File Audited Financial Statements for Fiscal Year Ending June 30, 2010**

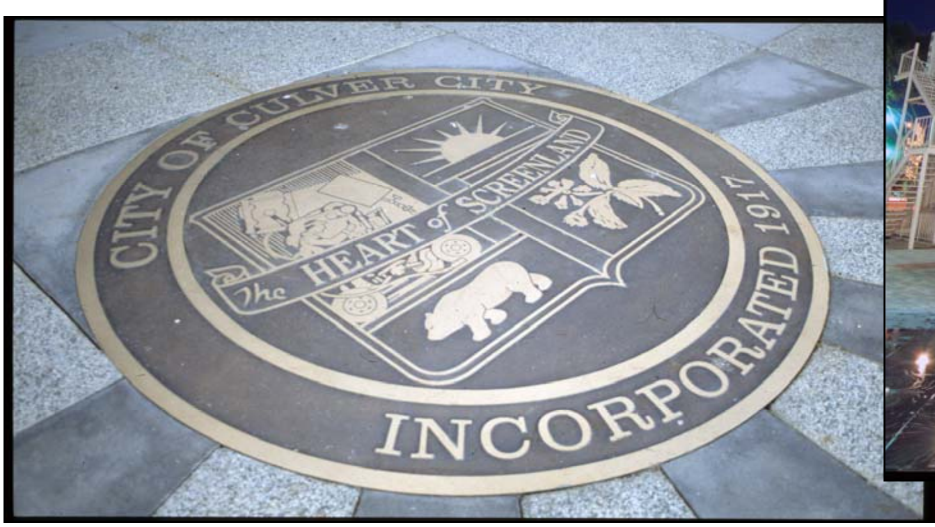
ATTACHMENTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CITY OF CULVER CITY, CALIFORNIA

PREPARED BY THE FINANCE DEPARTMENT



CITY OF CULVER CITY, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2010

Prepared by

FINANCE DEPARTMENT

CITY OF CULVER CITY

Comprehensive Annual Financial Report

Year ended June 30, 2010

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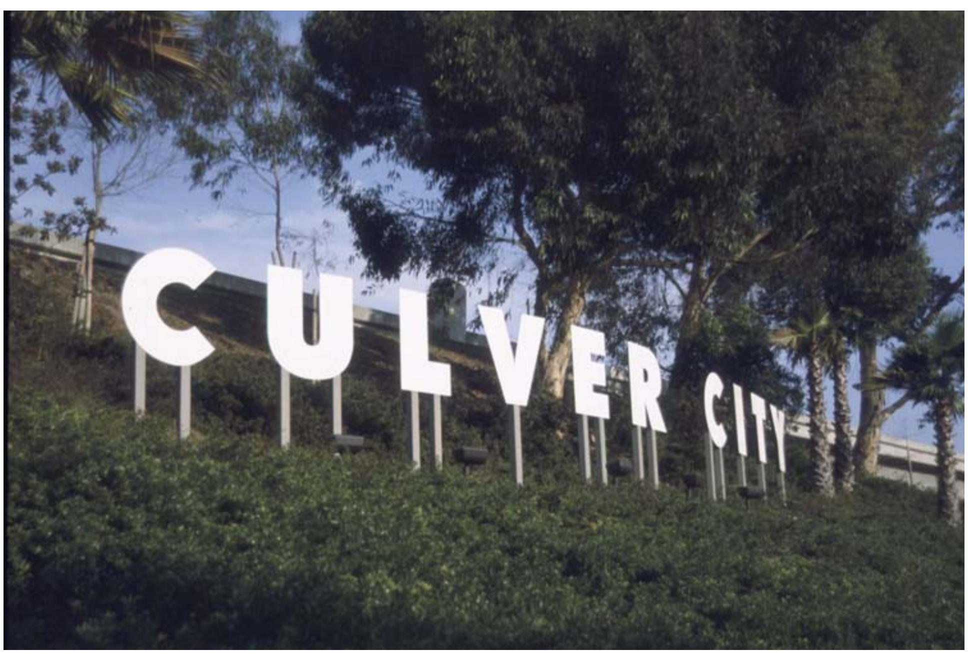
Introductory Section



December 7, 2010

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, 2010. 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 Mayer Hoffman McCann P.C., 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, 2010, 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, 2010, 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 compliment 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 reserved fund balances at year-end.

[1] Population estimates from the U.S. Census Bureau; Census 2000 PHC-T-40; "Estimated Daytime Population and Employment-Residence Ratios: 2000"

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 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. Statistically, the recession that plagued the U.S. economy for the last two years is over (i.e. the economy has stopped contracting and has sustained a few consecutive quarters of growth); However, as a practical matter, the U.S. economy is still very much in a recession as foreclosures remain near record highs, credit continues to be very tight, the stock market has been extremely volatile, and unemployment remains uncomfortably high.

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 the fiscal year, 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 there are signs that point to a possible economic recovery in the coming months, 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 development resumes.

Construction is nearing completion related to the newest extension in the existing 62 station Metro light rail system, with the latest phase of 8.5 miles terminating in the Washington/National area in Culver City. Construction of this phase, including the elevated train station in Culver City, is expected to be completed in 2011.

As part of the ongoing project, the City has been working diligently to create a top notch transit oriented development at the aerial station to be located at the intersection of Washington/National. 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 September, the national unemployment rate was 9.6% while the state's unemployment rate in August was 12.4%[2]. There are also legitimate concerns about: 1) hyper-inflation due to the massive government spending over the last few year[3], 2) continuing defaults on residential and commercial property loans, and 3) historically low consumer confidence.

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. During Fiscal Year 2009-2010, the State of California took $10.9 million from the Culver City Redevelopment Agency. We expect a second payment of over $2 million in Fiscal Year 2010-2011. Funding for schools and social programs has been cut statewide and it is evident that further cuts will be necessary over the next few years or the State will not have the funds operate. Consequently, the dire long range budgetary problems of the State have caused uncertainty in terms of local programs and revenue streams.

Despite Culver City's relative financial strength and economic diversity, the City was forced to make some very significant decisions, including eliminating 60 positions in FY 2010-11, in order to maintain that condition. Even with this significant cut, the City's current level of expenditures cannot be sustained. 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 2010-11

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 2010-11 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. Begin 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

[2] State unemployment data lags national unemployment data by 2-3 weeks. As of the writing of this transmittal letter, State unemployment data for September was unavailable.
[3] Although inflation fears have subsided with the Federal Reserve Board's recent statements that it will take a more aggressive approach to monetary policy due to reduced inflationary pressures, inflation is still potentially a significant pressure on the economy.

b. Begin the process of replacing the City's aging financial system with a more efficient and intuitive system.
c. Reduce overall operating costs through negotiations with employee bargaining groups.

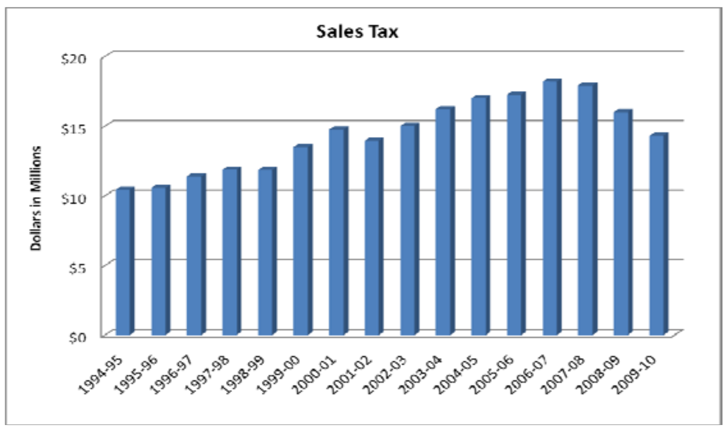
All of the City's operations, including the community service improvements, community reinvestment, and internal operational improvements identified above, are funded by various taxes, fees and fines levied on consumers, residents, businesses, and developers operating within the City. A brief historical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

Revenues

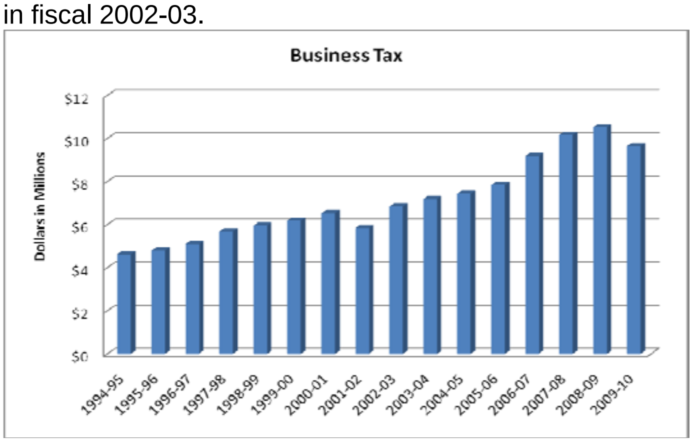
Major sources of General Fund revenue for the City include Sales Tax, Business Tax, Utility User Tax (UUT), Property Tax and Transient Occupancy Tax (TOT).

<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 and took until 2002-03 and 2003-04 to fully recover. The current economy and closing of some major sales tax generators caused sales tax receipts to decline dramatically in fiscal 2008-09 and 2009-10.



Sales tax revenues were only $14.3 million in fiscal year 2009-10, which was approximately a 10.6% decrease from fiscal year 2008-09 results and 20.1% decrease from fiscal year 2007-08. The budget for fiscal 2009-10 was adjusted down at mid-year by a little over $1.6 million to reflect a more realistic projection for the year and to correct the sales tax in-lieu estimate per information from the California Department of Finance which adjusted this category significantly downward. Even with the adjustment, actual receipts did not hit the target amount and were off about 1.7%, or $250,000. The interim budget for fiscal 2010-11 was conservatively forecast, and most likely will be revised at mid-year using information received over the past couple of months, which shows further drops in retail sales activity. This new forecast will put sales tax at levels last seen in fiscal 2002-03.



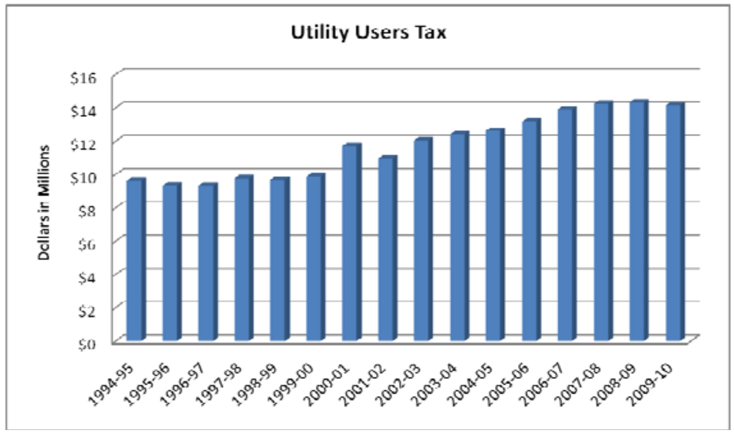
<u>Business Tax</u>

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.

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.

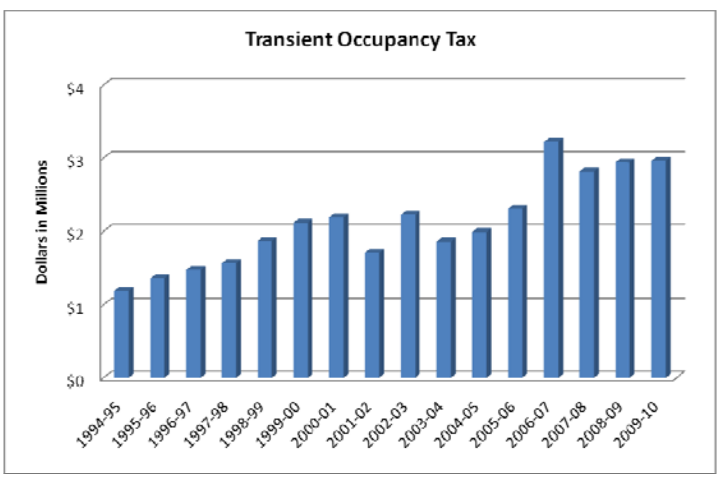
Fiscal year 2009-10 Business Tax receipts, including penalties, were $9.65 million, an 8.1% decrease from fiscal year 2008-09 results. In fiscal 2008-09 the City began conducting a more in-depth Business Tax Audit, initially focused on identifying businesses that operate in the City without paying the tax, and then focusing on audits of actual returns.

<u>Utility User Tax</u>



Utility User Tax receipts make up approximately 17.5% of the General Fund revenues. The City charges Utility User Tax (UUT) on electricity, water, telephone, cable, and natural gas utilities. The current UUT percentage 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 2009-10 are $14.14 million, which is a 1.4% decrease from fiscal year 2008-09. Weather played a bit of a factor during fiscal 2009-10, and kept electricity receipts lower than anticipated. The fiscal 2010-11 budget allows for modest increases on average of 1.5%. As the economy recovers, UUT revenues are expected to return to a normal annual average increase of 3.0%.



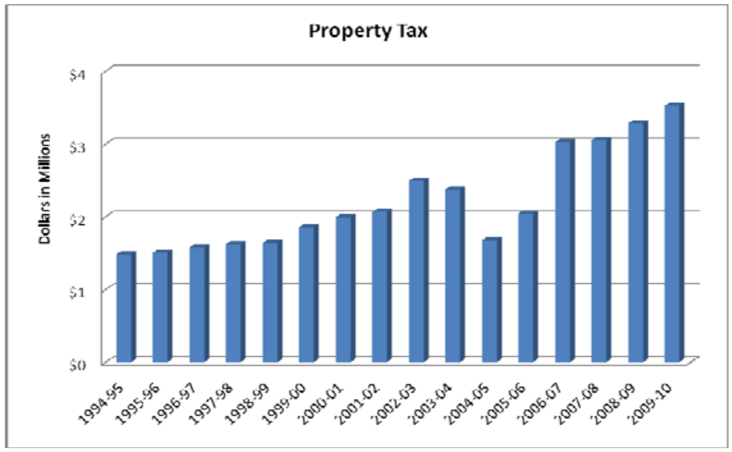
<u>Transient Occupancy Tax</u>

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 2009-10 TOT revenues were $2.96 million, and exceeded the prior year by less than 1%. 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 strong. All of the City's larger hotels were also fully operational, which was not the case in prior years.

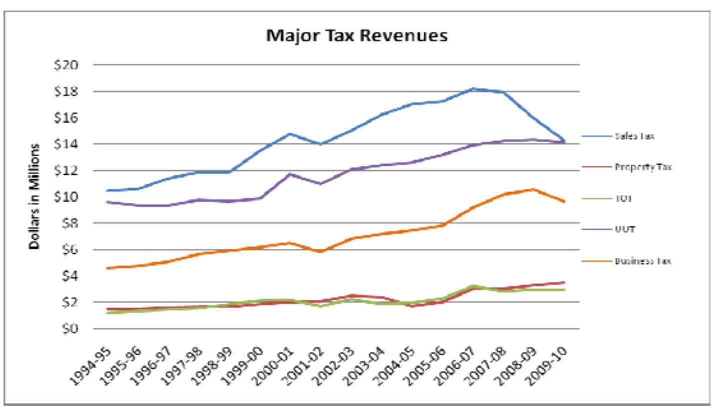
Fiscal year 2010-11 receipts were budgeted conservatively, and it is expected that revised projections will be met. Vacancy rates have lowered somewhat and travel activity has picked up slightly.

<u>Property Tax</u>



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 2009-10 at $3.53 million, which is 7.3% ahead of fiscal year 2008-09. Reduced property prices and slow sales have attributed to the conservative projection in fiscal 2010-11. The growth in revenue is expected to be flat.



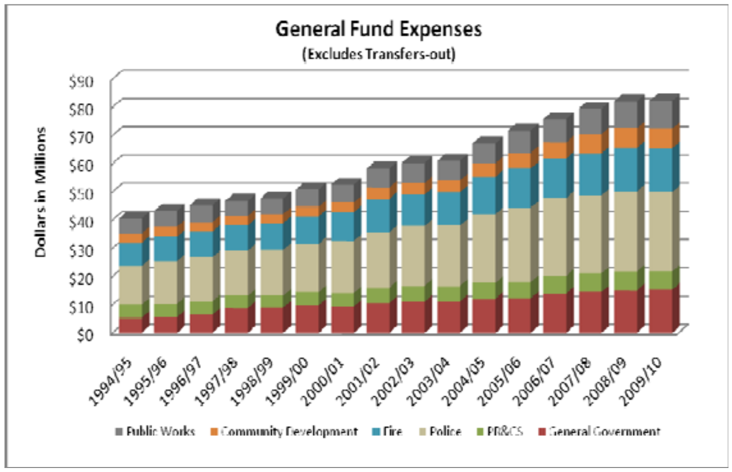
<u>Total Tax Revenues</u>

From the chart, it is clear to see a correlation between these taxes as the years move forward. The terrorist events of September 2001 are clearly indicated in the sharp decline of four of the taxes, 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, and recovery is not expected in the near future.

EXPENDITURES

The following chart examines 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 is personnel related costs, and Police and Fire makeup 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.

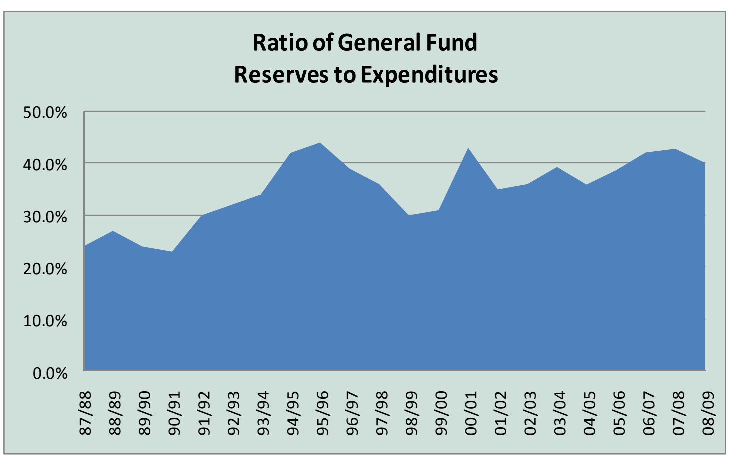


In Fiscal 2003-04, several positions were eliminated from the entire City budget, with 19.5 positions being from the General Fund. Major increases in CalPERS retirement costs for public safety, stagnant revenues, rising costs, and state takeaway of property tax initiated these severe actions during this budget cycle. The City did recover, though, but again faces potential reductions due to the severe economic times facing us. CalPERS will also be implementing higher rates, which are expected to begin in fiscal 2011-12.

The City adopted a budget for fiscal 2010-11, which includes taking approximately $2 million from reserves and the reduction of 60 positions. This budget was introduced as the first of a two-phase approach to eliminate the City's General Fund structural deficit. 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 has been able 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.

Cash management policies and practices. Under the direction of the Chief Financial Officer, cash temporarily idle during the year was invested in demand deposits, the State Treasurer's investment pool, money market mutual funds, obligations of the U.S. Treasury, Federal Agency issues and medium-term notes of major U. S. corporations. The average yield on investments for the fiscal year was 3.46 for the general portfolio.

The City Council annually adopts, by resolution, a statement of investment policy for the City's funds. The policy defines the objectives and priorities of the investment program, stressing safety and liquidity of funds as the highest priority. The third priority stated by the policy is the achievement of the maximum yield possible within the constraints of the primary objectives. Accordingly, deposits and investments were either insured by federal depository insurance or collateralized. Based on uncertainty from the State budget situation and significant potential takeaways, as well as a deteriorating interest rate environment, the decision was made to hold significant funds liquid during many months of the fiscal year.

The Chief Financial Officer is charged with the responsibility of custody and investment of surplus City funds and is required to submit a quarterly investment report to the City Council that provides a summary of the status of the current investment portfolio and material transactions entered into during the quarter. In addition, the Chief Financial Officer is charged with the investment of proceeds from bonds issued by the City and the Redevelopment Agency.

Risk Management. The City is self-insured for comprehensive general liability claims up to $1 million. The City is a member of a Joint Powers Authority called Independent Cities Risk Management Authority (ICRMA) to better manage its risk exposure and provide more stable and predictable costs. The City participates in the ICRMA's liability program, which pools members' assets to provide insurance coverage for liability claims between $1 million and $2 million per occurrence and purchase excess liability insurance up to $20 million per occurrence.

The City is also self-insured for Workers' Compensation up to $1 million per claim. The City participates in the ICRMA's Workers' Compensation Program, which pools members' assets to provide insurance coverage for workers' compensation claims between $1 million and $5 million per occurrence and purchase excess workers' compensation insurance to statutory limits.

The City also maintains a Risk Management Division to effectively continue to address existing and potential risk factors that affect the City and its employees. Risk Management staff reviews funding levels annually to ensure that the internal service charges are adequate to address claims costs while attempting to minimize significant impacts to department budgets in future years.

Internal service charges for the Self Insurance Fund, which are used to pay Risk Management administrative costs, salary continuance for injured employees, workers' compensation and liability claims costs, and insurance premiums, are set annually based upon a five year average experience rating for each department. Special focus has been placed on analyzing the impacts of the self-insurance program on the City's annual budget. Significant progress has been made over the last few fiscal years and loss trends are steadily being reduced as old claims have been settled and cost savings have been realized.

Employee Health and Retirement Benefits: Active Employees. The cost of health insurance continues to climb and is expected to increase steadily in the future. In March 2010, President Obama‘s administration was successful in getting health care reform legislation passed in an attempt to institute some changes in health care and insurance costs. At this time, it is too early to gauge the potential for success of his reform legislation, or estimate the long-term impact that reform may have on health care and insurance costs.

Retirement costs are forecasted to rise sharply in the coming years due to the investment losses sustained by CalPERS. Rates for Fiscal Year 2010-11 for Miscellaneous and Safety are 26.5% and 12.2%, respectively. The City recently received the June 30, 2009 actuarial report from CalPERS, which indicates rates will climb to 32.5% and 15.8% for Safety and Miscellaneous employees in Fiscal Year 2011-2012. CalPERS also included projections reflecting these rates rising to 40.2% and 18.5% for Safety and Miscellaneous employees by Fiscal Year 2013-2014, an increase of slightly over 50% compared to the current year. These rising costs will continue to put pressure on the City’s budget, even if economic recovery begins.

Pension and Other Post-employment Benefits: Retirees. The City provides full-time and certain part-time employees, and their beneficiaries, retirement and disability benefits through three defined benefit pension plans, one for fire safety employees, one for police safety employees, and one for miscellaneous employees. These plans are part of the California Public Employees' Retirement System (CalPERS). The City makes contributions to the plans based on amounts determined by CalPERS actuaries. The City contributes the employees' required contributions or a portion thereof on their behalf as negotiated by MOU.

The City also provides post-retirement health benefits to its employees in accordance with agreements reached with the various employee bargaining groups. In the last round of MOU negotiations, these agreements were adjusted to provide cost sharing with retirees who have left City service since January 2007. The City pays for retirees' health care premiums in these plans up to limits established in the agreements with the bargaining units. These payments are financed on a pay-as-you-go basis. As of June 30, 2010, the City was providing benefits to 483 participants. The City’s latest actuarial report has the City’s total liability for this benefit (Present Value of Benefits) at $213 million using a 4% discount rate. The 4% discount rate represents the fact that the City currently funds the benefit on a pay-as-you-go basis. The City is working towards solutions that will decrease this liability in the future and also to create budgetary capacity to begin pre-funding.

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, 2009. 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
Chief Financial Officer

John Nachbar
City Manager

CITY OF CULVER CITY

June 30, 2010

CITY OFFICIALS

Elected Officials

Mayor

Christopher Armenta

Vice Mayor

Micheál O'Leary

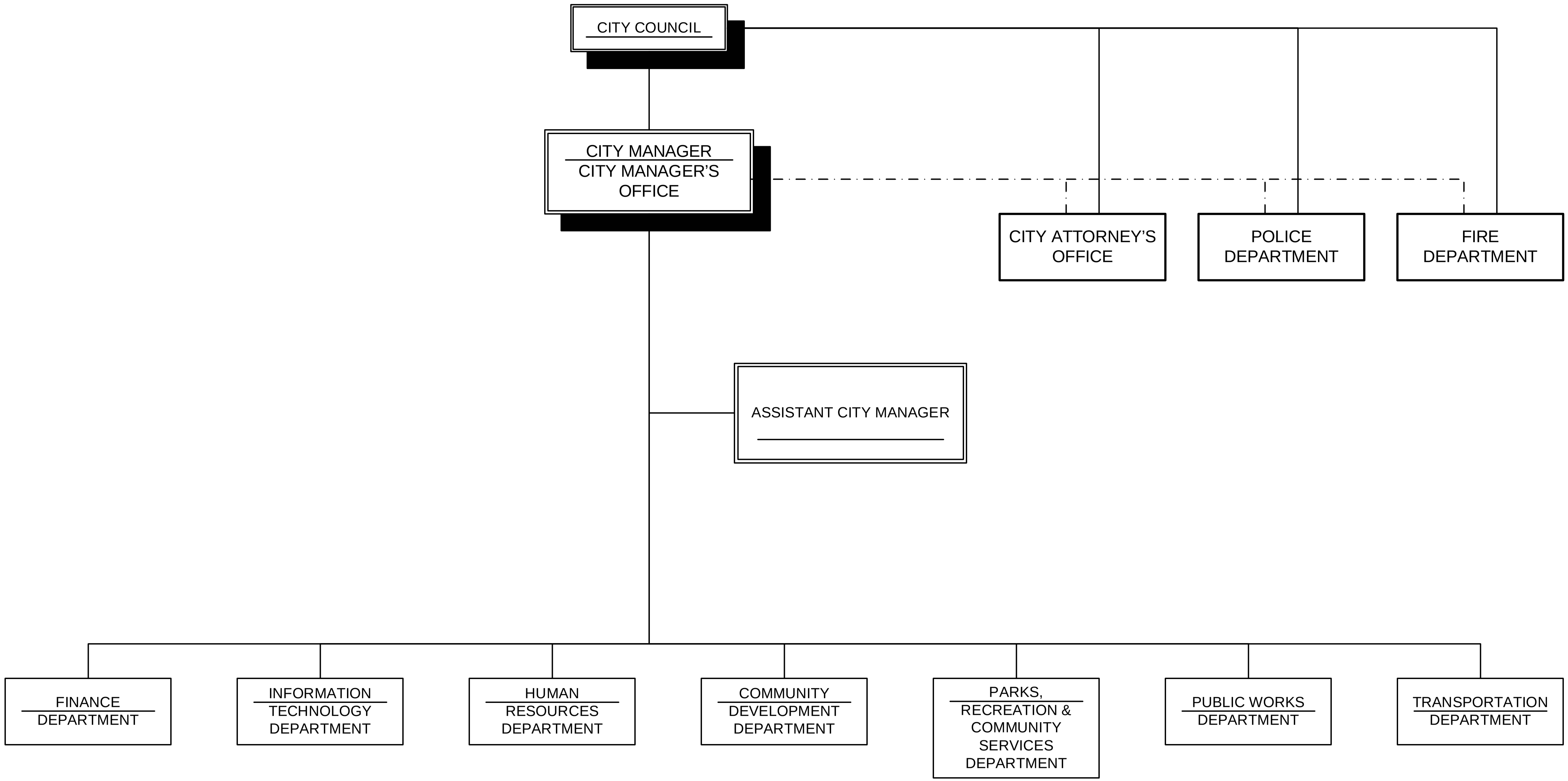
Members of the City Council

Jeffrey Cooper
D. Scott Malsin
Andrew Weissman

Administrative Officials

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

CULVER CITY OVERVIEW ORGANIZATIONAL CHART
FISCAL YEAR 2009-2010



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Culver City California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

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Financial Section

Independent Auditor's Report

MHM

Mayer Hoffman McCann P.C.
An Independent CPA Firm

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City Council
City of Culver City
Culver City, California

INDEPENDENT AUDITORS' REPORT

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 year ended June 30, 2010, 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 partial comparative information has been derived from the financial statements of the City for the year ended June 30, 2009, and in our report dated November 13, 2009, we expressed an unqualified opinion on those financial 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 opinions.

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, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Culver City, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Culver City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2010 on our consideration of the City's 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. 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010

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, 2010. 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 $204.3 million. Of this amount, $48.5 million in unrestricted net assets may be used to meet the City's ongoing obligations.

- City total net assets decreased by $8.6 million during the current fiscal year, indicating a weakened financial condition with revenues of $139.0 million and expenses of $147.6 million. In the prior year, revenues of $159.5 million exceeded expenses of $132.6 million by $26.9 million.

- Significant changes in the City financial position include a decrease in unrestricted cash and investments of $7.6 million, a decrease in accounts payable of $2.7 million, a decrease in deposits payable of $1 million, an increase in unearned revenue of $1.2 million and an increase in noncurrent liabilities (due in more than one year) of $1.9 million. These items contributed the most to the decrease in net assets of $8.6 million.

- Bonded indebtedness and other long-term liabilities were increased by $1.2 million during the year to a total of $219.5 million.

- At the close of the year, the City's governmental funds had combined balances of $164.7 million, a decrease of $6 million from the prior year. Of the combined totals, $57 million or approximately 34.6% of total fund balances are unreserved and available for spending at the City's discretion. Of this $57 million, $20.5 million is held in Capital Project funds and $5.3 million in Special Revenue funds.

- The Culver City Redevelopment Agency had unreserved year-end fund balances of $19 million, or 11.5% of total governmental fund balances.

- The net change in the General Fund balance was a decrease of $1.6 million, driven by decreased revenues.

- The year-end unreserved General Fund balance was $31.2 million or 43.6% of total General Fund expenditures. City financial policies require a minimum of 25% of projected General Fund expenditures with corrective measures taken whenever reserves fall below 30%.

- The year-end unreserved General Fund balance was 47.2% of General Fund revenues of $66.1 million for the year.

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*). 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 can be found on pages 17 through 19 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 two categories: governmental funds and proprietary 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 24 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 Redevelopment Agency Low/Moderate Income Housing Fund, the Capital Grants Capital Projects Fund, the Redevelopment Agency Capital Projects Fund, and the Redevelopment Agency Debt Service Fund, all of which are considered to be major funds. Data from the other 19 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 Special Deposits 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 Redevelopment Agency Low/Moderate Income Housing 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 29 of this report.

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 33 of this report.

Other information

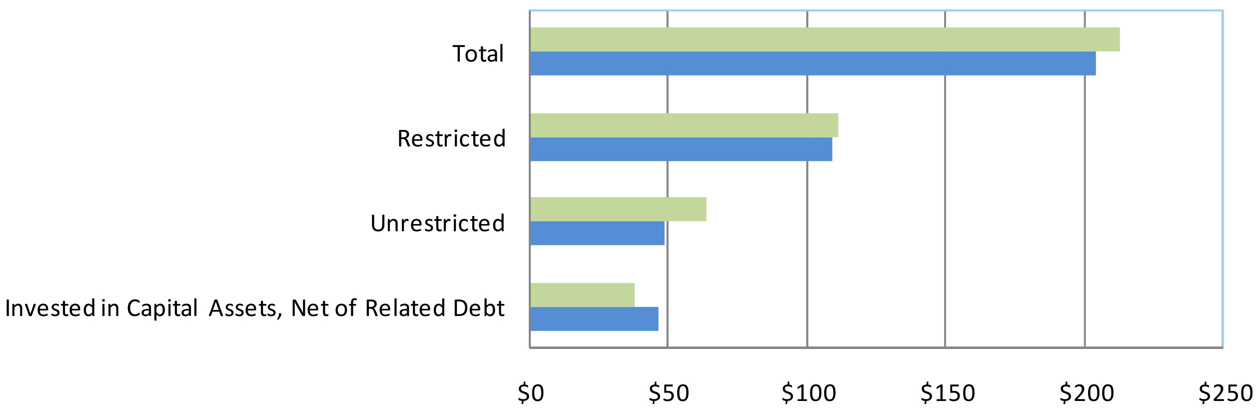
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. *Required Supplementary Information* can be found on page 75 of this report.

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 pensions. Combining and individual fund statements and schedules can be found on page 75 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 $204.3 million at the close of the most recent fiscal year.

Net Assets at June 30, 2010



	Invested in Capital Assets, Net of Related Debt	Unrestricted	Restricted	Total
2009	37.9	63.8	111.3	213.0
2010	46.4	48.5	109.4	204.3

The largest portion of the City's net assets 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 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 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, 2010 and 2009
(In Thousands)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets:						
Current assets	$ 199,003	$ 206,636	$ 37,741	$ 38,225	$ 236,744	$ 244,861
Capital assets, net of depreciation	140,241	139,055	64,611	66,942	204,852	205,997
Total Assets	339,244	345,691	102,352	105,167	441,596	450,858
Liabilities:						
Current and other liabilities	16,053	17,727	1,743	1,771	17,796	19,498
Noncurrent liabilities	194,381	192,209	25,112	26,133	219,493	218,342
Total Liabilities	210,434	209,936	26,855	27,904	237,289	237,840
Net Assets:						
Invested in capital assets, net of related debt	3,324	(3,740)	43,057	41,687	46,381	37,947
Restricted	109,426	111,257	-	-	109,426	111,257
Unrestricted	16,060	28,239	32,440	35,576	48,500	63,815
Total Net Assets	$ 128,810	$ 135,756	$ 75,497	$ 77,263	$ 204,307	$ 213,019

Analysis of City Operations - Overall, the City's net assets decreased by $8.6 million during the current fiscal year. This decrease was primarily due to decreases in unrestricted cash and investments of $7.6 million and capital assets of $1.1 million.

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, 2010 and 2009
(In Thousands)

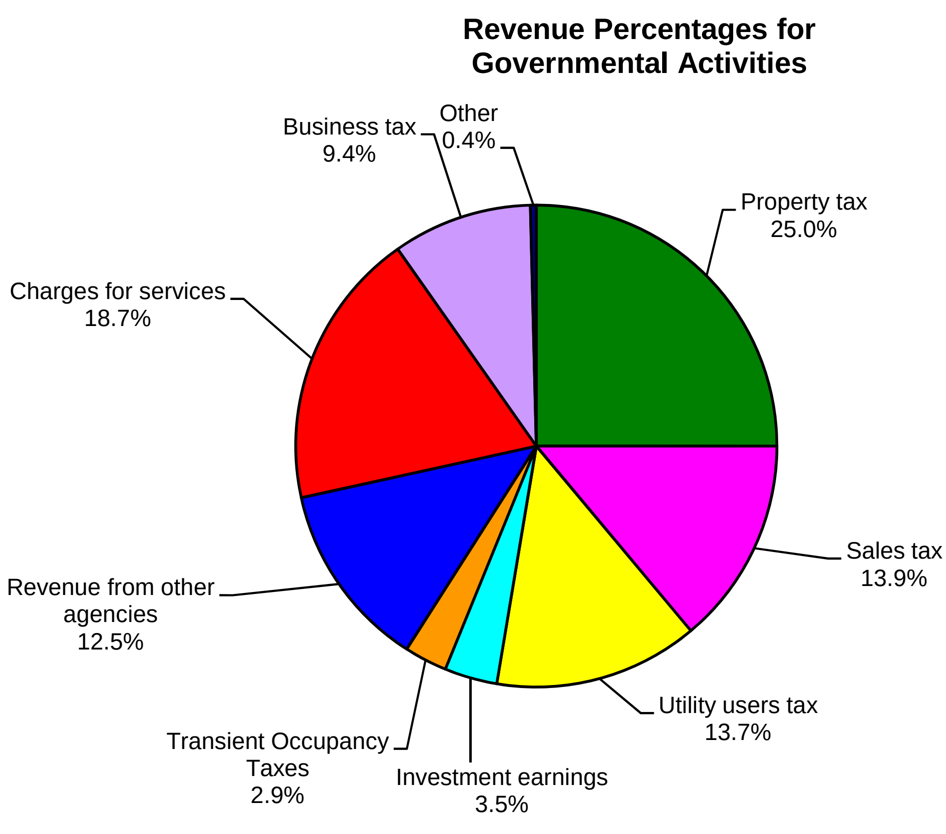
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	$19,232	$17,091	$23,491	$22,748	$42,723	$39,839
Operating contributions and grants	5,128	7,338	9,503	16,147	14,631	23,485
Capital contributions and grants	4,317	2,207	53	-	4,370	2,207
Taxes	68,477	83,350	-	-	68,477	83,350
Investment Earnings	3,651	3,503	923	816	4,574	4,319
Other	3,950	6,097	257	168	4,207	6,265
Excess/deficiency before transfers	$104,755	$119,586	$34,227	$39,879	$138,982	$159,465
Transfers	(1,715)	(372)	1,715	372	-	-
Total revenues	$103,040	$119,214	$35,942	$40,251	$138,982	$159,465
Expenses:						
General government	9,892	7,912	-	-	9,892	7,912
Parks, recreation and community services	7,835	6,741	-	-	7,835	6,741
Police	31,670	28,297	-	-	31,670	28,297
Fire	18,547	15,575	-	-	18,547	15,575
Community development	19,317	17,392	-	-	19,317	17,392
Public Works	14,616	14,208	-	-	14,616	14,208
Transportation	-	-	-	-	-	-
Interest on long-term debt	8,108	7,935	-	-	8,108	7,935
Municipal bus lines	-	-	18,418	17,876	18,418	17,876
Refuse	-	-	10,751	10,516	10,751	10,516
Sewer	-	-	8,401	6,107	8,401	6,107
Total expenses	109,985	98,060	37,570	34,499	147,555	132,559
Increase (decrease) in net assets	(6,945)	21,154	(1,628)	5,752	(8,573)	26,906
Net assets, July 1	135,755	116,404	77,263	71,511	213,018	187,915
Restatement of Net Assets	-	(1,803)	(138)	-	(138)	(1,803)
Net assets, June 30	$128,810	$ 135,755	$ 75,497	$ 77,263	$204,307	$213,018

Governmental Activities

Governmental activities decreased the City's net assets by $7.0 million thereby accounting for 81.0% of the total $8.6 million decrease in the net assets of the City. Key elements of this decrease are as follows:

- At the government-wide level, total revenues for governmental activities decreased by $16.2 million. These decreases included $14.9 million in taxes and $2.2 million in operating contributions and grants. These decreases were offset by an increase in charges for services of $2.1 million and capital contributions and grants of $2.1 million.

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

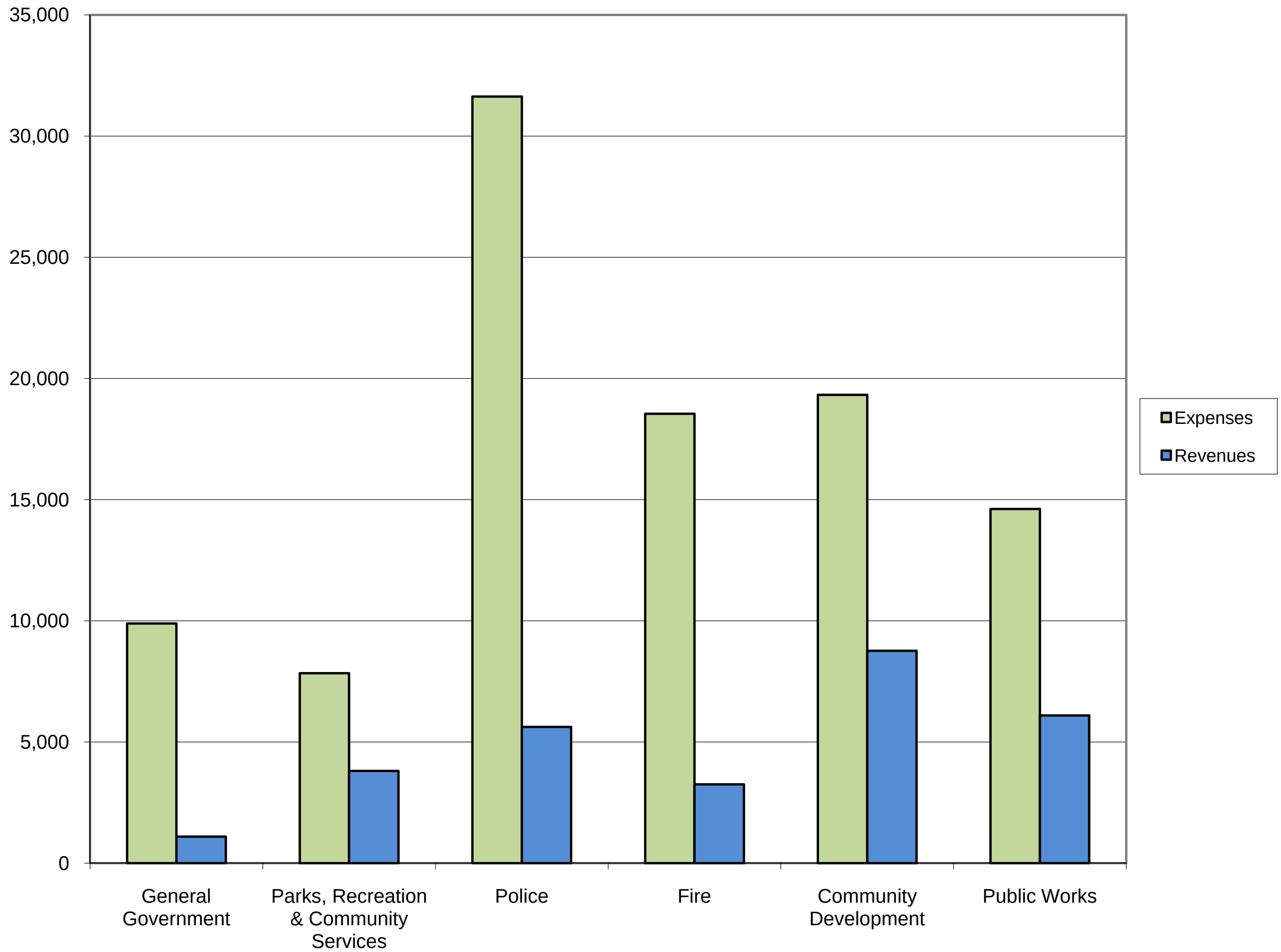


- Total governmental expenditures increased by $11.9 million. This increase consisted primarily of a $6.3 million increase in public safety, a $2.0 million increase in general government expenditures, a

$1.1 million increase in parks, recreation and community services, and a $1.9 million increase community development.

Expenses and corresponding program revenues (revenues that derive directly from the program itself as opposed to general revenue such as taxes) for governmental activities are illustrated in the chart below:

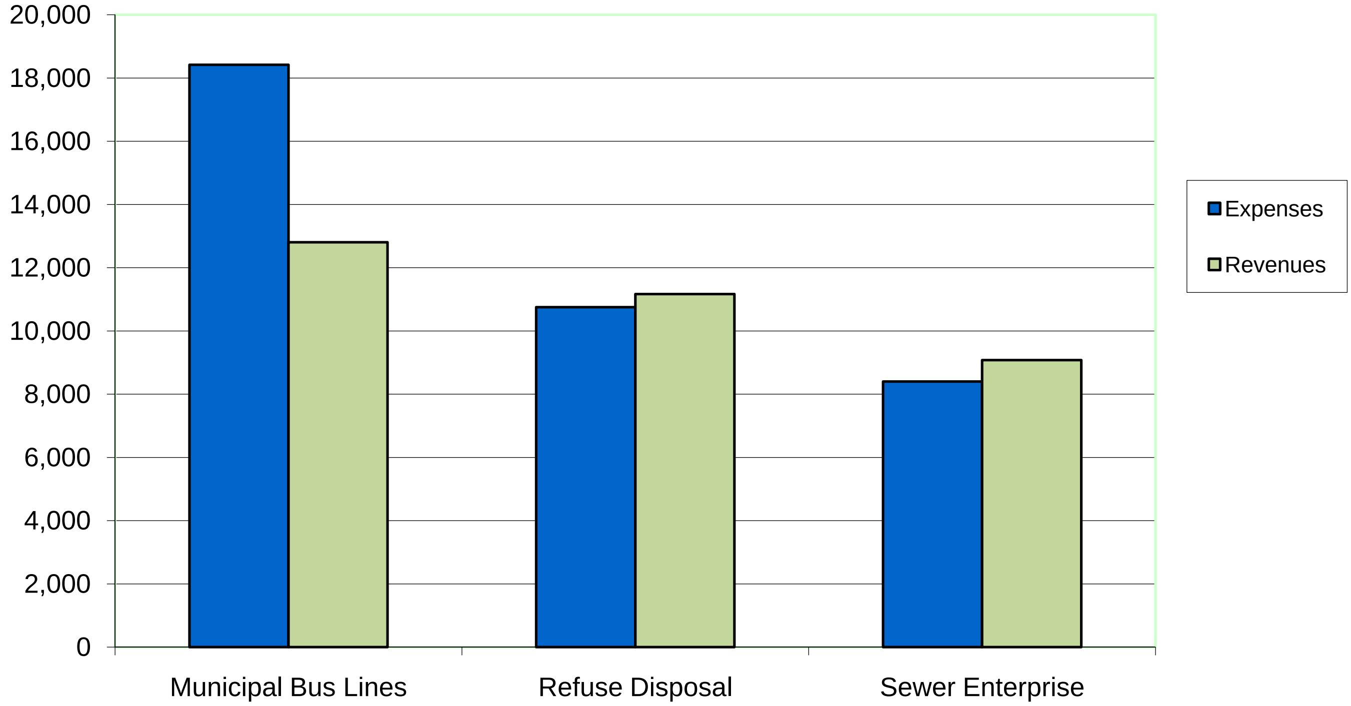
Expenses and Program Revenue
Governmental Activities
June 30, 2010
(in thousands)



Business-type Activities

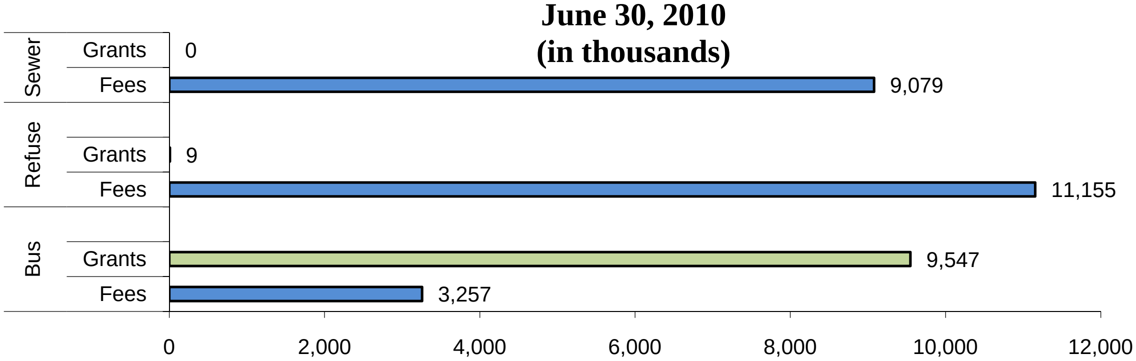
Business-type activities decreased the City's net assets by $1.6 million accounting for 19.0% of the decrease in the City's net assets, indicating that business-type activities did not have revenues sufficient to cover operations. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-Type Activities
June 30, 2010
(in thousands)



Enterprise fund grant and fee (charges for service) revenues increased $0.8 million to reach $23.5 million. The percentage of revenues by source is provided in the following table:

Revenues by Source
Business-type
June 30, 2010
(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 *unreserved fund balance* 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 $164.7 million. Approximately 34.6% of fund balances or $56.9 million constitutes the *unreserved fund balance*, which is available for spending at the City's discretion.

The remainder of the fund balance is reserved to indicate that it is unavailable for new spending due to prior authorized commitments. These reservations total $107.7 million and are composed of the following:

1) Land held for resale of $54.7 million primarily in redevelopment project areas.
2) Supplier contracts and purchase orders committed, or encumbrances, of $4.7 million.
3) Long-term notes receivable from local businesses and homeowners of $3.1 million.
4) Other reservations of $45.2 million, including advances for enterprise activities, debt service reserves and affordable housing.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unreserved fund balance of the General Fund was $31.2 million, an increase of $1.4 million. The total General Fund balance was $38.9 million, down from $40.5 million.

The liquidity of the General Fund may be measured by comparing the unreserved fund balance and the total fund balance to fund expenditures. The unreserved fund balance at year-end of $31.2 million is 43.7% of total General Fund expenditures of $71.4 million up from 41% the prior year. The total fund balance of $38.9 million is 54.4% of expenditures, down from 56% last year.

The fund balance of the City's governmental funds decreased from $170.7 million to $164.7 million during the year, or $6 million. In the prior year, the governmental funds increased $9.8 million. The current year's decrease in the fund balance was due to the following:

- Governmental fund revenues decreased $2.3 million primarily due to lower taxes of $2.6 million, lower licenses and permits of $0.7 million, and lower miscellaneous revenues of $3.1 million, offset by increases of $0.5 million in fines and forfeitures, $1.9 million in intergovernmental revenues, and $1.8 million in charges for services.

- Total expenditures increased by $12.8 million. This was primarily due to an increase in pass-through payments of $11.6 million. This primarily represented a payment that was a takeaway from the Redevelopment Agency by the State of California.

The Redevelopment Agency Capital Projects Fund holds all Agency capital project activity in the four component areas of the Agency. At the end of the current fiscal year, the unreserved fund balance was $19.0 million, while the total fund balance was $69.9 million. Reservations of the fund balance consist primarily of land held for resale of $45.9 million. The unreserved fund balance is 68.8% of total capital projects fund expenditures of $27.6 million. The total fund balance is 2.5 times as large as fund expenditures due to the relatively large land holdings.

The Redevelopment Agency Capital Projects Fund decreased by $4.5 million primarily due to the large increase in pass-through payments of $11.6 million.

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, 2010, the unrestricted net assets of the enterprise funds totaled $32.4 million down from $35.6 million last year for a $3.2 million decrease. 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 $5.5 million, while total net assets were $31.5 million. The unrestricted net assets were 30.4% of total Municipal Bus Lines Fund expenses of $18.1 million, while total net assets were 174% of that same amount. Total net assets declined by $3.4 million due to non-operating revenues and transfers of $11.5 million not covering the operating loss of $14.9 million.

The Refuse Disposal Fund contains the City's refuse collection and disposal enterprise. At year-end, the unrestricted net assets had a deficit of $0.7 million, while total net assets were $0.7 million. The unrestricted net assets represent a deficit of 6.6%, while total net assets represent 6.2% of Refuse Collection and Disposal Fund expenses of $10.6 million. The net increase in the total fund balance for the year was $0.4 million, the same as 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 $27.7 million, while total net assets were $43.3 million. The unrestricted net assets and total net assets were 3.8 and 6 times as large as Sewer Fund expenses of $7.2 million.

The net assets of the Sewer Fund increased by $1.4 million during the fiscal year, with operating income of $1.8 million and non-operating expenses of $0.4 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, 2010, unrestricted net assets of the internal service funds had a deficit balance of $1.4 million, a decrease of $1.6 million from the past year balance of $0.2 million. This was primarily due to a decrease in operating revenues of $3.3 million, and an increase in estimated claims and judgments of $6.8 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.

General Fund 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, as well as approving many other adjustments for the current year.

The General Fund had a favorable budget variance of $2.3 million due to a mid-year reduction in estimated revenues resulting in actual revenues exceeding the final budget by $0.2 million along with expenditures savings of $2.1 million. The largest reduction to budgeted revenues was a $3.1 million reduction to taxes due to the economic downturn. Actual revenues for the year of $66.1 million were $5 million lower than the previous year, primarily due to decreases in taxes and miscellaneous revenues. Expenditures savings were achieved primarily through position vacancies achieved by a hiring freeze and a conscious effort to reduce operating expenditures.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to $204.8 million net of accumulated depreciation as of June 30, 2010. 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 an increase in improvements while 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, 2010 and 2009
(in thousands)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	$ 19,248	$ 19,248	$ 1,681	$ 1,681	$ 20,929	$ 20,929
Construction in Progress	519	944	-	-	519	944
Buildings	62,249	61,922	21,100	21,659	83,349	83,581
Improvements other than buildings	9,531	7,893	9,314	8,257	18,845	16,150
Equipment	11,929	12,134	9,424	11,273	21,353	23,407
Hyperion rights	-	-	14,930	15,617	14,930	15,617
Infrastructure	36,765	36,915	8,162	8,454	44,927	45,369
Total capital assets, net $	$ 140,241	$ 139,056	$ 64,611	$ 66,941	$ 204,852	$ 205,997

Additional information on the City's capital assets can be found in Note 5 to the Basic Financial Statements on page 50 of this report.

Debt Administration

At the end of the current fiscal year, the City had long-term debt of $219.4 million outstanding. This included bonded debt of $170.3 million, including the current portion of $7.2 million. The bonded debt amount consists of $150.2 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.

Non-bonded outstanding debt includes certificates of participation of $4.0 million for bus line projects, secured debts on Agency land of $0.8 million, a loan used to construct the City senior center reimbursed by HUD funds through the County of Los Angeles of $0.7 million, a net OPEB liability of $15.4 million, claims and judgments of $17.6 million and employee compensated absences of 10.7 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, 2010 and 2009
(in thousands)

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue bonds	$ 150,255	$ 156,450	$ 20,085	$ 20,720	$ 170,340	$ 177,170
Certificates of participation	-	-	3,990	4,535	$ 3,990	$ 4,535
Developer loan payable	751	851	-	-	$ 751	$ 851
Real estate loan payable	-	1,550	-	-	$ -	$ 1,550
Section 108 loans	670	805	-	-	$ 670	$ 805
Claims and judgments	17,610	15,450	-	-	$ 17,610	$ 15,450
Net OPEB liability	15,448	7,426	-	-	$ 15,448	$ 7,426
Capital leases	-	-	-	-	$ -	$ -
Compensated absences	9,647	9,677	1,037	878	$ 10,684	$ 10,555
Total debt	$ 194,381	$ 192,209	$ 25,112	$ 26,133	$ 219,493	$ 218,342

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	WD	WD	Ambac
1999A Tax Allocation Bonds	Aa3	AA+	NR	AGM
2002A Tax Allocation Bonds	Baa1	A	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

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 2010/11 budget projecting a $2.0 million decrease in General Fund revenues for a total of approximately $80.6 million, or -2.5%. This is on top of a $4.7 million decrease during the year before. The City's adopted budget assumes reduced fee and other revenue receipts due to the continued decline in economic and development activity.

Expenditures
The City's General Fund operating budget for FY 2010/11 reflects a decrease of less than 1% in expenditures to approximately $82.6 million. This amount reflects the reduction of approximately 49 General Fund positions, decreases in operating and maintenance line items, no increases in COLA, and only a $325,000 reduction for excess appropriations

Economic Factors
The Los Angeles area Consumer Price Index decreased 0.4% for the year ended September 2010 largely due to the continued poor economic activity. The County of Los Angeles and State of California unemployment rates were both 12.4%, as of September 2010.

In this coming fiscal year, the City's budget continues to be impacted by the depth of the recession, the competition among cities for the same businesses and the slowing – or non-existence - of development. Sales tax revenues continue to show signs of weakness, but with the renovation of the Westfield Shopping Mall, including a new Target and Best Buy, it is expected that this source of revenue may show slight improvement over the prior year. This will also be the first full year the Mall will be open after its renovation. 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, 2010

	Governmental Activities	Business-Type Activities	Totals 2010	Totals 2009
Assets:				
Cash and investments (note 2)	$ 112,774,593	31,517,236	144,291,829	151,901,002
Cash and investments with fiscal agent (note 2)	13,338,220	2,520,966	15,859,186	16,303,051
Receivables:				
Accounts	2,344,051	760,978	3,105,029	3,317,992
Accrued interest	400,064	126,540	526,604	865,476
Notes	3,058,089	-	3,058,089	3,123,768
Internal balances	976,920	(976,920)	-	-
Due from other governments	7,471,270	2,392,175	9,863,445	10,218,323
Inventories	793,610	-	793,610	776,860
Prepaid expenses	645,301	163,022	808,323	52,317
Unamortized debt issuance costs	1,329,894	1,237,150	2,567,044	2,687,190
Land held for resale	55,871,230	-	55,871,230	55,615,480
Capital assets (note 5):				
Capital assets not depreciated	19,767,442	1,680,970	21,448,412	21,873,261
Other capital assets, net	120,473,193	62,930,283	183,403,476	184,124,026
Total assets	339,243,877	102,352,400	441,596,277	450,858,746
Liabilities:				
Accounts payable	2,457,860	736,947	3,194,807	5,871,618
Accrued wages payable	1,762,352	426,305	2,188,657	1,362,229
Accrued interest payable	1,220,404	419,792	1,640,196	1,786,394
Deposits payable	6,902,850	68,787	6,971,637	7,961,440
Unearned revenue	2,125,865	91,202	2,217,067	985,894
Due to other governments	1,583,639	-	1,583,639	1,530,879
Noncurrent liabilities (notes 6 to 10, 12):				
Due within one year	12,792,937	1,375,668	14,168,605	14,972,474
Due in more than one year	181,588,007	23,736,269	205,324,276	203,369,662
Total liabilities	210,433,914	26,854,970	237,288,884	237,840,590
Net assets:				
Invested in capital assets, net of related debt	3,324,019	43,057,219	46,381,238	37,947,180
Restricted for:				
Low mod housing	34,787,934	-	34,787,934	30,312,493
Public safety	660,517	-	660,517	1,343,384
Public works	2,639,294	-	2,639,294	3,260,705
Redevelopment agency	69,871,340	-	69,871,340	74,347,543
Community development	1,466,457	-	1,466,457	1,991,667
Unrestricted	16,060,402	32,440,211	48,500,613	63,815,184
Total net assets	$ 128,809,963	75,497,430	204,307,393	213,018,156

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY

Statement of Activities

Year ended June 30, 2010

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Grants
Governmental activities:				
General government	$ 9,892,196	681,128	252,555	160,505
Parks, recreation and community services	7,835,307	2,364,235	1,156,435	287,304
Police	31,669,431	4,963,657	655,577	-
Fire	18,546,617	3,254,189	-	-
Community development	19,317,046	6,947,986	1,817,563	-
Public works	14,616,281	1,020,461	1,245,732	3,869,166
Interest and other charges	8,107,981	-	-	-
Total governmental activities	109,984,860	19,231,656	5,127,862	4,316,975
Business-type activities:				
Refuse disposal	$ 10,751,063	11,154,752	9,138	-
Bus lines	18,418,501	3,257,360	9,494,083	52,915
Sewer	8,400,664	9,079,094	-	-
Total business-type activities	37,570,228	23,491,206	9,503,221	52,915
	$ 147,555,088	42,722,862	14,631,083	4,369,890

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, as restated (note 16)

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 2010	Totals 2009
(8,798,008)	-	(8,798,008)	(6,656,606)
(4,027,333)	-	(4,027,333)	(2,739,166)
(26,050,197)	-	(26,050,197)	(23,027,550)
(15,292,428)	-	(15,292,428)	(12,029,229)
(10,551,497)	-	(10,551,497)	(8,989,353)
(8,480,922)	-	(8,480,922)	(10,046,454)
(8,107,981)	-	(8,107,981)	(7,935,287)
(81,308,367)	-	(81,308,367)	(71,423,645)
-	412,827	412,827	446,262
-	(5,614,143)	(5,614,143)	1,207,299
-	678,430	678,430	2,742,267
-	(4,522,886)	(4,522,886)	4,395,828
(81,308,367)	(4,522,886)	(85,831,253)	(67,027,817)
25,751,846	-	25,751,846	37,661,322
14,314,156	-	14,314,156	16,004,311
14,142,799	-	14,142,799	14,337,233
1,278,427	-	1,278,427	1,457,293
9,653,597	-	9,653,597	10,534,685
2,967,131	-	2,967,131	2,944,183
369,409	-	369,409	411,763
3,476,976	-	3,476,976	3,288,296
3,650,929	922,589	4,573,518	4,319,552
78,000	257,178	335,178	246,269
395,000	-	395,000	2,729,879
(1,715,039)	1,715,039	-	-
74,363,231	2,894,806	77,258,037	93,934,786
(6,945,136)	(1,628,080)	(8,573,216)	26,906,969
135,755,099	77,125,510	212,880,609	186,111,187
$ 128,809,963	75,497,430	204,307,393	213,018,156

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Basic Financial Statements

FUND FINANCIAL STATEMENTS

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CITY OF CULVER CITY
Balance Sheet - Governmental Funds
June 30, 2010

	General Fund	Special Revenue Fund RDA Low/Mod Income Housing	Debt Service Fund RDA Debt Service
Assets:			
Cash and investments	$ 25,422,462	17,375,799	259,471
Cash and investments with fiscal agent	-	-	13,338,220
Receivables:			
Accounts	2,238,554	1,610	-
Accrued interest	104,870	33,748	452
Notes	-	1,201,096	-
Due from other funds (note 3)	6,211,609	66,221	-
Due from other governments	2,350,106	-	-
Advances to other funds (note 4)	583,622	13,034,970	-
Prepaid expenses	597,546	-	-
Land held for resale	5,684,776	3,103,000	-
Total assets	$ 43,193,545	34,816,444	13,598,143
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	$ 952,201	21,825	-
Accrued wages payable	1,570,562	-	-
Due to other funds (note 3)	548,289	-	-
Deposits payable	1,121,667	6,685	-
Deferred revenue	107,189	-	-
Due to other governments	-	-	-
Advances from other funds (note 4)	-	-	-
Total liabilities	4,299,908	28,510	-
Fund balance:			
Reserved for:			
Encumbrances	784,135	139,523	-
Notes	-	1,201,096	-
Advances to other funds	583,622	13,034,970	-
Prepaid expenses	597,546	-	-
Land held for resale	5,684,776	3,103,000	-
Debt service	-	-	13,598,143
Affordable housing	-	17,309,345	-
Unreserved:			
Undesignated, reported in:			
General fund	31,243,558	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Total fund balance	38,893,637	34,787,934	13,598,143
Total liabilities and fund balance	$ 43,193,545	34,816,444	13,598,143

See accompanying notes to the basic financial statements

Capital Projects Funds				
Capital Improvement and Acquisition	RDA Capital Projects	Non-Major Governmental Funds	Total 2010	Total 2009
6,889,402	36,486,404	10,989,742	97,423,280	107,963,966
-	-	-	13,338,220	13,654,780
17,098	55,921	15,258	2,328,441	2,697,230
28,861	135,990	33,888	337,809	560,833
-	1,818,173	38,820	3,058,089	3,123,768
99,561	495,883	127,070	7,000,344	9,960,345
-	2,565,757	2,555,407	7,471,270	4,603,488
24,283	-	-	13,642,875	6,475,896
-	-	4,655	602,201	-
-	45,933,454	-	54,721,230	54,465,480
7,059,205	87,491,582	13,764,840	199,923,759	203,505,786
312,712	187,760	672,316	2,146,814	4,212,135
-	-	32,216	1,602,778	1,014,672
99,282	4,267,511	1,608,435	6,523,517	9,621,168
5,635,104	130,001	9,393	6,902,850	7,892,653
-	-	3,339,895	3,447,084	2,689,764
-	-	1,583,639	1,583,639	1,530,879
-	13,034,970	24,283	13,059,253	5,839,110
6,047,098	17,620,242	7,270,177	35,265,935	32,800,381
344,049	3,071,352	344,388	4,683,447	5,695,591
-	1,818,173	38,820	3,058,089	3,123,768
24,283	-	-	13,642,875	6,475,896
-	-	4,655	602,201	-
-	45,933,454	-	54,721,230	54,465,480
-	-	-	13,598,143	14,194,703
-	-	-	17,309,345	23,609,182
-	-	-	31,243,558	29,805,314
-	-	5,320,918	5,320,918	6,331,652
643,775	19,048,361	785,882	20,478,018	27,003,819
1,012,107	69,871,340	6,494,663	164,657,824	170,705,405
7,059,205	87,491,582	13,764,840	199,923,759	203,505,786

CITY OF CULVER CITY
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Fund balances of governmental funds	$ 164,657,824
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	190,908,797
Accumulated depreciation	(56,886,662)
Long term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term debt	(167,874,755)
Compensated absences	(8,292,940)
Unamortized debt issuance costs	1,329,894
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(1,220,404)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	1,415,478
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	4,772,731
Net assets of governmental activities	$ 128,809,963

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
Year ended June 30, 2010

		Special Revenue Fund	Debt Service Fund
	General Fund	RDA Low/Mod Income Housing	RDA Debt Service
Revenues:			
Taxes	$ 41,738,822	-	-
Licenses and permits	11,853,957	-	-
Fines and forfeitures	4,413,473	-	-
Investment income	1,062,992	457,790	151,938
Intergovernmental	34,832	1,684	-
Charges for services	6,322,852	67,000	-
Miscellaneous	659,296	-	-
Total revenues	66,086,224	526,474	151,938
Expenditures:			
Current:			
General government	5,781,891	-	-
Parks, recreation and community services	5,346,453	-	-
Police	28,009,126	-	-
Fire	15,502,050	-	-
Community development	6,888,234	2,842,937	-
Public works	9,875,495	-	-
Capital outlay	-	5,734	-
Debt service:			
Principal	-	-	6,330,000
Interest and fiscal charges	-	-	7,482,512
Pass-through payments	-	-	-
SERAF Payment	-	-	-
Total expenditures	71,403,249	2,848,671	13,812,512
Excess (deficiency) of revenues over (under) expenditures	(5,317,025)	(2,322,197)	(13,660,574)
Other financing sources (uses):			
Transfers in (note 14)	4,131,458	7,449,933	13,064,014
Transfers out (note 14)	(441,087)	(652,295)	-
Total other financing sources (uses)	3,690,371	6,797,638	13,064,014
Net change in fund balances	(1,626,654)	4,475,441	(596,560)
Fund balances at beginning of year	40,520,291	30,312,493	14,194,703
Fund balances at end of year	$ 38,893,637	34,787,934	13,598,143

See accompanying notes to the basic financial statements

Capital Projects Funds				
Capital Improvement and Acquisition	RDA Capital Projects	Non-Major Governmental Funds	Total 2010	Total 2009
-	37,249,668	-	78,988,490	81,545,109
-	-	393,817	12,247,774	12,977,318
-	-	-	4,413,473	3,922,874
185,320	1,278,711	250,611	3,387,362	3,517,166
330,838	12,000	8,705,595	9,084,949	7,228,161
360,000	4,034,540	1,033,371	11,817,763	9,974,608
15,794	364,481	274,325	1,313,896	4,396,396
891,952	42,939,400	10,657,719	121,253,707	123,561,632
-	-	45,340	5,827,231	6,370,275
-	-	911,646	6,258,099	6,343,893
-	-	1,093,401	29,102,527	28,910,326
-	-	222,389	15,724,439	15,344,944
-	6,490,482	2,011,896	18,233,549	17,711,375
197,345	1,877,398	489,938	12,440,176	13,460,405
2,983,582	543,051	3,481,479	7,013,846	7,255,428
-	1,650,236	135,000	8,115,236	6,317,776
-	498,033	45,850	8,026,395	7,820,329
-	5,548,474	-	5,548,474	4,942,725
-	10,946,277	-	10,946,277	-
3,180,927	27,553,951	8,436,939	127,236,249	114,477,476
(2,288,975)	15,385,449	2,220,780	(5,982,542)	9,084,156
205,660	652,295	453,743	25,957,103	26,275,033
-	(20,513,947)	(4,414,813)	(26,022,142)	(25,547,058)
205,660	(19,861,652)	(3,961,070)	(65,039)	727,975
(2,083,315)	(4,476,203)	(1,740,290)	(6,047,581)	9,812,131
3,095,422	74,347,543	8,234,953	170,705,405	160,893,274
1,012,107	69,871,340	6,494,663	164,657,824	170,705,405

CITY OF CULVER CITY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year ended June 30, 2010

Net changes in fund balances - total governmental funds	$	(6,047,581)
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		6,271,997
Depreciation expense		(4,017,533)
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		8,115,236
Amortization of debt issuance costs		(134,949)
Increases in net OPEB liability are not included in the governmental funds.		(8,022,502)
The statement of net assets includes accrued interest on long term debt.		53,363
To record as an expense (reduction of expense) the net change in compensated absences in the statement of activities.		41,448
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.		(473,853)
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.		(2,730,762)
Change in net assets of governmental activities	$	(6,945,136)

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Net Assets - Proprietary Funds
June 30, 2010

	Businesss-Type Activites-Enterprise Funds				Governmental Activities -
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Assets					
Cash and investments	$ 502,410	4,193,052	26,821,774	31,517,236	15,351,313
Cash and investments with fiscal agent	-	923,270	1,597,696	2,520,966	-
Receivables:					
Accounts	548,994	211,679	305	760,978	15,610
Accrued interest	2,594	13,613	110,333	126,540	62,255
Due from other funds (note 3)	-	-	-	-	105,319
Due from other governments	94,660	1,893,352	404,163	2,392,175	-
Inventory	-	-	-	-	793,610
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	6,929,186	3,962,182	11,399,503	-
Machinery and equipment	5,340,941	25,199,738	7,342,096	37,882,775	17,742,106
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	(6,844,796)	(27,253,606)	(21,147,496)	(55,245,898)	(11,523,606)
Other assets:					
Unamortized debt issuance cost	-	115,402	1,121,748	1,237,150	-
Advances to other funds (note 4)	-	-	-	-	393,298
Prepaid expenses	56,229	100,360	6,433	163,022	43,100
Land held for resale	-	-	-	-	1,150,000
Total assets	2,603,403	36,545,663	64,180,254	103,329,320	24,133,005
Liabilities and Net Assets					
Liabilities:					
Accounts payable	264,202	180,123	292,622	736,947	311,045
Accrued wages payable	133,980	245,933	46,392	426,305	159,574
Due to other funds (note 3)	-	-	-	-	582,146
Interest payable	-	114,425	305,367	419,792	-
Deposits payable	2,907	-	65,880	68,787	-
Unearned revenue	91,202	-	-	91,202	94,259
Non-current liabilities:					
Compensated absences payable	478,125	499,996	58,816	1,036,937	603,196
Claims and judgements payable	-	-	-	-	17,610,053
Advances from other funds (note 4)	976,920	-	-	976,920	-
Revenue bonds	-	-	20,085,000	20,085,000	-
Certificates of participation	-	3,990,000	-	3,990,000	-
Total liabilities	1,947,336	5,030,477	20,854,077	27,831,890	19,360,273
Net assets:					
Invested in capital assets, net of related debt	1,398,516	26,028,205	15,630,498	43,057,219	6,218,500
Unrestricted	(742,449)	5,486,981	27,695,679	32,440,211	(1,445,768)
Total net assets	$ 656,067	31,515,186	43,326,177	75,497,430	4,772,732

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds
Year ended June 30, 2010

	Businesss-Type Activites-Enterprise Funds				Governmental Activities
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Operating revenues:					
Sales and service charges	$ 11,120,581	3,257,360	9,079,094	23,457,035	17,309,418
Miscellaneous	34,171	-	-	34,171	279,958
Total operating revenues	11,154,752	3,257,360	9,079,094	23,491,206	17,589,376
Operating expenses:					
Salaries and benefits	4,233,209	9,504,770	1,061,224	14,799,203	5,017,363
Supplies	144,874	646,590	2,552,057	3,343,521	2,954,775
Repairs and maintenance	2,226,650	3,860,595	442,357	6,529,602	1,318,375
Insurance	-	20,446	-	20,446	1,154,646
Claims and settlements	95,463	-	10,355	105,818	6,943,632
Administrative services	1,555,238	1,725,705	656,541	3,937,484	-
Rent and lease expenses	78,000	101,276	360,000	539,276	-
Consulting and contract services	1,989,940	126,680	514,187	2,630,807	445,374
Depreciation and amortization	315,546	2,163,137	1,586,264	4,064,947	1,305,632
Total operating expenses	10,638,920	18,149,199	7,182,985	35,971,104	19,139,797
Operating income (loss)	515,832	(14,891,839)	1,896,109	(12,479,898)	(1,550,421)
Nonoperating revenues (expenses):					
Operating grants	9,138	9,494,083	-	9,503,221	-
Investment income	9,218	89,878	823,493	922,589	469,660
Interest expense	(112,143)	(269,302)	(1,217,679)	(1,599,124)	-
Other income	3,417	252,440	1,321	257,178	-
Total nonoperating revenues (expenses)	(90,370)	9,567,099	(392,865)	9,083,864	469,660
Income (loss) before transfers	425,462	(5,324,740)	1,503,244	(3,396,034)	(1,080,761)
Transfers and capital contributions:					
Capital contributions - grants	-	52,915	-	52,915	-
Transfers in (note 14)	-	2,125,539	-	2,125,539	150,000
Transfers out (note 14)	(68,000)	(274,500)	(68,000)	(410,500)	(1,800,000)
Total transfers	(68,000)	1,903,954	(68,000)	1,767,954	(1,650,000)
Change in net assets	357,462	(3,420,786)	1,435,244	(1,628,080)	(2,730,761)
Net assets at beginning of year, as restated (note 16)	298,605	34,935,972	41,890,933	77,125,510	7,503,493
Net assets at end of year	$ 656,067	31,515,186	43,326,177	75,497,430	4,772,732

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statements of Cash Flows - Proprietary Funds
Year ended June 30, 2010

	Businesss-Type Activites-Enterprise Funds				Governmental Activities
	Refuse Disposal Fund	Municipal Bus Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	$ 11,031,810	3,404,511	8,860,210	23,296,531	-
Cash received from user departments	-	-	-	-	17,597,866
Cash payments to suppliers for goods and services	(7,110,511)	(6,574,253)	(5,153,960)	(18,838,724)	(12,088,066)
Cash payments to employees for services	(3,226,926)	(9,322,324)	(892,519)	(13,441,769)	(4,072,586)
Net cash provided by (used for) operating activites	694,373	(12,492,066)	2,813,731	(8,983,962)	1,437,214
Cash flows from noncapital financing activities:					
Operating grants received	9,138	12,970,735	-	12,979,873	-
Cash received from other funds	-	2,125,539	-	2,125,539	(1,729,009)
Cash paid to other funds	(157,004)	(274,500)	(68,000)	(499,504)	252,499
Net cash provided by (used for) noncapital financing activities	(147,866)	14,821,774	(68,000)	14,605,908	(1,476,510)
Cash flows from capital and related financing activities:					
Capital grants received	-	52,915	-	52,915	-
Cash paid for acquisition and construction of capital assets	-	(167,327)	(1,567,114)	(1,734,441)	(549,567)
Proceeds from sale of capital assets	-	-	-	-	313,289
Interest paid on debt	(113,330)	(254,025)	(815,247)	(1,182,602)	22,741
Principal paid on debt	-	(545,000)	(635,000)	(1,180,000)	-
Net cash provided by (used for) capital and related financing activities	(113,330)	(913,437)	(3,017,361)	(4,044,128)	(213,537)
Cash flows from investing activities:					
Interest received on investments	9,218	89,878	907,426	1,006,522	472,701
Net cash provided by (used for) investing activities	9,218	89,878	907,426	1,006,522	472,701
Net increase (decrease) in cash and cash equivalents	442,395	1,506,149	635,796	2,584,340	219,868
Cash and cash equivalents at beginning of year	60,015	3,610,173	27,783,674	31,453,862	15,131,445
Cash and cash equivalents at end of year	$ 502,410	5,116,322	28,419,470	34,038,202	15,351,313

(Continued)

CITY OF CULVER CITY

Statements of Cash Flows - Proprietary Funds

(Continued)

	Businesss-Type Activites-Enterprise Funds				Governmental Activities
	Refuse Disposal Fund	Municipal Bus Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	$ 515,832	(14,891,839)	1,896,109	(12,479,898)	(1,550,421)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	315,546	2,163,137	1,586,264	4,064,947	1,305,632
Miscellaneous nonoperating income	3,418	252,441	1,321	257,180	-
(Increase) decrease in accounts receivable	(92,646)	(209,288)	73	(301,861)	8,489
(Increase) decrease in due from other governments	(33,714)	-	(220,278)	(253,992)	-
(Increase) decrease in prepaid expenses	(56,229)	(48,043)	(6,433)	(110,705)	(43,100)
(Increase) decrease in inventory	-	-	-	-	(16,750)
Increase (decrease) in accounts payable	(80,181)	59,081	(463,381)	(484,481)	(510,088)
Increase (decrease) in accrued wages payable	56,770	93,884	15,317	165,971	72,352
Increase (decrease) in compensated absences	65,577	88,561	4,739	158,877	11,449
Increase (decrease) in claims and judgements payable	-	-	-	-	2,159,651
Total adjustments	178,541	2,399,773	917,622	3,495,936	2,987,635
Net cash provided by (used for) operating activities	$ 694,373	(12,492,066)	2,813,731	(8,983,962)	1,437,214

There were no significant noncash investing and financing activities during the year ended June 30, 2010.

See accompanying notes to the basic financial statements.

Basic Financial Statements

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The basic financial statements of the City of Culver City, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) 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 Generally Accepted Accounting Principles (GAAP) 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 the component units.

(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.

(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 funds. 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.

(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.

(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.

(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 an other 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

(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.

Redevelopment Agency Low/Mod Housing Special Revenue Fund This special revenue fund is used to account for the legally required twenty percent set-aside of tax increment revenues for low/moderate income housing.

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

Capital Improvement and Acquisition Capital Projects Fund This capital projects fund accounts for the City's general capital projects.

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

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.

(1) Summary of Significant Accounting Policies, (Continued)

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the fund balance, is employed in the governmental funds. Encumbrances are reported as reservations 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.

(1) Summary of Significant Accounting Policies, (Continued)

(h) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 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 which 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

(i) Claims and Judgments

The 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.

(j) 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.

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

(1) Summary of Significant Accounting Policies, (Continued)

(j) Employee Leave Benefits (Continued)

recorded in the government-wide financial statements. These non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

(k) 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	5-10 years
Other equipment	3-25 years

(1) Summary of Significant Accounting Policies, (Continued)

(l) 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.

(m) Prior Year Comparative

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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which the selected financial data was derived.

(2) Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$144,291,829
Cash and investments with fiscal agent	15,859,186
Total cash and investments	$160,151,015

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	$ 6,621
Deposits with financial institutions	8,272,868
Investments	151,871,526
Total cash and investments	$160,151,015

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the 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 and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee 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	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	180 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	50%	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	No	5 years	None	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (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.

(2) 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
U.S. Treasury Obligations	None
U.S. Agency Securities	None
Banker's Acceptances	360 days
Commercial Paper	270 days
Money Market Mutual Funds	None
Investment Contracts	None
Local Agency Bonds	None
Medium Term Notes	None
Negotiable Certificate of Deposits	None
Local Agency Investment Fund (LAIF)	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.

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk, (Continued)

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.

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
State investment pool	$49,198,138	49,198,138	-	-	-
Federal agency securities	71,294,600	2,051,660	11,699,290	57,543,650	-
Money market funds	2,996,515	2,996,515	-	-	-
Corporate notes	12,523,088	9,110,530	3,412,558	-	-
Held by fiscal agent:					
Money market funds	13,748,857	13,748,857	-	-	-
Investment agreements	2,110,328	-	-	-	2,110,328
Total	$151,871,526	77,105,700	15,111,848	57,543,650	2,110,328

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.

(2) Cash and Investments, (Continued)

Disclosures Relating to Credit Risk

Investment Type	Total	Minimum Legal Rating *	Rating as of Year End			
			AAA	A/A+/A--	BB+/BBB/ BBB+	Not Rated
State investment pool	$ 49,198,138	N/A	-	-	-	49,198,138
Federal agency securities	71,294,600	N/A	71,294,600	-	-	-
Money market funds	2,996,515	A	2,996,515	-	-	-
Corporate notes	12,523,088	A	-	9,341,868	2,983,720	197,500
Held by fiscal agent:						
Money market funds	13,748,857	A	13,748,857	-	-	-
Investment agreements	2,110,328	N/A	-	-	-	2,110,328
Total	$151,871,526		88,039,972	9,341,868	2,983,720	51,505,966

* - At time of purchase

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:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	Federal agency securities	$ 27,194,730
Federal Home Loan Mortgage Corporation	Federal agency securities	10,212,430
Federal Home Loan Bank	Federal agency securities	27,247,270

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.

(2) Cash and Investments, (Continued)

Custodial Credit Risk, (Continued)

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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.

(3) Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2010 are as follows:

Due from Other Funds	Due to Other Funds	Amount	
General Fund	Non-Major Governmental Funds	$ 1,593,368	
	RDA Capital Projects Fund	4,036,095	(a)
	Internal Service Funds	582,146	
		6,211,609	
RDA Low/Mod Housing Fund	General Fund	66,221	
Capital Improvement and Acquisition Fund	RDA Capital Projects Fund	99,561	
RDA Capital Projects Fund	General Fund	482,068	
	Non-Major Governmental Funds	13,815	
		495,883	

(3) Due To/From Other Funds (Continued)

Non-Major Governmental Funds	Capital Improvement and Acquisition Fund	99,282
	RDA Capital Projects Fund	27,788
		127,070
Internal Service Funds	RDA Capital Projects Fund	104,067
	Non-Major Governmental Funds	1,252
		105,319
Total		$ 7,105,663

(a) In June 2007, the City made a $9,000,000 cooperation loan to the Redevelopment Agency with a one year term at a rate of 5.7% per annum. The Agency made a payment of $2,000,000 in June 2009. Due to the recent economic environment, the City approved a deferment of loan payment over two years at the request of the Agency. In June 2010, the agency paid down $3,500,000 leaving the final balance of $3,500,000 due in June 2011. The remaining balance of $536095 is mainly due to monthly City billing to the Redevelopment Agency, which is reimbursed monthly.

Interfund balances are the result of short term borrowing to cover negative case balances and operating shortages at June 30, 2010 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.

(4) Advances To/From Other Funds

Advances from Other Funds	Advances to Other Funds	
RDA Capital Projects Fund	RDA Low/Mod Housing Fund	$ 13,034,970 (a)
Refuse Disposal Fund	General Fund	583,622
	Internal Service Funds	393,298
		976,920
Non-Major Governmental Funds	Capital Improvement and Acquisition Fund	24,283
		$ 14,036,173

(4) Advances To/From Other Funds (continued)

(a) For the three years ending June 30, 2006, the State of California required the Redevelopment Agency to pay the total of $5,938,000 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 2010, the RDA had to make a payment of approximately $11 million for the Supplemental Educational Revenue Augmentation Fund (SERAF). The agency can use accumulated balances in their LMIH fund to make their SERAF payment. Thus this Special Revenue Fund has an advance to the Capital Projects Fund of $2,088,693 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.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2010 is as follows:

Governmental Activities:

	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Buildings	$ 79,098,646	1,922,415	-	81,021,061
Improvements	19,195,014	2,260,133	-	21,455,147
Machinery and equipment	33,113,020	2,311,778	(871,330)	34,553,468
Infrastructure	51,101,306	746,553	-	51,847,859
Subtotal	182,507,986	7,240,879	(871,330)	188,877,535
Less accumulated depreciation:				
Buildings	(17,177,242)	(1,594,813)	-	(18,772,055)
Improvements	(11,301,979)	(622,473)	-	(11,924,452)
Machinery and equipment	(20,979,203)	(2,203,150)	558,041	(22,624,312)
Infrastructure	(14,186,329)	(897,194)	-	(15,083,523)
Total accumulated depreciation	(63,644,753)	(5,317,630)	558,041	(68,404,342)
Net depreciable assets	118,863,233	1,923,249	(313,289)	120,473,193
Capital assets not depreciated:				
Land	19,248,168	-	-	19,248,168
Construction in progress	944,123	1,149,922	(1,574,771)	519,274
	20,192,291	1,149,922	(1,574,771)	19,767,442
Capital assets, net	$139,055,524	3,073,171	(1,888,060)	140,240,635

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

General government	$1,566,426
Parks, recreation and community services	518,482
Police	505,640
Fire	808,270
Community development	37,772
Public works	580,943
Internal service funds	1,300,097
	$5,317,630

(5) Capital Assets (continued)

Business-type Activities:

	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010
Buildings	$ 28,018,745	-	-	28,018,745
Improvements other than buildings	9,832,391	1,567,112	-	11,399,503
Machinery and equipment	37,785,314	167,325	(69,864)	37,882,775
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 cost of depreciable assets	116,511,608	1,734,437	(69,864)	118,176,181
Less accumulated depreciation and amortization:				
Buildings	(6,359,718)	(559,464)	-	(6,919,182)
Improvements other than buildings	(1,575,306)	(509,283)	-	(2,084,589)
Machinery and equipment	(27,645,780)	(1,996,000)	69,864	(29,571,916)
Furniture and fixtures	(1,248,909)	(21,177)	-	(1,270,086)
Infrastructure	(3,432,532)	(292,512)	-	(3,725,044)
Investment in Hyperion	(10,988,570)	(686,511)	-	(11,675,081)
Total accumulated depreciation and amortization	(51,250,815)	(4,064,947)	69,864	(55,245,898)
Net depreciable assets	65,260,793	(2,330,510)	-	62,930,283
Capital assets not depreciated:				
Land	1,680,970	-	-	1,680,970
Capital assets, net	$66,941,763	(2,330,510)	-	64,611,253

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

Refuse disposal	$ 315,546
Municipal bus lines	2,163,137
Sewer	1,586,264
	$ 4,064,947

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2010 (including unamortized discounts and refunding costs) are as follows:

Governmental activities:	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010	Due within one year	Due in more than one year
Compensated absences payable	$ 9,677,247	5,647,861	(5,677,860)	9,647,248	2,737,339	6,909,909
Claims and judgments	15,450,402	9,568,961	(7,409,310)	17,610,053	3,157,650	14,452,403
Net OPEB liability	7,425,553	11,774,000	(3,751,498)	15,448,055	-	15,448,055
1993 Tax Allocation Refunding Revenue Bonds	28,225,000	-	(4,100,000)	24,125,000	4,325,000	19,800,000
1999 Tax Allocation Refunding Revenue Bonds Series A	23,350,000	-	(960,000)	22,390,000	1,005,000	21,385,000
2002 Tax Allocation Bonds	21,660,000	-	(985,000)	20,675,000	1,025,000	19,650,000
2004 Tax Allocation Refunding Revenue Bonds Series A	66,250,000	-	(105,000)	66,145,000	110,000	66,035,000
2005 Tax Allocation Refunding Bonds	16,750,000	-	(180,000)	16,570,000	185,000	16,385,000
Developer loan payable	850,988	-	(100,236)	750,752	112,948	637,804
Real Estate loan payable	1,550,000	-	(1,550,000)	-	-	-
Section 108 loan	805,000	-	(135,000)	670,000	135,000	535,000
Total governmental long-term liabilities	191,994,190	26,990,822	(24,953,904)	194,031,108	12,792,937	181,238,171
Unamortized original issue premium	1,813,716	-	(125,571)	1,688,145	-	1,688,145
Unamortized bond defeasance loss	(1,598,829)	260,520	-	(1,338,309)	-	(1,338,309)
Net long-term debt	$192,209,077	27,251,342	(25,079,475)	194,380,944	12,792,937	181,588,007

Governmental compensated absences are generally liquidated by the General Fund.

(6) Long-Term Liabilities, (Continued)

Changes in long-term liabilities for business-type activities for the year ended June 30, 2010 are as follows:

Business-type activities:	Balance at June 30, 2009	Additions	Deletions	Balance at June 30, 2010	Due within one year	Due in more than one year
Compensated absences payable	$ 878,059	655,233	(496,355)	1,036,937	210,668	826,269
1996 Certificates of Participation	4,535,000	-	(545,000)	3,990,000	575,000	3,415,000
1999 Wastewater Facilities Revenue Bonds	20,720,000	-	(20,720,000)	-	-	-
2009 Wastewater Facilities Revenue Bonds	-	20,085,000	-	20,085,000	590,000	19,495,000
Business-type long-term liabilities	$26,133,059	20,740,233	(21,761,355)	25,111,937	1,375,668	23,736,269

(7) 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.

(7) Bonds Payable, (Continued)

The remaining outstanding term bonds of $24,125,000 at June 30, 2010 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%.

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, 2010 was $24,125,000.

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 October 31, 2011	101%
November 1, 2011 and there after	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.

(7) Bonds Payable, (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, 2010 was $22,390,000.

2002 Series A Tax Allocation Bonds

In April 2002, the Agency issued $28,280,000 of Series A Bonds (MBIA 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, 2010 is $20,675,000.

(7) Bonds Payable, (Continued)

2004 Series A Tax Allocation Refunding Bonds (insured)

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, 2010 is $66,145,000.

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 November 1 of each year and range from $180,000 to $290,000 through the year 2021.

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.

(7) Bonds Payable, (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, 2010 the total amount of 2005 Tax Allocation Refunding Bonds outstanding is $16,570,000.

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.

The first payment of 2009 Bond principal will be on September 1, 2010. Interest is paid semi-annually on March 1 and September 1 of each year.

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

(7) Bonds Payable, (Continued)

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, 2010.

Per the terms of the bond indenture, a reserve of $1,338,071 is required to be maintained. At June 30, 2010 the total amount of 2009 Wastewater Refunding Revenue Bonds outstanding is $20,085,000.

The annual requirements to amortize the tax allocation bonds are as follows:

Year Ending June 30	1993 Tax Allocation Refunding Revenue Bonds		1999 Tax Allocation Refunding Revenue Bonds		2002 Tax Allocation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	$ 4,325,000	1,207,937	1,005,000	1,198,313	1,025,000	1,032,731
2012	4,560,000	963,600	1,055,000	1,147,315	1,070,000	986,875
2013	4,815,000	705,788	1,105,000	1,092,763	1,115,000	937,713
2014	5,070,000	433,950	1,170,000	1,034,165	1,170,000	884,837
2015	5,355,000	147,262	1,225,000	970,823	1,225,000	827,956
2016	-	-	1,295,000	903,098	1,280,000	766,862
2017	-	-	740,000	848,407	1,345,000	697,875
2018	-	-	780,000	806,680	1,420,000	621,838
2019	-	-	830,000	761,600	1,495,000	541,675
2020	-	-	875,000	713,860	1,575,000	457,250
2021	-	-	925,000	663,460	1,665,000	368,150
2022	-	-	970,000	610,400	1,760,000	277,262
2023	-	-	455,000	570,500	1,015,000	206,153
2024	-	-	480,000	544,320	1,065,000	152,853
2025	-	-	4,610,000	401,800	1,195,000	94,940
2026	-	-	4,870,000	136,360	1,255,000	32,159
Totals	$24,125,000	3,458,537	22,390,000	12,403,864	20,675,000	8,887,129

(7) Bonds Payable, (Continued)

Year Ending June 30		2004 Tax Allocation Refunding Revenue Bonds Principal	2004 Tax Allocation Refunding Revenue Bonds Interest	2005 Tax Allocation Refunding Bonds Principal	2005 Tax Allocation Refunding Bonds Interest	2009A Wastewater Refunding Revenue Bonds Principal	2009A Wastewater Refunding Revenue Bonds Interest
2011	$	110,000	2,913,442	185,000	799,514	590,000	910,200
2012		115,000	2,910,273	195,000	792,401	700,000	895,550
2013		115,000	2,906,708	200,000	784,988	720,000	876,000
2014		120,000	2,902,843	210,000	776,788	740,000	854,100
2015		125,000	2,898,553	220,000	768,188	760,000	830,650
2016		5,775,000	2,751,913	225,000	758,726	790,000	804,475
2017		6,685,000	2,440,413	235,000	748,964	815,000	773,431
2018		7,020,000	2,131,133	245,000	739,241	850,000	739,213
2019		7,300,000	1,837,503	255,000	728,959	885,000	700,650
2020		7,605,000	1,524,422	270,000	717,963	925,000	656,463
2021		7,925,000	1,192,428	280,000	706,276	970,000	609,587
2022		8,270,000	842,168	290,000	694,163	1,020,000	559,837
2023		8,630,000	472,436	1,435,000	652,125	1,070,000	506,250
2024		6,350,000	141,288	4,100,000	513,750	1,130,000	448,500
2025		-	-	6,965,000	237,125	1,190,000	387,600
2026		-	-	1,260,000	31,500	1,250,000	323,550
2027		-	-	-	-	1,315,000	256,219
2028		-	-	-	-	1,380,000	185,475
2029						1,455,000	112,875
2030		-	-	-	-	1,530,000	38,250
Totals		$66,145,000	27,865,523	16,570,000	10,450,671	20,085,000	11,468,875

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	$20,754,915	$13,801,907	66%

(8) 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, 2010 was $750,752.

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 payments are as follows:

Year Ending June 30	Principal	Interest	Total
2011	$ 135,000	37,736	172,736
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
Total	$ 670,000	105,101	775,101

(9) 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:

Future requirements to amortize outstanding certificates of participation as of June 30, 2010 are as follows:

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%

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, 2010 was $3,990,000.

The annual debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest
2011	$ 575,000	228,850
2012	610,000	196,362
2013	645,000	161,288
2014	680,000	124,200
2015	720,000	85,100
2016	760,000	43,700
Totals	$3,990,000	839,500

(10) Claims and Judgments

Self-Insurance:

At June 30, 2010, the City was self-insured for workers' compensation claims, unemployment insurance, general automobile and public liability. The self insurance program is accounted for in the Risk Management Internal Service Fund. At June 30, 2010, the City reserved $17,610,053 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 plan.

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 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 $20,000,000 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.

Changes in the claims and judgments payable amounts in fiscal years ended June 30, 2009 and 2010 are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2008-09	$21,326,613	(2,812,210)	(3,064,001)	15,450,402
2009-10	15,450,402	4,169,236	(2,009,585)	17,610,053

(11) 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.

(11) Defined Benefit Pension Plan (PERS), (Continued)

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 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, 2009 to June 30, 2010 has been determined by an actuarial valuation of the plan as of June 30, 2010. The contribution rate indicated for the period is 24.827% of payroll for the safety plan and 11.535% 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, 2010, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2009 to June 30, 2010.

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

	Miscellaneous Plan	Safety Plan
Valuation Date	June 30, 2009	June 30, 2009
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 Period	24 Years as of the Valuation Date	30 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market	15 Year 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 3.0% and an annual production growth of 0.25%	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.0% 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.

(11) Defined Benefit Pension Plan (PERS), (Continued)

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 Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/07	$ 205,712,198	179,844,668	25,867,530	101.9%	15,960,449	162.1%
6/30/08	222,420,735	190,610,261	31,810,474	87.9%	16,747,937	189.9%
6/30/09	241,467,110	197,075,694	44,391,416	59.6%	17,602,589	252.2%

Required Supplementary Information – Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (UAAL)/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
6/30/07	$ 148,681,604	134,410,903	14,270,701	105.0%	26,749,774	53.3%
6/30/08	160,923,429	143,292,043	17,631,386	91.0%	29,070,631	60.7%
6/30/09	181,420,814	149,915,302	31,505,512	60.2%	30,943,544	101.8%

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/08	$ 5,818,702	5,001,907	100%	-
6/30/09	6,071,250	5,119,421	100%	-
6/30/10	6,483,888	4,969,532	100%	-

(12) Other Postemployment Benefits (OPEB)

Plan Description

In addition to the retirement plan described in Note 11, the City of Culver City's Retiree Insurances 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 CalPERS. Membership in the plan consisted of the following at July 1, 2009, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	461
Active plan members	665
Total	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 2009-10 was $11,754,000, 23.6% of estimated covered payroll.

(12) Other Postemployment Benefits (OPEB), (Continued)

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 funding 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	281,000
Adjustment to annual required contribution	(261,000)
Annual OPEB cost	11,774,000
Contributions made	(3,751,498)
Increase (decrease) in net pension asset	8,022,502
Net OPEB liability – beginning of year	7,425,553
Net OPEB liability – end of year	$ 15,448,055

Three Year Trend Information

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Liability (Asset)
06/30/08	N/A	N/A	N/A	N/A
06/30/09	$10,681,000	3,255,447	30.5%	7,425,553
06/30/10	$11,774,000	3,751,498	31.9%	15,448,055

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 funding 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.

(12) Other Postemployment Benefits (OPEB), (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between 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
7/1/07	$158,324,000	-	158,324,000	0%	-	0%	47,046,000	337%
7/1/09	$148,528,000	-	148,528,000	0%	-	0%	49,756,000	299%

(13) 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.

(13) Deferred Compensation Plan, (Continued)

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.

(14) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

Transfers In	Transfers Out	Amount
General Fund	Municipal Bus Fund	$ 274,500
	Refuse Fund	68,000
	Sewer Fund	68,000
	Internal Service Funds	1,800,000 (a)
	Non-Major Governmental Funds	1,920,958
		4,131,458
RDA Low/Mod Housing Fund	RDA Capital Projects Fund	7,449,933 (c)
RDA Debt Service Fund	RDA Capital Projects Fund	13,064,014 (d)
Capital Improvement and Acquisition Fund	General Fund	205,660 (e)
RDA Capital Projects Fund	RDA Low/Mod Housing Fund	652,295
Municipal Bus Fund	Non-Major Governmental Funds	2,125,539 (b)
Internal Service Funds	General Fund	150,000
Non-Major Governmental Funds	General Fund	85,427
	Non-Major Governmental Funds	368,316
		453,743
	Total	$28,232,642

(14) Transfers In/Transfers Out (Continued)

(a) Transfers were made from the Equipment Replacement ($1,250,000) and Innovation ($550,000) Funds to assist in covering the anticipated shortfall in the General Fund.

(b) Transfers were made to allocate the MTA Measure -R grant to Municipal Bus Funds.

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

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

(15) Deficit Fund Balances/Net Assets

As of June 30, 2010, a deficit fund balance/net assets was recorded in the following funds:

	Fund Deficit
Special Revenue Funds:	
Operating Grants Fund	$(1,067,715)
Capital Projects Funds:	
Capital Improvement Grants Fund	(446,523)
Internal Service Funds:	
City Garage Fund	(1,080,942)
Risk Management Fund	(10,659,529)

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 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 - Change in Net Assets was slightly negative. 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.

(15) Deficit Fund Balances/Net Assets, (Continued)

Risk Management Fund – The costs to pay employees on Workers' Compensation related salary continuance were less in the year ended June 30, 2010. 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 year. As a result, claims and settlements reflect a negative expenditure.

(16) Restatement of Fund Balance/Net Assets

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

	Municipal Bus Line Fund
Fund balance/net assets at June 30, 2009	$ 35,073,518
To reduce accounts receivable and grant revenue for grant funds never received	(137,546)
Fund balance/net assets at June 30, 2009, as restated	$ 34,935,972

(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.

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 is required to make the fiscal year 2009-10 payment of $10,946,277. The estimated payment required in fiscal year 2010-11 is $2,251,000

Required Supplementary Information

(1) 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.

CITY OF CULVER CITY
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Year ended June 30, 2010

	Budget			Variance- Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$ 44,952,450	41,857,386	41,738,822	(118,564)
Licenses and permits	11,314,200	11,813,930	11,853,957	40,027
Fines and forfeitures	4,161,500	4,400,000	4,413,473	13,473
Investment income	710,000	655,000	1,062,992	407,992
Intergovernmental	-	30,000	34,832	4,832
Charges for services	5,851,620	6,214,295	6,322,852	108,557
Miscellaneous	481,169	890,063	659,296	(230,767)
Total revenues	67,470,939	65,860,674	66,086,224	225,550
Expenditures:				
Current:				
General government	7,213,581	7,644,078	5,781,891	1,862,187
Parks, recreation and community services	5,903,884	6,292,206	5,346,453	945,753
Police	29,426,781	29,883,244	28,009,126	1,874,118
Fire	15,471,159	15,856,201	15,502,050	354,151
Community development	7,544,441	7,897,787	6,888,234	1,009,553
Public works	5,664,015	5,891,286	9,875,495	(3,984,209)
Total expenditures	71,223,861	73,464,802	71,403,249	2,061,553
Excess (deficiency) of revenues over (under) expenditures	(3,752,922)	(7,604,128)	(5,317,025)	2,287,103
Other financing sources (uses):				
Transfers in	3,995,300	4,138,044	4,131,458	(6,586)
Transfers out	(354,000)	(460,055)	(441,087)	18,968
Total other financing sources (uses)	3,641,300	3,677,989	3,690,371	12,382
Net change in fund balances	(111,622)	(3,926,139)	(1,626,654)	2,299,485
Fund balances at beginning of year	40,520,291	40,520,291	40,520,291	-
Fund balances at end of year	$ 40,408,669	36,594,152	38,893,637	2,299,485

CITY OF CULVER CITY
RDA Low/Mod Income Housing Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget Original	Budget Final	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:					
Investment income	$ 200,000	200,000	457,790	257,790	340,748
Intergovernmnetal			1,684	1,684	-
Charges for services	75,000	75,000	67,000	(8,000)	72,000
Miscellaneous	24,000	24,000	-	(24,000)	24,000
Total revenues	299,000	299,000	526,474	227,474	436,748
Expenditures:					
Current:					
Community development	4,957,008	7,891,774	2,842,937	5,048,837	2,735,764
Capital outlay	2,899,200	41,864	5,734	36,130	3,003
Total expenditures	7,856,208	7,933,638	2,848,671	5,084,967	2,738,767
Excess (deficiency) of revenues over (under) expenditures	(7,557,208)	(7,634,638)	(2,322,197)	5,312,441	(2,302,019)
Other financing sources (uses):					
Transfers in	7,028,400	7,615,000	7,449,933	(165,067)	7,602,922
Transfers out	(652,483)	(652,483)	(652,295)	188	(652,490)
Total other financing sources (uses)	6,375,917	6,962,517	6,797,638	(164,879)	6,950,432
Net change in fund balances	(1,181,291)	(672,121)	4,475,441	5,147,562	4,648,413
Fund balances at beginning of year	30,312,493	30,312,493	30,312,493	-	25,664,080
Fund balances at end of year	$ 29,131,202	29,640,372	34,787,934	5,147,562	30,312,493

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Non-Major Funds / Other Financial Information

CITY OF CULVER CITY
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals 2010	Totals 2009
Assets				
Cash and investments	$ 9,594,438	1,395,304	10,989,742	11,316,930
Receivables:				
Accounts	2,166	13,092	15,258	192,425
Accrued interest	28,125	5,763	33,888	48,974
Notes	38,820	-	38,820	38,820
Due from other funds	27,788	99,282	127,070	99,282
Due from other governments	1,599,564	955,843	2,555,407	1,713,149
Prepaid expenses	415	4,240	4,655	-
Total assets	$ 11,291,316	2,473,524	13,764,840	13,409,580
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 307,057	365,259	672,316	460,269
Accrued wages payable	32,216	-	32,216	28,055
Due to other funds	1,061,606	546,829	1,608,435	533,579
Deposits payable	4,338	5,055	9,393	8,853
Deferred revenue	2,840,003	499,892	3,339,895	2,582,575
Due to other governments	1,475,828	107,811	1,583,639	1,530,879
Advances from other funds	24,283	-	24,283	30,417
Total liabilities	5,745,331	1,524,846	7,270,177	5,174,627
Fund balances:				
Reserved for:				
Encumbrances	185,832	158,556	344,388	1,253,047
Notes	38,820	-	38,820	38,820
Prepaid expenses	415	4,240	4,655	-
Unreserved:				
Undesignated, reported in:				
Special fund purposes	5,320,918	-	5,320,918	6,331,652
Capital projects	-	785,882	785,882	611,434
Total fund balances	5,545,985	948,678	6,494,663	8,234,953
Total liabilities and fund balances	$ 11,291,316	2,473,524	13,764,840	13,409,580

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Totals 2010	Totals 2009
Revenues:				
Licenses and permits	$ 83,148	310,669	393,817	381,977
Investment income	204,729	45,882	250,611	237,149
Intergovernmental	5,815,341	2,890,254	8,705,595	6,806,926
Charges for services	270,498	762,873	1,033,371	893,498
Miscellaneous	274,325	-	274,325	126,031
Total revenues	6,648,041	4,009,678	10,657,719	8,445,581
Expenditures:				
Current:				
General government	45,340	-	45,340	33,769
Parks, recreation and community service	911,646	-	911,646	858,055
Police	1,093,401	-	1,093,401	570,909
Fire	222,389	-	222,389	-
Community development	2,011,612	284	2,011,896	1,698,061
Public works	301,698	188,240	489,938	774,633
Captial outlay	1,316,233	2,165,246	3,481,479	2,039,486
Debt service:				
Principal	-	135,000	135,000	135,000
Interest and fiscal charges	-	45,850	45,850	53,808
Total expenditures	5,902,319	2,534,620	8,436,939	6,163,721
Excess (deficiency) of revenues over (under) expenditures	745,722	1,475,058	2,220,780	2,281,860
Other financing sources (uses):				
Transfers in	453,743	-	453,743	441,786
Transfers out	(2,890,855)	(1,523,958)	(4,414,813)	(2,433,270)
Total other financing sources (uses)	(2,437,112)	(1,523,958)	(3,961,070)	(1,991,484)
Net change in fund balances	(1,691,390)	(48,900)	(1,740,290)	290,376
Fund balances at beginning of year	7,237,375	997,578	8,234,953	7,944,577
Fund balances at end of year	$ 5,545,985	948,678	6,494,663	8,234,953

NON-MAJOR SPECIAL REVENUE FUNDS

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

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

Gas Tax Fund - 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 – Proposition A & C Funds are both voter approved local sales taxes for transportation-related activities. Proposition A, approved by voters in 1980, is a one-half of 1% tax on retail sales in Los Angeles County. The collection of this tax is administered by the County, which returns 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.

Proposition C Local Return Fund – Proposition C sales tax, approved by voters in 1990, is an additional one-half of 1% tax on retail sales in Los Angeles County. The balance of Prop C tax 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 is generated in local transportation revenue.

Measure R – Measure R is a ½ cent sales tax approved by Los Angeles County voters in November 2008, and is to be used to fund new transportation projects and programs. Transportation and Public Works utilize the majority of this funding.

Proposition 1B – Transportation Infrastructure Bond – Approved November 2006 by California voters. Funding in the amount of $2 billion to be apportioned based on population. Funds can be used for improvements to transportation facilities that will assist in reducing local traffic congestion and further deterioration, improving traffic flows, or increasing 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 – Funding received by the City through the Traffic Congestion Relief Act (TCRA) Exchange Program, established per guidelines adopted in February 2001, 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 expenditure of these restricted funds.

Section 8 Housing Fund is a type of Federal assistance provided by the Federal government dedicated to sponsoring subsidized housing for low-income families and individuals. The Housing Agency 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 very 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 fees.

Community Development Fund – (New Development Impact) receives its funding from in fees collected on new non-residential development excess of 5,000 square feet. These fees may only be used to finance street improvements, traffic controls and traffic management projects.

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

Landscape Maintenance Fund is used to account for monies from homeowners for landscaping services of private property within the City.

Park Facilities Fund is used to account for monies from subdivision/residential development impact fees for the improvement and expansion of public parks and facilities throughout the City.

Asset Seizure Fund receives funds 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 related law enforcement programs.

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

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CITY OF CULVER CITY
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2010

	Gas Tax Fund	Proposition A Local Return Fund	Proposition C Local Return Fund	Measure R Fund	Proposition 1B	Proposition 42	Operating Grants Fund
Assets							
Cash and investments	$ 1,303,317	818,972	900,628	259,920	715,968	555,106	171
Receivables:							
Accounts	-	-	-	-	-	-	2,166
Interest	5,157	3,855	4,175	629	2,097	1,814	-
Notes	-	-	-	-	-	-	-
Due from other funds	27,788	-	-	-	-	-	-
Due from other governments	63,043	-	-	-	-	101,981	1,145,042
Prepaid expenses	-	-	-	-	-	-	-
Total assets	$ 1,399,305	822,827	904,803	260,549	718,065	658,901	1,147,379
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	147,276	-	-	-	-	-	70,892
Accrued wages payable	-	-	-	-	-	-	22,972
Due to other funds	-	-	-	-	-	-	890,592
Deposits payable	-	-	-	-	-	-	4,288
Deferred revenue	-	-	-	258,411	708,540	646,702	1,226,350
Due to other governments	-	-	-	-	-	-	-
Advances from other funds	-	-	-	-	-	-	-
Total liabilities	147,276	-	-	258,411	708,540	646,702	2,215,094
Fund balances:							
Reserved for:							
Encumbrances	658	-	-	-	-	-	73,490
Notes	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-
Unreserved:							
Undesignated, reported in:							
Special revenue funds	1,251,371	822,827	904,803	2,138	9,525	12,199	(1,141,205)
Total fund balances (deficit)	1,252,029	822,827	904,803	2,138	9,525	12,199	(1,067,715)
Total liabilities and fund balances	$ 1,399,305	822,827	904,803	260,549	718,065	658,901	1,147,379

Section 8 Housing Fund	Art in Public Places Fund	Community Development Fund	CDBG Fund	Landscape Maintenance Fund	Park Facilities Fund	Asset Seizure Fund	Capital Grants Fund	Totals 2010	Totals 2009
2,557,923	772,038	271,175	-	163,707	618,529	656,984	-	9,594,438	9,622,146
								-	
-	-	-	-	-	-	-	-	2,166	186,959
20	3,183	1,121	-	687	2,724	2,663	-	28,125	38,673
-	-	-	38,820	-	-	-	-	38,820	38,820
-	-	-	-	-	-	-	-	27,788	-
140,507	-	-	13,279	1,731	-	10,231	123,750	1,599,564	514,514
415	-	-	-	-	-	-	-	415	-
2,698,865	775,221	272,296	52,099	166,125	621,253	669,878	123,750	11,291,316	10,401,112
38,048	16,230	-	-	-	25,737	8,874	-	307,057	270,662
9,244	-	-	-	-	-	-	-	32,216	28,055
33,985	-	-	13,279	-	-	-	123,750	1,061,606	376,661
-	-	-	-	-	50	-	-	4,338	4,338
-	-	-	-	-	-	-	-	2,840,003	1,030,536
1,436,521	-	-	38,820	-	-	487	-	1,475,828	1,423,068
-	-	-	-	24,283	-	-	-	24,283	30,417
1,517,798	16,230	-	52,099	24,283	25,787	9,361	123,750	5,745,331	3,163,737
4,975	28,831	9,286	-	1,500	65,191	1,901	-	185,832	866,903
-	-	-	38,820	-	-	-	-	38,820	38,820
415	-	-	-	-	-	-	-	415	-
1,175,677	730,160	263,010	(38,820)	140,342	530,275	658,616	-	5,320,918	6,331,652
1,181,067	758,991	272,296	-	141,842	595,466	660,517	-	5,545,985	7,237,375
2,698,865	775,221	272,296	52,099	166,125	621,253	669,878	123,750	11,291,316	10,401,112

CITY OF CULVER CITY
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2010

	Gas Tax Fund	Proposition A Local Return Fund	Proposition C Local Return Fund	Measure R Fund	Proposition 1B	Proposition 42	Operating Grants Fund
Revenues:							
Licenses and permits	$ -	-	-	-	-	-	-
Investment income	37,172	28,575	29,831	2,138	9,089	11,906	4,244
Intergovernmental	715,537	517,737	429,486	1,161,115	-	72,672	1,029,248
Charges for services	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	271,942
Total revenues	752,709	546,312	459,317	1,163,253	9,089	84,578	1,305,434
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Parks, recreation and community services	-	-	-	-	-	-	870,870
Police	-	-	-	-	-	-	1,005,034
Fire	-	-	-	-	-	-	222,389
Community development	-	-	-	-	-	-	-
Public works	22,216	-	-	-	-	-	234,091
Capital outlay	151,624	-	-	-	-	72,672	-
Total expenditures	173,840	-	-	-	-	72,672	2,332,384
Excess (deficiency) of revenues over (under) expenditures	578,869	546,312	459,317	1,163,253	9,089	11,906	(1,026,950)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	453,743
Transfers out	(350,000)	(689,899)	(642,841)	(1,161,115)	-	-	-
Total other financing sources (uses)	(350,000)	(689,899)	(642,841)	(1,161,115)	-	-	453,743
Net change in fund balances	228,869	(143,587)	(183,524)	2,138	9,089	11,906	(573,207)
Fund balances (deficit) at beginning of year	1,023,160	966,414	1,088,327	-	436	293	(494,508)
Fund balances (deficit) at end of year	$ 1,252,029	822,827	904,803	2,138	9,525	12,199	(1,067,715)

Section 8 Housing Fund	Art in Public Places Fund	Community Development Fund	CDBG Fund	Landscape Maintenance Fund	Park Facilities Fund	Asset Seizure Fund	Capital Grants Fund	Totals 2010	Totals 2009
-	83,148	-	-	-	-	-	-	83,148	142,677
4,474	24,104	9,004	-	4,737	20,317	19,138	-	204,729	188,811
1,483,906	-	-	93,179	-	-	188,711	123,750	5,815,341	5,460,083
-	-	-	-	80,806	189,692	-	-	270,498	299,640
2,383	-	-	-	-	-	-	-	274,325	126,031
1,490,763	107,252	9,004	93,179	85,543	210,009	207,849	123,750	6,648,041	6,217,242
-	6,031	-	39,309	-	-	-	-	45,340	33,769
-	-	-	40,776	-	-	-	-	911,646	858,055
-	-	-	-	-	-	88,367	-	1,093,401	570,909
-	-	-	-	-	-	-	-	222,389	-
1,997,485	4,627	-	-	9,500	-	-	-	2,011,612	1,697,773
-	45,391	-	-	-	-	-	-	301,698	506,750
-	4,106	40,586	-	-	121,146	802,349	123,750	1,316,233	1,139,306
1,997,485	60,155	40,586	80,085	9,500	121,146	890,716	123,750	5,902,319	4,806,562
(506,722)	47,097	(31,582)	13,094	76,043	88,863	(682,867)	-	745,722	1,410,680
-	-	-	-	-	-	-	-	453,743	441,786
-	-	-	-	(47,000)	-	-	-	(2,890,855)	(1,645,470)
-	-	-	-	(47,000)	-	-	-	(2,437,112)	(1,203,684)
(506,722)	47,097	(31,582)	13,094	29,043	88,863	(682,867)	-	(1,691,390)	206,996
1,687,789	711,894	303,878	(13,094)	112,799	506,603	1,343,384	-	7,237,375	7,030,379
1,181,067	758,991	272,296	-	141,842	595,466	660,517	-	5,545,985	7,237,375

CITY OF CULVER CITY
Gas Tax - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 30,000	37,172	7,172	24,550
Intergovernmental	761,000	715,537	(45,463)	832,716
Total revenues	791,000	752,709	(38,291)	857,266
Expenditures:				
Current:				
Public works	226,865	22,216	204,649	-
Capital outlay	947,302	151,624	795,678	271,061
Total expenditures	1,174,167	173,840	1,000,327	271,061
Excess (deficiency) of revenues over (under) expenditures	(383,167)	578,869	962,036	586,205
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 balances	(733,167)	228,869	962,036	236,205
Fund balances at beginning of year	1,023,160	1,023,160	-	786,955
Fund balances at end of year	$ 289,993	1,252,029	962,036	1,023,160

CITY OF CULVER CITY
Proposition A Local Return - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	30,000	28,575	(1,425)	26,439
Intergovernmental	669,000	517,737	(151,263)	542,025
Total revenues	699,000	546,312	(152,688)	568,464
Excess (deficiency) of revenues over (under) expenditures	699,000	546,312	(152,688)	568,464
Other financing sources (uses):				
Transfers out	(669,000)	(689,899)	(20,899)	(542,025)
Total other financing sources (uses)	(669,000)	(689,899)	(20,899)	(542,025)
Net change in fund balances	30,000	(143,587)	(173,587)	26,439
Fund balances at beginning of year	966,414	966,414	-	939,975
Fund balances at end of year	$ 996,414	822,827	(173,587)	966,414

CITY OF CULVER CITY
Proposition C Local Return - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 30,000	29,831	(169)	34,459
Intergovernmental	736,788	429,486	(307,302)	537,363
Total revenues	766,788	459,317	(307,471)	571,822
Excess (deficiency) of revenues over (under) expenditures	766,788	459,317	(307,471)	571,822
Other financing sources (uses):				
Transfers out	(736,788)	(642,841)	93,947	(706,445)
Total other financing sources (uses)	(736,788)	(642,841)	93,947	(706,445)
Net change in fund balances	30,000	(183,524)	(213,524)	(134,623)
Fund balances at beginning of year	1,088,327	1,088,327	-	1,222,950
Fund balances at end of year	$ 1,118,327	904,803	(213,524)	1,088,327

CITY OF CULVER CITY
Measure R - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	2,138	2,138	-
Intergovernmental	1,084,147	1,161,115	76,968	-
Total revenues	1,084,147	1,163,253	79,106	-
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(1,084,147)	(1,161,115)	(76,968)	-
Total other financing sources (uses)	(1,084,147)	(1,161,115)	(76,968)	-
Net change in fund balances	-	2,138	2,138	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	2,138	2,138	-

CITY OF CULVER CITY
Proposition 1B Street Improvements - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	9,089	9,089	436
Intergovernmental	102,113	-	(102,113)	553,999
Total revenues	102,113	9,089	(93,024)	554,435
Expenditures:				
Capital outlay	102,113	-	102,113	553,999
Total expenditures	102,113	-	102,113	553,999
Excess (deficiency) of revenues over (under) expenditures	-	9,089	9,089	436
Fund balances at beginning of year	436	436	-	-
Fund balances at end of year	$ 436	9,525	9,089	436

CITY OF CULVER CITY
Proposition 42 - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	11,906	11,906	293
Intergovernmental	262,315	72,672	(189,643)	-
Total revenues	262,315	84,578	(177,737)	293
Expenditures				
Capital outlay	262,315	72,672	189,643	-
Net change in fund balances	-	11,906	11,906	293
Fund balances at beginning of year	293	293	-	-
Fund balances at end of year	$ 293	12,199	11,906	293

CITY OF CULVER CITY
Operating Grants - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	4,244	4,244	870
Intergovernmental	1,739,156	1,029,248	(709,908)	893,181
Miscellaneous	77,900	271,942	194,042	125,569
Total revenues	1,817,056	1,305,434	(511,622)	1,019,620
Expenditures:				
Current:				
Parks, recreation and community services	976,844	870,870	105,974	826,861
Police	822,443	1,005,034	(182,591)	419,150
Fire	233,825	222,389	11,436	-
Public works	336,000	234,091	101,909	196,189
Capital outlay	-	-	-	242,000
Total expenditures	2,369,112	2,332,384	36,728	1,684,200
Excess (deficiency) of revenues over (under) expenditures	(552,056)	(1,026,950)	(474,894)	(664,580)
Other financing sources (uses):				
Transfers in	539,961	453,743	(86,218)	441,786
Total other financing sources (uses)	539,961	453,743	(86,218)	441,786
Net change in fund balances	(12,095)	(573,207)	(561,112)	(222,794)
Fund balances (deficit) at beginning of year	(494,508)	(494,508)	-	(271,714)
Fund balances (deficit) at end of year	$ (506,603)	(1,067,715)	(561,112)	(494,508)

CITY OF CULVER CITY
Section 8 Housing - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	80,000	4,474	(75,526)	26,690
Intergovernmental	$ 2,118,414	1,483,906	(634,508)	1,674,755
Miscellaneous	600	2,383	1,783	462
Total revenues	2,199,014	1,490,763	(708,251)	1,701,907
Expenditures:				
Current:				
Community development	2,240,329	1,997,485	242,844	1,691,406
Total expenditures	2,240,329	1,997,485	242,844	1,691,406
Net change in fund balances	(41,315)	(506,722)	(465,407)	10,501
Fund balances at beginning of year	1,687,789	1,687,789	-	1,677,288
Fund balances (deficit) at end of year	$ 1,646,474	1,181,067	(465,407)	1,687,789

CITY OF CULVER CITY
Art in Public Places - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 50,000	83,148	33,148	142,677
Investment income	20,000	24,104	4,104	19,433
Total revenues	70,000	107,252	37,252	162,110
Expenditures:				
Current:				
General government	9,889	6,031	3,858	111
Community development	9,650	4,627	5,023	6,367
Public works	306,988	45,391	261,597	310,561
Capital outlay	606,265	4,106	602,159	11,987
Total expenditures	932,792	60,155	872,637	329,026
Excess (deficiency) of revenues over (under) expenditures	(862,792)	47,097	909,889	(166,916)
Net change in fund balances	(862,792)	47,097	909,889	(166,916)
Fund balances at beginning of year	711,894	711,894	-	878,810
Fund balances at end of year	$ (150,898)	758,991	909,889	711,894

CITY OF CULVER CITY
Community Development - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 3,000	9,004	6,004	7,948
Intergovernmental	2,000	-	(2,000)	11,988
Total revenues	5,000	9,004	4,004	19,936
Expenditures:				
Capital outlay	201,772	40,586	161,186	550
Total expenditures	201,772	40,586	161,186	550
Net change in fund balances	(196,772)	(31,582)	165,190	19,386
Fund balances at beginning of year	303,878	303,878	-	284,492
Fund balances at end of year	$ 107,106	272,296	165,190	303,878

CITY OF CULVER CITY
Community Development Block Grant - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 79,982	93,179	13,197	51,757
Total revenues	79,982	93,179	13,197	51,757
Expenditures:				
Current:				
General government	34,693	39,309	(4,616)	33,658
Parks, recreation and community services	45,289	40,776	4,513	31,194
Total expenditures	79,982	80,085	(103)	64,852
Net change in fund balances	-	13,094	13,094	(13,095)
Fund balances (deficit) at beginning of year	(13,094)	(13,094)	-	1
Fund balances (deficit) at end of year	$ (13,094)	-	13,094	(13,094)

CITY OF CULVER CITY
Landscape Maintenance - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 4,000	4,737	737	3,322
Charges for services	84,263	80,806	(3,457)	74,080
Total revenues	88,263	85,543	(2,720)	77,402
Expenditures:				
Community Development	34,399	9,500	24,899	-
Total expenditures	34,399	9,500	24,899	-
Excess (deficiency) of revenues over (under) expenditures	53,864	76,043	22,179	77,402
Other financing sources (uses):				
Transfers out	(47,000)	(47,000)	-	(47,000)
Total other financing sources (uses)	(47,000)	(47,000)	-	(47,000)
Net change in fund balances	6,864	29,043	22,179	30,402
Fund balances at beginning of year	112,799	112,799	-	82,397
Fund balances at end of year	$ 119,663	141,842	22,179	112,799

CITY OF CULVER CITY
Park Facilities - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 10,000	20,317	10,317	10,425
Charges for services	25,000	189,692	164,692	225,560
Total revenues	35,000	210,009	175,009	235,985
Expenditures:				
Capital outlay	297,578	121,146	176,432	59,709
Total expenditures	297,578	121,146	176,432	59,709
Net change in fund balances	(262,578)	88,863	351,441	176,276
Fund balances at beginning of year	506,603	506,603	-	330,327
Fund balances at end of year	$ 244,025	595,466	351,441	506,603

CITY OF CULVER CITY
Asset Seizure - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	19,138	19,138	33,946
Intergovernmental	22,765	188,711	165,946	362,299
Total revenues	22,765	207,849	185,084	396,245
Expenditures:				
Current:				
Police	101,836	88,367	13,469	151,759
Capital outlay	802,349	802,349	-	-
Total expenditures	904,185	890,716	13,469	151,759
Net change in fund balances	(881,420)	(682,867)	198,553	244,486
Fund balances at beginning of year	1,343,384	1,343,384	-	1,098,898
Fund balances at end of year	$ 461,964	660,517	198,553	1,343,384

CITY OF CULVER CITY
Capital Grants - Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 123,750	123,750	-	-
Total revenues	123,750	123,750	-	-
Expenditures:				
Capital outlay	123,750	123,750	-	-
Total expenditures	123,750	123,750	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	$ -	-	-	-

MAJOR DEBT SERVICE FUND

Redevelopment Agency Debt Service Fund - This debt service fund accounts for the accumulation of resources for and 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 Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ -	151,938	151,938	250,087
Total revenues	-	151,938	151,938	250,087
Expenditures:				
Debt service:				
Principal payments	6,330,000	6,330,000	-	6,080,000
Interest and fiscal charges	7,642,599	7,482,512	160,087	7,766,521
Total expenditures	13,972,599	13,812,512	160,087	13,846,521
Excess (deficiency) of revenues over (under) expenditures	(13,972,599)	(13,660,574)	312,025	(13,596,434)
Other financing sources (uses):				
Transfers in	13,972,599	13,064,014	(908,585)	13,464,721
Total other financing sources (uses)	13,972,599	13,064,014	(908,585)	13,464,721
Net change in fund balances	-	(596,560)	(596,560)	(131,713)
Fund balances at beginning of year	14,194,703	14,194,703	-	14,326,416
Fund balances at end of year	$ 14,194,703	13,598,143	(596,560)	14,194,703

MAJOR AND NON-MAJOR CAPITAL PROJECTS FUNDS

Major Funds:

Capital Improvement and Acquisition Fund is utilized for projects other than those specifically identified by the source of funding. Project funding is mainly from general revenues allocated by action of the City Council. In prior fiscal years, the Culver City Redevelopment Agency funded a number of eligible projects.

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

Nonmajor Funds:

Building Surcharge Fund receives its funding from a permit fee surcharge totaling four percent (4%). The surcharge is used by City to solely fund digital imaging and storage of plans and documents and technology improvements and maintenance to enhance customer service.

Parking Capital Improvement Fund is utilized for the accumulation of parking meter collections and other parking lot revenues for major parking improvements by action of the City Council.

Capital Improvement Grants Fund is used to account for capital grant funds resulting from the City's federal, state and local capital grants, and the qualified expenditure of these restricted funds.

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

CITY OF CULVER CITY
Combining Balance Sheet - Non-Major Capital Projects Funds
Year ended June 30, 2010

	Building Surcharge Fund	Parking Improvement Fund	Capital Improvement Grants Fund	CDBG Capital Fund	Totals 2010	Totals 2009
Assets						
Cash and investments	$ 512,847	882,457	-	-	1,395,304	1,694,784
Receivables:						
Accounts	547	12,545	-	-	13,092	5,466
Accrued interest	2,070	3,693	-	-	5,763	10,301
Due from other funds	-	-	99,282	-	99,282	99,282
Due from other governments	-	-	921,369	34,474	955,843	1,198,635
Prepaid expenses	4,240	-	-	-	4,240	-
Total assets	$ 519,704	898,695	1,020,651	34,474	2,473,524	3,008,468
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	$ 4,240	88	360,931	-	365,259	189,607
Due to other funds	-	13,815	498,540	34,474	546,829	156,918
Deposits payable	-	5,055	-	-	5,055	4,515
Deferred revenue	-	-	499,892	-	499,892	1,552,039
Due to other governments	-	-	107,811	-	107,811	107,811
Total liabilities	4,240	18,958	1,467,174	34,474	1,524,846	2,010,890
Fund balances:						
Reserved for:						
Encumbrances	1,510	5,415	150,886	745	158,556	386,144
Prepaid expenses	4,240	-	-	-	4,240	-
Unreserved:						
Undesignated, reported in:						
Capital project funds	509,714	874,322	(597,409)	(745)	785,882	611,434
Total fund balances (deficit)	515,464	879,737	(446,523)	-	948,678	997,578
Total liabilities and fund balances	$ 519,704	898,695	1,020,651	34,474	2,473,524	3,008,468

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Capital Projects Funds
Year ended June 30, 2010

	Building Surcharge Fund	Parking Improvement Fund	Capital Improvement Grants Fund	CDBG Capital Fund	Totals 2010	Totals 2009
Revenues:						
Licenses and permits	$ 107,262	203,407	-	-	310,669	239,300
Investment income	15,677	29,581	624	-	45,882	48,338
Intergovernmental	-	-	2,578,332	311,922	2,890,254	1,346,843
Charges for services	-	762,873	-	-	762,873	593,858
Total revenues	122,939	995,861	2,578,956	311,922	4,009,678	2,228,339
Expenditures:						
Current:						
Community development	-	-	284	-	284	288
Public works	-	65	188,175	-	188,240	267,883
Capital outlay	-	33,823	2,096,949	34,474	2,165,246	900,180
Debt service:						
Principal payments	-	-	-	135,000	135,000	135,000
Interest and other charges	-	-	-	45,850	45,850	53,808
Total expenditures	-	33,888	2,285,408	215,324	2,534,620	1,357,159
Excess (deficiency) of revenues over (under) expenditures	122,939	961,973	293,548	96,598	1,475,058	871,180
Other financing sources (uses):						
Transfers out	(7,800)	(1,380,000)	(136,158)	-	(1,523,958)	(787,800)
Total other financing sources (uses)	(7,800)	(1,380,000)	(136,158)	-	(1,523,958)	(787,800)
Net change in fund balances	115,139	(418,027)	157,390	96,598	(48,900)	83,380
Fund balances (deficit) at beginning of year	400,325	1,297,764	(603,913)	(96,598)	997,578	914,198
Fund balances (deficit) at end of year	$ 515,464	879,737	(446,523)	-	948,678	997,578

CITY OF CULVER CITY
Capital Improvement and Acquisition Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Investment income	$ 240,000	185,320	(54,680)	242,560
Intergovernmental	476,004	330,838	(145,166)	371,659
Charges for services	360,000	360,000	-	360,000
Miscellaneous	8,980	15,794	6,814	21,484
Total revenues	1,084,984	891,952	(193,032)	995,703
Expenditures:				
Current:				
Public works	1,163,904	197,345	966,559	1,162,973
Capital outlay	5,849,784	2,983,582	2,866,202	4,075,337
Total expenditures	7,013,688	3,180,927	3,832,761	5,238,310
Excess (deficiency) of revenues over (under) expenditures	(5,928,704)	(2,288,975)	3,639,729	(4,242,607)
Other financing sources (uses):				
Transfers in	206,055	205,660	(395)	2,458,314
Total other financing sources (uses)	206,055	205,660	(395)	2,458,314
Net change in fund balances	(5,722,649)	(2,083,315)	3,639,334	(1,784,293)
Fund balances at beginning of year	3,095,422	3,095,422	-	4,879,715
Fund balances at end of year	$ (2,627,227)	1,012,107	3,639,334	3,095,422

CITY OF CULVER CITY
Redevelopment Agency Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Taxes	$ 36,575,000	37,249,668	674,668	38,014,623
Investment income	710,000	1,278,711	568,711	1,202,119
Intergovernmental	-	12,000	12,000	16,000
Charges for services	3,052,132	4,034,540	982,408	1,964,732
Miscellaneous	286,665	364,481	77,816	1,142,643
Total revenues	40,623,797	42,939,400	2,315,603	42,340,117
Expenditures:				
Current:				
Community development	10,581,697	6,490,482	4,091,215	6,294,917
Public works	4,261,084	1,877,398	2,383,686	1,966,643
Capital outlay	13,853,483	543,051	13,310,432	1,137,602
Debt service:				
Principal payments	1,805,750	1,650,236	155,514	102,776
Interest and other charges	386,000	498,033	(112,033)	-
Pass-through payments	7,647,677	5,548,474	2,099,203	4,942,725
SERAF Payment	11,000,000	10,946,277	53,723	4,942,725
Total expenditures	49,535,691	27,553,951	21,981,740	14,444,663
Excess (deficiency) of revenues over (under) expenditures	(8,911,894)	15,385,449	24,297,343	27,895,454
Other financing sources (uses):				
Transfers in	7,142,591	652,295	(6,490,296)	652,490
Transfers out	(28,077,707)	(20,513,947)	7,563,760	(21,067,643)
Total other financing sources (uses)	(20,935,116)	(19,861,652)	1,073,464	(20,415,153)
Net change in fund balances	(29,847,010)	(4,476,203)	25,370,807	7,480,301
Fund balances at beginning of year	74,347,543	74,347,543	-	66,867,242
Fund balances at end of year	$ 44,500,533	69,871,340	25,370,807	74,347,543

CITY OF CULVER CITY
Building Surcharge - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance- Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 95,000	107,262	12,262	113,414
Investment income	10,000	15,677	5,677	9,576
Total revenues	105,000	122,939	17,939	122,990
Expenditures:				
Capital outlay	1,510	-	1,510	347
Total expenditures	1,510	-	1,510	347
Excess (deficiency) of revenues over (under) expenditures	103,490	122,939	19,449	122,643
Other financing sources (uses):				
Transfers out	(7,800)	(7,800)	-	(7,800)
Total other financing sources (uses)	(7,800)	(7,800)	-	(7,800)
Net change in fund balances	95,690	115,139	19,449	114,843
Fund balances at beginning of year	400,325	400,325	-	285,482
Fund balances at end of year	$ 496,015	515,464	19,449	400,325

CITY OF CULVER CITY
Parking Improvement - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Licenses and permits	$ 210,000	203,407	(6,593)	125,886
Investment income	40,000	29,581	(10,419)	36,852
Charges for services	1,200,999	762,873	(438,126)	593,858
Miscellaneous	-	-	-	-
Total revenues	1,450,999	995,861	(455,138)	756,596
Expenditures:				
Public works	750	65	685	-
Capital outlay	39,050	33,823	5,227	-
Total expenditures	39,800	33,888	5,912	-
Excess (deficiency) of revenues over (under) expenditures	1,411,199	961,973	(449,226)	756,596
Other financing sources (uses):				
Transfers out	(1,380,000)	(1,380,000)	-	(780,000)
Total other financing sources (uses)	(1,380,000)	(1,380,000)	-	(780,000)
Net change in fund balances	31,199	(418,027)	(449,226)	(23,404)
Fund balances at beginning of year	1,297,764	1,297,764	-	1,321,168
Fund balances at end of year	$ 1,328,963	879,737	(449,226)	1,297,764

CITY OF CULVER CITY
Capital Improvement Grants - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance- Positive (Negative)	Prior Year Acutal
Revenues:				
Investment income	$ 1,000	624	(376)	1,910
Intergovernmental	5,726,226	2,578,332	(3,147,894)	1,138,869
Total revenues	5,727,226	2,578,956	(3,148,270)	1,140,779
Expenditures:				
Current:				
Community development	-	284	(284)	288
Public works	302,974	188,175	114,799	267,883
Capital outlay	5,089,527	2,096,949	2,992,578	803,364
Total expenditures	5,392,501	2,285,408	3,107,093	1,071,535
Excess (deficiency) of revenues over (under) expenditures	334,725	293,548	(41,177)	69,244
Other financing sources (uses):				
Transfers out	-	(136,158)	(136,158)	-
Total other financing sources (uses)	-	(136,158)	(136,158)	-
Net change in fund balances	334,725	157,390	(177,335)	69,244
Fund balances (deficit) at beginning of year	(603,913)	(603,913)	-	(673,157)
Fund balances (deficit) at end of year	$ (269,188)	(446,523)	(177,335)	(603,913)

CITY OF CULVER CITY
CDBG - Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Year ended June 30, 2010

	Budget	Actual	Variance-Positive (Negative)	Prior Year Actual
Revenues:				
Intergovernmental	$ 388,588	311,922	(76,666)	207,974
Total revenues	388,588	311,922	(76,666)	207,974
Expenditures:				
Capital outlay	122,800	34,474	88,326	96,469
Debt service:				
Principal payments	135,000	135,000	-	135,000
Interest and other charges	45,850	45,850	-	53,808
Total expenditures	303,650	215,324	88,326	285,277
Net change in fund balances	84,938	96,598	11,660	(77,303)
Fund balances (deficits) at beginning of year	(96,598)	(96,598)	-	(19,295)
Fund balances (deficits) at end of year	$ (11,660)	-	11,660	(96,598)

INTERNAL SERVICE FUNDS

Equipment Replacement Fund – used to hold annual replacement payments from designated user departments and to use those funds to purchase equipment for general City purposes.

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

Risk Management Fund – receives and disburses funds pertaining to the public liability and workers' compensation insurance programs. It also funds the Employee Disability (IOD) program for employee long-term work-related disabilities.

Central Stores Fund – accounts 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 – supported from savings (10 percent) generated by General Fund departments between fiscal years 1992-1993 and 1994-1995. The amount is set aside for 'grants' or 'loans' to City departments/divisions to cover one-time costs of innovative programs to improve productivity and/or community service. Loans are repaid to the innovation fund from expected savings.

CITY OF CULVER CITY
Internal Service Funds
Combining Balance Sheet
June 30, 2010

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2010	Totals 2009
Assets							
Cash and investments	$ 9,426,851	-	5,899,218	-	25,244	15,351,313	15,131,445
Receivables:							
Accounts	-	609	14,500	501	-	15,610	24,099
Accrued interest	38,510	-	23,459	-	286	62,255	88,037
Due from other funds	-	4,066	100,754	499	-	105,319	126,490
Inventory	-	97,995	-	695,615	-	793,610	776,860
Total current assets	9,465,361	102,670	6,037,931	696,615	25,530	16,328,107	16,146,931
Machinery and equipment	17,469,397	224,920	47,789	-	-	17,742,106	18,063,870
Accumulated depreciation	(11,260,809)	(215,722)	(47,075)	-	-	(11,523,606)	(10,776,016)
Net property, plant and equipment	6,208,588	9,198	714	-	-	6,218,500	7,287,854
Other assets:							
Advances to other funds	341,100	-	-	-	52,198	393,298	429,138
Prepaid expenses	-	39,814	3,286	-	-	43,100	-
Land held for resale	-	-	1,150,000	-	-	1,150,000	1,150,000
Total other assets	341,100	39,814	1,153,286	-	52,198	1,586,398	1,579,138
Total assets	$ 16,015,049	151,682	7,191,931	696,615	77,728	24,133,005	25,013,923
Liabilities and Net Assets							
Liabilities:							
Accounts payable	$ -	149,570	83,777	77,698	-	311,045	821,132
Accrued wages payable	-	141,577	17,997	-	-	159,574	87,223
Due to other funds	-	383,655	-	198,491	-	582,146	465,667
Unearned revenue	-	-	94,259	-	-	94,259	94,259
Total current liabilities	-	674,802	196,033	276,189	-	1,147,024	1,468,281
Long-term liabilities:							
Compensated absences payable	-	557,822	45,374	-	-	603,196	591,747
Claims and judgments payable	-	-	17,610,053	-	-	17,610,053	15,450,402
Total long-term liabilities	-	557,822	17,655,427	-	-	18,213,249	16,042,149
Total liabilities	-	1,232,624	17,851,460	276,189	-	19,360,273	17,510,430
Net assets:							
Invested in capital assets	6,208,588	9,198	714	-	-	6,218,500	7,287,854
Unrestricted	9,806,461	(1,090,140)	(10,660,243)	420,426	77,728	(1,445,768)	215,639
Total net assets (deficit)	16,015,049	(1,080,942)	(10,659,529)	420,426	77,728	4,772,732	7,503,493
Total liabilities and net assets	$ 16,015,049	151,682	7,191,931	696,615	77,728	24,133,005	25,013,923

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2010

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2010	Totals 2009
Operating revenues:							
Sales and service charges	$ 1,430,047	6,729,634	7,658,173	1,491,564	-	17,309,418	17,190,629
Operating grants	-	-	-	-	-	-	870,635
Change in claims payable	-	-	-	-	-	-	2,674,891
Miscellaneous	12,372	29	260,176	3,395	3,986	279,958	204,266
Total revenues	1,442,419	6,729,663	7,918,349	1,494,959	3,986	17,589,376	20,940,421
Operating expenses:							
Salaries and benefits	-	3,881,884	1,135,479	-	-	5,017,363	3,751,727
Supplies	296	1,444,904	13,945	1,495,630	-	2,954,775	2,948,296
Repairs and maintenance	-	1,317,733	-	642	-	1,318,375	1,300,444
Insurance	-	-	1,154,646	-	-	1,154,646	1,932,767
Claims and settlements	-	107,497	6,836,135	-	-	6,943,632	116,962
Consulting and contract services	-	70,550	374,824	-	-	445,374	432,116
Depreciation	1,297,468	5,050	3,114	-	-	1,305,632	1,296,936
Total operating expenses	1,297,764	6,827,618	9,518,143	1,496,272	-	19,139,797	11,779,248
Operating income (loss)	144,655	(97,955)	(1,599,794)	(1,313)	3,986	(1,550,421)	9,161,173
Nonoperating revenues (expenses):							
Investment income	293,280	-	171,102	-	5,278	469,660	334,554
Total nonoperating revenues (expenses)	293,280	-	171,102	-	5,278	469,660	334,554
Income (loss) before transfers and capital contributions	437,935	(97,955)	(1,428,692)	(1,313)	9,264	(1,080,761)	9,495,727
Transfers in	150,000	-	-	-	-	150,000	150,000
Transfers out	(1,250,000)	-	-	-	(550,000)	(1,800,000)	(1,250,000)
Total transfers	(1,100,000)	-	-	-	(550,000)	(1,650,000)	(1,100,000)
Change in net assets	(662,065)	(97,955)	(1,428,692)	(1,313)	(540,736)	(2,730,761)	8,395,727
Net assets (deficit) at beginning of year	16,677,114	(982,987)	(9,230,837)	421,739	618,464	7,503,493	(892,234)
Net assets (deficit) at end of year	$ 16,015,049	(1,080,942)	(10,659,529)	420,426	77,728	4,772,732	7,503,493

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2010

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2010	Totals 2009
Cash flows from operating activities:							
Cash received from user departments	$ 1,442,419	6,729,055	7,927,666	1,494,740	3,986	17,597,866	21,005,756
Cash payments to suppliers for goods and services	(463,124)	(3,720,274)	(6,357,963)	(1,546,705)	-	(12,088,066)	(12,833,107)
Cash payments to employees for services	-	(3,075,440)	(997,146)	-	-	(4,072,586)	(3,637,237)
Net cash provided by (used for) operating activities	979,295	(66,659)	572,557	(51,965)	3,986	1,437,214	4,535,412
Cash flows from noncapital financing activities:							
Cash received from other funds	181,085	66,659	-	-	4,755	252,499	247,806
Cash paid to other funds	(1,250,000)	-	19,026	51,965	(550,000)	(1,729,009)	(1,183,552)
Net cash provided by (used for) noncapital financing activities	(1,068,915)	66,659	19,026	51,965	(545,245)	(1,476,510)	(935,746)
Cash flows from capital and related financing activities:							
Cash paid for acquisition of capital assets	(549,567)	-	-	-	-	(549,567)	(2,801,404)
Proceeds from sale of capital assets	313,289	-	-	-	-	313,289	22,725
Interest paid on debt	16,732	-	6,009	-	-	22,741	75,856
Net cash provided by (used for) capital and related financing activities	(219,546)	-	6,009	-	-	(213,537)	(2,702,823)
Cash flows from investing activities:							
Interest received on investments	293,280	-	171,102	-	8,319	472,701	336,850
Net cash provided by (used for) investing activities	293,280	-	171,102	-	8,319	472,701	336,850
Net increase (decrease) in cash and cash equivalents	(15,886)	-	768,694	-	(532,940)	219,868	1,233,693
Cash and cash equivalents at beginning of year	9,442,737	-	5,130,524	-	558,184	15,131,445	13,897,752
Cash and cash equivalents at end of year	$ 9,426,851	-	5,899,218	-	25,244	15,351,313	15,131,445

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Cash Flows
(Continued)

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Totals 2010	Totals 2009
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:							
Operating income (loss)	$ 144,655	(97,955)	(1,599,794)	(1,313)	3,986	(1,550,421)	9,161,173
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	1,297,468	5,050	3,114	-	-	1,305,632	1,296,936
(Increase) decrease in accounts receivable	-	(609)	9,317	(219)	-	8,489	64,652
(Increase) decrease in Prepaid expenses	-	(39,814)	(3,286)	-	-	(43,100)	-
(Increase) decrease in due from other governments	-	-	-	-	-	-	965
(Increase) decrease in inventory	-	(3,466)	-	(13,284)	-	(16,750)	6,310
Increase (decrease) in accounts payable	(462,828)	(9,093)	(1,018)	(37,149)	-	(510,088)	(232,903)
Increase (decrease) in accrued wages payable	-	68,949	3,403	-	-	72,352	24,067
Increase (decrease) in compensated absences	-	10,279	1,170	-	-	11,449	90,423
Increase (decrease) in claims and judgments payable	-	-	2,159,651	-	-	2,159,651	(5,876,211)
Total adjustments	834,640	31,296	2,172,351	(50,652)	-	2,987,635	(4,625,761)
Net cash provided by (used for) operating activities	$ 979,295	(66,659)	572,557	(51,965)	3,986	1,437,214	4,535,412

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010
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
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
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
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
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
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
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
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
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
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
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

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

		2003	2004	2005	2006	2007	2008	2009	2010
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
	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
	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
	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
	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
	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
	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
		118,120,000	63,990,000	101,250,000	104,295,000	108,513,000	107,335,995	98,060,382	109,984,860
Total governmental activities expenses									
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
	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
	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
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
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
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
	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
	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
	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
	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
	Public Works	421,000	31,000	60,000	27,000	42,000	986,759	751,321	1,020,461
	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
	Capital Grants and Contributions	-	931,000	1,531,000	767,000	1,374,000	2,025,464	2,206,610	4,316,975
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
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
	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
	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
	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
	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
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
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

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2003	2004	2005	2006	2007	2008	2009	2010
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)
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)
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)
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
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
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
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
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
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
Other taxes	2,028,000	2,559,000	2,850,000	4,547,000	3,893,000	8,160,108	411,763	369,409
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
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
Gain (Loss) on sale of capital assets				(2,000)	-	-	2,729,879	395,000
Other	698,000	1,288,000	439,000	3,473,000	1,661,000	-	78,000	78,000
Transfers	(476,000)	(1,165,000)	(570,000)	(731,000)	(699,000)	(510,782)	(372,025)	(1,715,039)
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
Business-type activities:								
Use of money and property	$ 1,069,000	$ 371,000	$ 709,000	$ 567,000	$ 1,378,000	$ 1,258,634	$ 816,074	$ 922,589
Other	23,000	1,000	27,000	9,000	266,000	388,382	168,269	257,178
Transfers	476,000	1,165,000	570,000	731,000	699,000	510,782	372,025	1,715,039
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
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
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)
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)
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)

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

		Program Revenues							
		2003	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
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
	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
	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
	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
	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
	Public Works	733,000	869,000	1,597,000	1,654,000	2,649,000	2,947,559	4,161,577	6,135,359
	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
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
	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
	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
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
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

CITY OF CULVER CITY

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

	2003	2004	2005	2006	2007	2008	2009	2010
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
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
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	(46,000.0)	202,000	1,212,000	444,000	1,570,311	611,434	785,882
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

CITY OF CULVER CITY

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

	2003	2004	2005	2006	2007	2008	2009	2010
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
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
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
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
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
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
Other revenues	698,000	1,293,000	439,000	3,470,000	1,645,000	1,955,132	4,396,396	1,313,896
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
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
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
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
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
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
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
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
Debt service								
Principal	6,234,000	5,629,000	7,833,000	6,591,000	6,295,000	6,057,387	6,317,776	8,115,236
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
Debt issuance costs	-	1,233,000	-	545,000	-	-	-	-
Pass-through payments	-					3,310,845	4,942,725	5,548,474
SERAF payment								10,946,277
Payment of refunding bond escrow - prior iss	-	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
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)
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
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)
Long-term debt issued	59,000	83,587,000	10,000	17,315,000	1,550,000	-	-	-
Payment to refunded bond escrow - current iss	-	2,140,000	-	(15,390,000)	-	-	-	-
Original issue premium	-	(83,819,000)	-	-	-	-	-	-
Total other financing sources (uses)	(417,000)	696,000	(573,000)	512,000	889,000	3,027,886	727,975	(65,039)
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)
Debt service as a percentage of noncapital exp	16.2%	19.6%	21.6%	19.8%	15.4%	20.1%	21.6%	37.3%

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
2001	21,898,000	15,043,000	11,695,000	11,383,000	994,000	3,948,000	7,493,000	7,392,000	9,566,000	-	2,250,000	91,662,000
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

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
2001	3,716,725,244	376,728,223	4,093,453,467	0.515%
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%

Source: HdL Coren & Cone, Los Angeles County Assessor2000/01 - 2009/10 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)

	2008	2009	2010
City Direct Rate			
City Basic Rate	$ 0.1050	$ 0.1043	$ 0.1043
Total City Direct Rate	$ 0.1050	$ 0.1043	$ 0.1043
Overlapping Rates:			
Los Angeles County General	$ 0.3470	$ 0.3470	$ 0.3470
Culver City Unified School District	$ 0.2330	$ 0.2330	$ 0.2330
Educational Augmentation Fund Impound	$ 0.1580	$ 0.1580	$ 0.1580
Educational Revenue Augmentation Fund	$ 0.0630	$ 0.0640	$ 0.0640
Los Angeles Community College District	$ 0.0320	$ 0.0320	$ 0.0320
Los Angeles County Library	$ 0.0250	$ 0.0250	$ 0.0250
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

	2010			2001		
Total Net Assessed Value	$ 7,288,259,090		100.00%	$ 4,093,453,467		100.00%

Taxpayer	2010 *Net Taxable Assessed Value	2010 Rank	2010 Percentage of Total Taxable Assessed Value	2001 *Net Taxable Assessed Value	2001 Rank	2001 Percentage of Total Taxable Assessed Value
Lot, Inc.	$ 268,330,816	1	3.68%	$ 155,364,287	2	3.80%
Transwestern Corporate Pointe	123,439,905	2	1.69%			
Symantec Corporation	101,012,639	3	1.39%			
Legacy III Culver City LLC	100,980,000	4	1.39%			
TCE Filmland Holdings LLC	90,708,597	5	1.24%	84,974,203	4	2.08%
Pccp Studio City Los Angles TCS	83,363,443	6	1.14%			
Sony Pictures Entertainment Inc.	82,009,852	7	1.13%	217,483,560	1	5.31%
Fox Hills Mall LLC/Westfield	72,190,120	8	0.99%	91,200,923	3	2.23%
Sy Culver City Portfolio Limited Partnership	72,002,302	9	0.99%			
Culver Center Partners East 1 LP	57,386,314	10	0.79%	27,142,248	9	0.66%
Arden Reality Finance Partnership				48,545,831	5	1.19%
Teachers Insurance				32,671,290	7	0.80%
Brotman Partners Limited Partnership				42,546,744	6	1.04%
Maier Brewing Company				29,320,497	8	0.72%
Amberdon Corporate Pointe Limited				24,150,000	10	0.59%
Total	$ 1,051,423,988		14.43%	$ 753,399,583		18.40%

Source: Los Angeles County Assessor 2009/10 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
2001	2,074,000	2,033,000	98.0%	$ (13,000)	2,020,000	97.4%
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%

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]
2001	170,925,000	3,075,000	1,885,000	175,885,000	24,365,000	8,045,000	1,478,000	33,888,000	209,773,000	18.6%	5,404
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	156,449,887	-	3,205,988	159,655,875	20,720,000	4,535,000	-	25,255,000	184,910,875	12.6%	4,793
2010	150,254,836	-	1,420,752	151,675,588	20,085,000	3,990,000	-	24,075,000	175,750,588	11.9%	4,339

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 2010, 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, 2010

City Assessed Valuation	$	3,670,542,972
Redevelopment Agency Incremental Valuation		3,617,716,118
Total Net Taxable Assessed Valuation	$	7,288,259,090

	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	121,475,156	0.426%	517,279
El Camino College District	175,243,943	0.005%	8,205
Los Angeles Community College District	1,933,795,000	1.240%	23,988,644
Los Angeles Community College District	431,720,000	1.240%	5,355,468
Culver City Unified School District	36,250,000	99.346%	36,012,959
Inglewood Unified School District	115,810,000	0.045%	51,574
Los Angeles Unified School District	13,389,185,000	0.008%	1,106,652
Subtotal, overlapping debt		1.83%	67,040,781
City direct debt		0.00%	-
Total direct and overlapping debt		1.83%	$ 67,040,781

Sources: HdL Coren & Cone, Los Angeles County Assessor 2009/2010 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 1.83% of the City's 2009/2010 assessed valuation or $67 million.

CITY OF CULVER CITY

LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Total assessed valuation	$ 4,179,397,000	$ 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	$ 7,527,054,000
Debt Limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	**15%**
Debt Limit	$ 626,909,550	$ 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
Amount of debt applicable to the limit:	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal Debt Margin	$ 626,909,550	$ 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
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, 2010, 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			
Fiscal Year	Utility Service Charges	Interest Earnings (a)	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage	Tax Increment Collections	Debt Service Principal	Debt Service Interest	Coverage
2001	4,573,000	1,135,000	3,576,000	2,132,000	715,000	1,321,000	1.05	19,950,000	3,170,000	8,827,000	1.66
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

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 1991 'Wastewater Facilities Revenue Bonds were issued on July 15, 1991. The 1991 Bonds were defeased and replaced by the 1999 Bonds issued December 8, 1999. The 1999 Bonds were defeased and replaced by the 2009 Bonds issued on July 10, 2009.

CITY OF CULVER CITY

DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Calendar Year	Population	Personal Income *(thousands of dollars)*	Per Capita Personal Income	Unemployment Rate
		1,159,789		
2000	39,335	1,149,605	29,226	3.6%
2001	39,856	1,214,731	30,478	3.8%
2002	40,268	1,239,811	30,789	4.6%
2003	40,569	1,274,516	31,416	4.7%
2004	40,735	1,344,581	33,008	4.4%
2005	40,723	1,401,930	34,426	3.6%
2006	40,792	1,404,305	34,426	3.2%
2007	40,564	1,396,456	34,426	3.2%
2008	40,694	1,400,932	34,426	3.2%
2009 *	38,580	1,468,471	38,063	8.0%
2010 **	40,507	1,479,760	36,531	12.2%

Sources:

Population
* U.S. Census Bureau, Population Finder Data Set as of July 1, 2008
** California state Departament of Finance For CY 2009 per HDL Report dated 8/16/2010

Personal Income
** For CY 2009 per HDL Report dated 8/16/2010

Per Capital Personal Income
* U.S. Census Bureau, 2006-08 American Community Survey 3 Year Estimates
** For CY 2009 per HDL Report dated 8/16/2010

Unemployment Rate
* California Employment Development Department For CY 2009 per HDL Report dated 8/16/2010
** U.S. Department of Labor, Bureau of Labor Statistics for the Los Angeles-Long Beach-Glendale areas of CA as of June 2010

CITY OF CULVER CITY

PRINCIPAL EMPLOYERS
Current Year

Employer	2010 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 **	700	5	1.77%
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]	13,738		34.65%
Total Employment in City	**39,651**		

[1] Source: InfoGroup from Hdl Coren & Cone 2009-10 CAFR Statistical Reports

CITY OF CULVER CITY

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government	88	89	88	86	85	86	89	83	84	82
Parks, recreation and community services	46	48	47	39	41	41	41	39	39	38
Police	173	174	166	162	164	164	161	164	166	166
Fire	76	74	70	71	71	71	72	72	73	73
Community development	45	45	47	48	46	50	50	56	57	57
Public works	67	67	65	59	60	60	58	61	62	62
Grants operating	14	18	16	18	13	11	11	10	10	10
Internal service	43	45	45	42	45	45	43	43	43	43
Refuse	52	51	51	50	50	50	50	49	49	48
Transit	88	99	102	107	110	109	109	109	120	120
Sewer	5	5	5	5	5	5	6	9	10	10
Total	696	715	703	688	690	692	689	695	714	709

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Building permits issued	2,183	2,267	2,527	2,582	1,554	2,519	3,264	2,575	2,141	2,356
Building inspections conducted	unavailable	unavailable	7,982	8,500	9,585	10,500	9,814	11,121	10,254	10,616
Police										
Arrestees Processed	2,200	3,327	1,687	2,100	2,797	1,500	1,616	2,774	1,700	1,700
Parking citations	40,610	32,093	40,610	32,000	38,098	34,000	38,963	34,798	40,000	40,100
Traffic citations	19,065	23,292	19,065	16,000	14,672	13,000	13,749	11,236	14,000	14,000
Fire										
Emergency responses	3,802	3,887	3,777	3,907	3,919	3,950	4,180	4,233	4,400	4,500
Fire Emergency Incidents	131	151	164	140	151	152	159	132	150	155
Commercial Fire Safety Inspections	1,844	2,517	1,159	2,148	1,928	1,900	1,965	1,965	2,427	2,369
Refuse collection										
Residential Refuse collected (tons per day)	15	16	14	15	15	15	15	15	32	35
Commercial Refuse Collected (tons per day)	21	27	21	20	20	21	21	20	132	136
Responses to Customer Service Requests	250	245	240	200	200	200	200	200	200	200
Public Works										
Traffic Engineering Investigations	1,200	1,630	1,200	2,576	2,000	2,475	3,597	3,956	4,352	5,849
Tons of Asphalt Placed	1,150	1,340	1,000	900	681	558	600	650	700	725
Damaged Sidewalk removed/replaced (sq ft)	19,960	14,000	10,000	9,000	13,335	9,500	9,500	13,500	14,250	15,000
Trees Trimmed	3,812	5,021	3,573	2,850	3,483	3,208	5,836	5,800	5,840	5,850
Parks and recreation										
Park picnic permits issued	1,220	1,342	1,375	1,181	1,300	1,300	1,300	1,390	1,300	1,300
Participation in Youth Sports	19,637	15,000	12,500	12,500	4,997	5,345	5,345	5,368	5,500	5,000
Participation in Adults Sports	45,059	45,000	33,731	35,000	35,818	36,800	36,800	34,000	35,000	35,500
Transit - Municipal buses										
Total service miles	1,327,429	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
Passengers	5,125,192	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

Sources: Annual Budgets and various city departments.

CITY OF CULVER CITY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	22	22	26	31	32	30
Motorcycle units	11	11	11	11	11	11	12	12	11	11
Detective Units	18	18	18	18	18	18	17	20	20	36
Parking Enforcement Units	9	9	9	9	9	9	8	6	7	7
Fire stations	3	3	3	3	3	3	3	3	3	3
Refuse collection										
Collection trucks	15	15	15	15	15	16	16	18	18	18
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	89	90	105	106	104	110	106	104
Parks and recreation										
Acreage	92.2	92.2	92.2	92.2	92.2	92.2	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	85.0	85
Pumping (lift) stations	7	7	7	7	7	7	7	7	7	7
Transit - Municipal buses	42	42	46	46	46	46	46	46	52	52

Sources: Various city departments.

CITY OF CULVER CITY, CALIFORNIA

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

Basic Financial Statements and Supplementary Information
Year ended June 30, 2010

CITY OF CULVER CITY, CALIFORNIA

Municipal Bus Lines

Year ended June 30, 2010

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City Council
City of Culver City
Culver City, California

Independent Auditors' Report

We have audited the accompanying basic financial statements of the Culver City Municipal Bus Lines, an Enterprise fund of the City of Culver City, California, as of and for the year ended June 30, 2010, 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 prior year partial comparative information has been derived from the financial statements of the Culver City Municipal Bus Lines for the year ended June 30, 2009 in which we expressed an unqualified opinion.

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, 2010, and the changes in financial position and cash flows for the 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, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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.

City Council
City of Culver City
Culver City, California

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. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 15, 2010 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.

Mayer Hoffman McCann P.C.

Irvine, California
October 15, 2010

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statement of Net Assets
June 30, 2010
(With comparative totals for June 30, 2009)

	2010	2009
Assets:		
Current assets:		
Cash and investments (note 2)	$ 4,193,052	2,671,772
Cash with fiscal agent (note 2)	923,270	938,401
Accounts receivable	211,679	139,937
Accrued interest	13,613	20,933
Prepaid expenses	100,360	52,317
Due from other governments (note 5)	1,893,352	5,370,004
Total current assets	7,335,326	9,193,364
Noncurrent assets:		
Deferred debt issuance costs	115,402	138,483
Capital assets (note 3):		
Capital assets not being depreciated	1,450,214	1,450,214
Capital assets subject to depreciation	54,898,327	54,731,000
Accumulated depreciation	(27,253,606)	(25,090,468)
Total capital assets, net	29,094,935	31,090,746
Total noncurrent assets	29,210,337	31,229,229
Total assets	36,545,663	40,422,593
Liabilities:		
Current liabilities:		
Accounts payable	180,123	121,043
Accrued salaries and benefits payable	245,933	152,049
Interest payable	114,425	129,549
Certificates of participation payable (note 8)	575,000	545,000
Compensated absences payable (note 8)	106,768	95,417
Total current liabilities	1,222,249	1,043,058
Noncurrent liabilities:		
Certificates of participation payable (note 8)	3,415,000	3,990,000
Compensated absences payable (note 8)	393,228	316,017
Total non-current liabilities	3,808,228	4,306,017
Total liabilities	5,030,477	5,349,075
Net Assets:		
Investment in capital assets, net of related debt	26,028,205	27,494,147
Unrestricted	5,486,981	7,579,371
Total net assets	$ 31,515,186	35,073,518

See accompanying notes to basic 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
Year ended June 30, 2010
(With comparative totals for the year ended June 30, 2009)

	2010	2009
Operating revenues		
Charges for services	$ 3,257,360	2,937,041
Operating expenses:		
Salaries and benefits	9,504,770	8,970,489
Supplies	646,590	313,977
Repairs and maintenance	3,860,595	3,689,275
Insurance, claims and settlements	20,446	120,000
Claims and settlements	-	201,935
Administrative services	1,725,705	1,659,334
Rent and lease expenses	101,276	92,510
Consulting and contract services	126,679	89,004
Depreciation	2,163,138	2,443,471
Total operating expenses	18,149,199	17,579,995
Operating loss	(14,891,839)	(14,642,954)
Nonoperating revenues (expenses):		
Operating grants	9,494,083	11,820,879
Investment income	89,878	103,177
Interest expense	(269,302)	(296,348)
Other income	252,440	170,326
Total nonoperating revenues (expenses)	9,567,099	11,798,034
Net loss before contributions and transfers	(5,324,740)	(2,844,920)
Transfers and capital contributions:		
Capital contributions - grants	52,915	4,325,720
Transfers in from the City of Culver City	2,125,539	842,025
Transfers out to the City of Culver City	(274,500)	(340,000)
Total transfers and capital contributions	1,903,954	4,827,745
Change in net assets	(3,420,786)	1,982,825
Total net assets, beginning of year as restated (note 9)	34,935,972	33,090,693
Total net assets, end of year	$ 31,515,186	35,073,518

See accompanying notes to basic financial statements.

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statement of Cash Flows
Year ended June 30, 2010
(With comparative totals for the year ended June 30, 2009)

	2010	2009
Cash flows from operating activities:		
Cash payments from customers	$ 3,048,072	2,969,232
Cash payments to suppliers for goods and services	(4,744,549)	(4,484,727)
Cash payments to employees for services	(9,322,324)	(8,818,714)
Cash payments for administrative services	(1,725,705)	(1,659,334)
Other non-operating revenue received	252,440	170,326
Net cash used in operating activities	(12,492,066)	(11,823,217)
Cash flows from noncapital financing activities:		
Operating grants received	12,970,735	10,908,318
Transfer to the City of Culver City	(274,500)	(340,000)
Transfer from City of Culver City	2,125,539	842,025
Net cash provided by noncapital financing activities	14,821,774	11,410,343
Cash flows from capital and related financing activities:		
Principal paid on debt	(545,000)	(520,000)
Interest paid on debt	(254,025)	(272,263)
Acquisition and construction of capital assets	(167,327)	(3,418,579)
Capital grants received	52,915	4,325,720
Net cash provided by (used in) capital and related related financing activities	(913,437)	114,878
Cash flows from investing activities:		
Interest received on investments	89,878	103,177
Net cash provided by investing activities	89,878	103,177
Net (decrease) increase in cash and cash equivalents	1,506,149	(194,819)
Cash and cash equivalents at beginning of year	3,610,173	3,804,992
Cash and cash equivalents at end of year	$ 5,116,322	3,610,173
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (14,891,839)	(14,642,954)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	2,163,138	2,443,471
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(209,288)	32,190
(Increase) decrease in prepaid expenses	(48,043)	-
Increase (decrease) in accounts payable	59,081	21,975
Increase (decrease) in accrued salaries and benefits payable	93,884	82,868
Increase (decrease) in compensated absences payable	88,561	68,907
Other nonoperating revenue received	252,440	170,326
Net cash used in operating activities	$ (12,492,066)	(11,823,217)

There were no noncash investing or financing activities for the years ended June 30, 2010 and 2009.

See accompanying notes to basic financial statements.

(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 non-operating revenues and expenses.

(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 10 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 generally accepted accounting principles. 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 GAAP 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.

(2) Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	$ 4,193,052
Cash and investments with fiscal agent	923,270
Total cash and investments	$ 5,116,322

Cash and investments as of June 30, 2010 consist of the following:

Investments	$ 5,116,322
Total investments	$ 5,116,322

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 Authority Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Authority Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	50%	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
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.*

(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. Authority 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:

(2) Cash and Investments, (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

		Remaining Maturity (in Months)			
Investment Type	Total	12 Months Or Less	13 to 24 Months	25-60 Months	More Than 60 Months
Equity in City of Culver City investment pool	$4,193,052	4,193,052	-	-	-
With fiscal agent:					
Money market funds	923,270	923,270	-	-	-
Total	$5,116,322	5,116,322	-	-	-

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.

			Rating as of Year End		
Investment Type	Total	Minimum Legal Rating	AAA	Aa	Not Rated
Equity in City of Culver City investment pool	$4,193,052	N/A	-	-	4,193,052
With fiscal agent:					
Money market funds	923,270	N/A	923,270	-	-
Total	$5,116,322		923,270	-	4,193,052

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.

(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 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 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.

(3) Capital Assets

Property, plant and equipment activity for the year ended June 30, 2010 consisted of the following:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010
Capital assets, depreciated:				
Machinery and equipment	$ 25,032,412	167,327	-	25,199,739
Building and improvements	27,920,503	-	-	27,920,503
Furniture and fixtures	1,778,085	-	-	1,778,085
Subtotal	54,731,000	167,327	-	54,898,327
Less accumulated depreciation:				
Machinery and equipment	(19,454,031)	(1,375,367)	-	(20,829,398)
Building and improvements	(4,917,922)	(768,006)	-	(5,685,928)
Furniture and fixtures	(718,515)	(19,765)	-	(738,280)
Total accumulated depreciation	(25,090,468)	(2,163,138)	-	(27,253,606)
Net depreciable assets	29,640,532	(1,995,811)	-	27,644,721
Capital assets, not depreciated:				
Land	1,450,214	-	-	1,450,214
Capital Assets, Net	$ 31,090,746	(1,995,811)	-	29,094,935

(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, 2010.

(5) Due from Other Governments

Amounts due from other governments consist of the following at June 30, 2010:

Due from Federal Transit Administration	$ 28,094
Due from Los Angeles County Metropolitan Transit Authority (Metro)	1,865,258
Total due from other governments	$ 1,893,352

(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 $1,725,705 for the fiscal year ended June 30, 2010.

(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 $899,291 for the year ended June 30, 2010. 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.

(8) Long Term Debt

Long-term liability activity for the year ended June 30, 2010 was as follows:

	Balance at July 1, 2009	Additions	Deletions	Balance at June 30, 2010	Due Within One year
Certificates of participation	$ 4,535,000	-	(545,000)	3,990,000	575,000
Compensated absences	411,434	332,284	(243,722)	499,996	106,768
Total	$ 4,946,434	332,284	(788,722)	4,489,996	681,768

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 $575,000 to $760,000 totaling $3,990,000 with a current portion due of $575,000, 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 moneis 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:

(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:

Year Ending June 30	Principal	Interest	Total Debt Service Payment
2011	$ 575,000	228,850	803,850
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
	$3,990,000	839,500	4,829,500

(9) Restatement of Fund Balance/Net Assets

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

Fund balance/net assets at June 30, 2009	35,073,518
To reduce accounts receivable and grant revenue for grant funds never received	(137,546)
Fund balance/net assets at June 30, 2009, as restated	34,935,972

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
Year ended June 30, 2010
(With comparative totals for the year ended June 30, 2009)

	2010	2009
The following is detail of the sources of operating revenues received:		
Passenger fares, Metrocard, Hollywood Bowl, EZ Pass, BruinGO	$ 3,257,360	2,937,041
Operating grants:		
Transportation Development Act-Article 4 (LTF)	3,302,201	4,543,841
State Transit Assistance (STA)	492,425	332,922
Proposition 1B Transit Security	-	71,456
Proposition "A" Discretionary	3,023,591	2,775,205
Proposition "A" Discretionary (Interest)	625,664	-
Special Overcrowding Fund	204,611	200,698
Proposition C BSIP	158,062	140,249
Proposition C Foothill Mitigation	85,795	160,671
Proposition C Discretionary Operating (Security)	278,763	311,381
Proposition "C" Discretionary-MOSIP	815,954	-
Clean Natural Gas Tax Credit	356,749	-
Capital grant revenues used to fund interest expense (FTA) (Sect 9/5307)	111,774	784,456
Capital grant revenues used to fund operating expenses (FTA)	38,494	2,500,000
Total operating grants	9,494,083	11,820,879
Other revenues:		
Interest earnings	89,878	103,177
Miscellaneous	252,440	170,326
Gain (loss) on sale of property	-	752
Proposition "A" Local Return and Prop "C" Local Return	2,125,539	842,025
Total other revenues	2,467,857	1,116,280
Total operating and other revenues	$ 15,219,300	15,874,200
The following is a detail of the sources of capital grants:		
State Transit Administration (STA)	$ -	154,005
Federal Transit Administration Section 3 Grant (Sect 3/5309)	-	2,096,000
Federal Transit Administration Section 9 Grant (Sect 9/5307)	-	89,346
Proposition 1B Transit Security	-	132,180
Proposition "C" Discretionary Ineterest Capital	52,915	1,033,196
Proposition "C" Discretionary MOSIP Capital	-	820,993
Total capital grants	$ 52,915	4,325,720

CITY OF CULVER CITY, CALIFORNIA
Municipal Bus Lines
50% Expenditures Limitation Test
Article IV Funds
Year ended June 30, 2010
(With comparative totals for the year ended June 30, 2009)

		2010	2009
1.	Total operating expenses before depreciation	$ 15,986,061	15,136,524
2.	Total depreciation	2,163,138	2,443,471
3.	Total capital outlay	167,326	3,418,579
4.	Debt Service Requirement (Principal)	545,000	520,000
5.	Total (lines 1, 2, 3, and 4)	18,861,525	21,518,574
6.	Less Federal grants expended	150,268	5,469,802
7.	Less Local Transportation Fund capital intensive programs	-	-
8.	Less State Transit Assistance Fund monies received	492,425	486,927
9.	Total (lines 6, 7 and 8)	642,693	5,956,729
10.	Total (line 5 less line 9)	18,218,832	15,561,845
11.	50% of line 10	9,109,416	7,780,923
12.	Add amount of Local Transportation Funds claimed in excess of line 9 for match to Federal operating grant	-	-
13.	Add Local Transportation Funds capital intensive programs	-	-
14	Total permissable Local Transportation Funds expenditure (sum of lines 11, 12 and 13)	$ 9,109,416	7,780,923

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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 basic 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, 2010, and have issued our report thereon dated October 15, 2010. 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.

City Council
City of Culver City
Culver City, California

These tests included certain procedures contained in the Transportation Development Act Statutes and California Codes of Regulations in connection with a review of the City's compliance with applicable laws, rules and regulations of the Transportation Development Act (TDA). The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* or the Transportation Development Act Statutes and California Codes of Regulations.

In accordance with Section 99314.6 of the TDA, the operator must meet one of the following efficiency standards:

1. The operator's total operating cost per revenue vehicle hour in the latest year for which audited data are available does not exceed the sum of the preceding year's total operating cost per revenue vehicle hour and an amount equal to the product of the percentage change in the Consumer Price Index for the same period multiplied by the preceding year's total operating cost per revenue vehicle hour.

   Our calculation is as follows:

Operating cost per revenue vehicle hour at 6/30/09	$112.02
Consumer Price Index at 6/30/09	223.91
Consumer Price Index at 6/30/10	225.88
Rate of increase	0.88%
Allowable cost per revenue vehicle hour	113.06
Actual operating cost per revenue vehicle hour	112.97

   Based upon the above, this operator's qualifying criterion has been met.

2. The operator's average total operating cost per revenue vehicle hour in the latest three years for which audited data are available does not exceed the sum of the average of the total operating cost per revenue vehicle hour in the three years preceding the latest year for which audited data are available and an amount equal to the product of the average percentage change in the Consumer Price Index for the same period multiplied by the average total operating cost per revenue vehicle hour in the same three years.
   Our calculation is as follows:

Operating cost per revenue vehicle hour at 6/30/10	$112.97
Operating cost per revenue vehicle hour at 6/30/09	112.02
Operating cost per revenue vehicle hour at 6/30/08	110.84
Average	111.94

Operating cost per revenue vehicle hour at 6/30/09	$112.02
Operating cost per revenue vehicle hour at 6/30/08	110.84
Operating cost per revenue vehicle hour at 6/30/07	105.83
Average	109.56

City Council
City of Culver City
Culver City, California

Year	CPI	Change	% Change
6/30/06	211.1		
6/30/07	217.3	6.2	2.94%
6/30/08	229.0	11.73	5.40%
6/30/09	223.9	-5.13	-2.24%
Average			2.03%

Average cost per revenue vehicle hour for the preceding three years, adjusted by the average change in the CPI for the same years (allowable)	111.79

Based upon the above, this operator's qualifying criterion has not been met.

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.

Mayer Hoffman McCann P.C.

Irvine, California
October 15, 2010

CITY OF CULVER CITY
City of Culver City, California

Single Audit Report on
Federal Awards

Year ended June 30, 2010

CITY OF CULVER CITY

Single Audit Report on Federal Awards

Year ended June 30, 2010

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City Council
City of Culver City, California

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

We have audited the basic 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 (the City) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 7, 2010. 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.

Compliance and Other Matters

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City'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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City'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 identify all the deficiencies in the internal control that might be deficiencies, 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.

However, we noted other matters of internal control over financial reporting which we have reported to management in a separate letter dated December 7, 2010.

This report is intended solely for the information of the City Council, management of the City of Culver City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010

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City Council
City of Culver City, California

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of City of Culver City (the City) with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

City Council
City of Culver City, California
Page Two

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A 133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2010, and have issued our report thereon dated December 7, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, management of the City of Culver City, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010, except for the Schedule of Expenditures of Federal Awards, as to which the date is December 29, 2010

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Grantor/ Pass-through Grantor/ Program Title		Federal Domestic Assistance Number	Program Identification Number	Program Expenditures	
Corporation for National and Community Service					
Direct assistance:					
Retired and Senior Volunteer Program		94.002	06SRPCA014	$ 42,131	
Subtotal - Corporation for National and Community Service				42,131	
U.S. Department of Health and Human Services					
Passed through the Los Angeles County Department of Community and Senior Citizens' Services - Special Programs for the Aging:					
Nutrition Program for the Elderly		93.053	58247	21,163	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers		93.044	58247	906	
Special Programs for the Aging - Title III, Part C - Nutrition Services		93.045	58247	173,524	
Subtotal - U.S. Department of Health and Human Services				195,593	
U.S. Department of Justice					
Direct assistance:					
Bulletproof Vest Partnership Program		16.607	2004BUBX04022255	11,738	
Asset Seizure Program		16.000	CA0191800	359,875	*
Passed through the City of Los Angeles:					
Edward Byrne Justice Assistance Grant		16.738	2009-DJ-BX-0471	19,821	
Passed through the County of Los Angeles:					
COPS Tech - Police	(ARRA)	16.710	CA 01918	44,027	
COPS Tech - Fire	(ARRA)	16.710	CA203ZZ	222,389	
Subtotal - U.S. Department of Justice				657,850	
U.S. Department of Homeland Security					
Passed through the City of Los Angeles:					
Homeland Security Grant Program		97.067	2008-0006	539,599	*
Passed through the United Way of America:					
Emergency Food and Shelter National Board Program	(ARRA)	97.114	069500-420	1,684	
Subtotal - U.S. Department of Homeland Security				541,283	

Federal Grantor/ Pass-through Grantor/ Program Title		Federal Domestic Assistance Number	Program Identification Number	Program Expenditures	
U.S. Department of Transportation					
Direct assistance:					
Federal Transit Capital and Operating Assistance Formula Grants		20.507	CA-90-Y189	67,868	
		20.507	CA-90-Y642	82,400	
Passed through the California Department of Transportation:					
Federal Highway Administration (FHWA) - Highway Planning and Construction					
Grand & Overlay Culver Blvd Resurfacing		20.205	5240024	172,983	*
Washington Blvd Resurfacing		20.205	5240023	552,401	*
Landscape Improvement to Ballnoa Creek Bikeway		20.205	5240021	992	*
Federal Transit Administration Public Transportation Research					
SAFETEA-LU Transportation Enhancement Program		20.514	07-5240R	95,676	
Passed through University of California, Berkeley Traffic Safety Center:					
Natinal Highway Traffic Safety Administration:					
Sobriety Checkpoint		20.600	SC10101	39,450	
Click it or Ticket Seat Belt Enforcement		20.600	CT10101	9,824	
Passed through the Office of Traffic Safety					
Natinal Highway Traffic Safety Administration:					
DUI Checkpoints & Patrols		20.600	AL0964	76,027	
Subtotal - U.S. Department of Transportation				1,097,621	
U.S. Department of Housing and Urban Development					
Direct assistance:					
Section 8 Housing Choice Vouchers		14.871	CA110VOOF06	1,997,485	*
Passed through the Community Development Commission of Los Angeles County:					
Community Development Block Grants/Entitlement Grants:	(ARRA)	14.253	REC023-09	4,600	*
	(ARRA)	14.253	REC027-09	34,474	*
		14.218	D98993-98	180,850	*
		14.218	D96189-09	45,289	*
		14.218	D96183-09	30,193	*
Subtotal - U.S. Department of Housing and Urban Development				2,292,891	
U.S. Department of the Interior					
Passed through the State of California Department of Parks and Recreation - Land and Water:					
Outdoor Recreation-Acquisition, Development and Planning		15.916	P835	76,701	
Subtotal - U.S. Department of the Interior				76,701	
Total federal financial assistance				$ 4,904,070	

* - Major program

See accompanying Notes to the Schedule of Expenditures of Federal Awards

CITY OF CULVER CITY

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Culver City that are reimbursable by agencies providing federal assistance. For the purposes of this schedule, federal financial assistance includes both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the agency becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2010, the City had no subrecipients.

CITY OF CULVER CITY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.

2. There were no material weaknesses in internal control over financial reporting based upon our audit of the financial statements of the auditee.

3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.

4. There were no material weaknesses in internal control over the major programs of the auditee.

5. The auditor's report on compliance for its major programs indicated one compliance deficiency in finding 2010-01.

6. The audit disclosed audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.

7. The major programs of the auditee were as follows:
   - U.S. Department of Justice – Asset Seizure Program, CFDA No 16.000
   - US Department of Homeland Security – Home Land Security Grant Programs, CFDA No 97.067
   - US Department of Transportation – Federal Highway Administration, CFDA No 20.205
   - US department of Housing and Urban Development – Section 8 Housing Choice Vouchers, CFDA Nos 14.871
   - U.S. Department Housing and Urban Development – Community Development Block Grants, CFDA Nos 14.253 & 14.218.

8. The dollar threshold used to distinguish Type A and Type B programs was $300,000.

9. The auditee met the criteria of OMB Circular A-133 to be classified as a low risk auditee for the year ended June 30, 2010 for the purpose of determining major programs.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) of OMB Circular A-133

There was one auditors' finding to be reported in accordance with paragraph .510(a) at OMB Circular A-133; see item 2010-1 on the following page.

2010-1 Non-compliance with Davis Bacon

During the year the City used Asset Seizure monies to fund a construction project, on which competitive bidding procedures were waived by City Council. Per the Department of Justice Office of Justice Programs Financial Guide, Chapter 10 Procurement Under Awards of Federal Assistance it states "All procurement transactions, whether negotiated or competitively bid and without regard to dollar value, shall be conducted in a manner so as to provide maximum open and free, and fair competition." The City is in noncompliance with this requirement.

Recommendation

We recommend that the City provide open, free and fair competition for all procurement transactions, on which federal funds are being utilized.

Management's Response

In August 2006, a Request for Proposals was released to solicit bids for the design-build of the Police Department Firing Range rehabilitation project. Three proposals were received and in January 2007 the City Council awarded a contract to Fast-Track Construction Corporation. Fast-Track had assembled a team of companies to complete the project. During the course of the project, unexpected difficulties occurred, and on August 25, 2008, the City Council approved the termination of the contract with Fast-Track. Through further work with the design consultant from the original team, and in consultation with the Police Department, it was determined that one of the companies from the original team (SuperTrap, Inc.) was the only company that could provide and install the bullet trapping system to complete the range. Because SuperTrap was one of the companies that was part of the original contract which had been competitively bid, a recommendation was made by staff, and approved by City Council at a Public Hearing, to award a contract to SuperTrap to complete the Firing Range and to waive the competitive bidding requirements in accordance with the Culver City Municipal Code.

Culver City management understands and agrees with the concept of open, free and fair competition. We believe in this instance we met the spirit of this requirement by publicly bidding out the original contract for this project and subsequently using one of the firms that were part of the originally awarded contract to complete the work. The work to complete the project was highly specialized. The decision to waive competitive bidding for the final work on the project was made at a formally noticed Public Hearing, in which the public or other interested parties could address the City Council.

The City will continue with its commitment to open, free and fair competition in future projects. We will work to ensure all requirements are met in the use of federal funding.

CITY OF CULVER CITY

Summary Schedule of Prior Audit Findings

Year ended June 30, 2010

There were no audit findings for the year ended June 30, 2009 that required follow-up during the year ended June 30, 2010.

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Culver City, California

INDEPENDENT AUDITORS' REPORT

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 year ended June 30, 2010, 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 partial comparative information has been derived from the financial statements of the City for the year ended June 30, 2009, and in our report dated November 13, 2009, we expressed an unqualified opinion on those financial 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 opinions.

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, 2010, and the respective changes in financial position and cash flows, where applicable, of the City of Culver City, California for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* and *required supplementary information* are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

City Council
City of Culver City
Culver City, California
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Culver City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 7, 2010 on our consideration of the City's 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. 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.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010

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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 (the City) as of and for the year ended June 30, 2010, 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 opinions 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 the City's internal control to be material weaknesses, as defined above.

However we offer the following suggestion for improvement to current internal controls:

<u>(1) Write off of Stale Receivable Balances</u>

The General Fund of the City has an account with approximately $700,000 of accounts receivable that are several years old. The City was unable to provide the auditors with information by specific payer. Additionally, the Redevelopment Agency has approximately $2.7 million recorded as an Allowance for Uncollectible Notes Receivable. This account has not been reviewed since January 2008. It is possible that there are additional notes receivable that are no longer collectible.

<u>Recommendation</u>

We recommend that the City review delinquent receivable balances to determine collectability. If receivables are determined to be uncollectible, the City should write off those balances. This process should take place at least once a year for all of the City's receivables.

This communication is intended solely for the information and use of management, City Council, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010

FINANCE DEPARTMENT

CITY OF CULVER CITY

(310) 253-5865

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FAX (310) 253-5880

9770 CULVER BOULEVARD, CULVER CITY, CALIFORNIA 90232-0507

JEFF S. MUIR

Chief Financial Officer

December 23, 2010

Jennifer Farr, CPA
Mayer Hoffman McCann P.C.
2301 Dupont Drive, Suite 200
Irvine, CA 92612

Dear Jennifer,

The purpose of this letter is to provide a response from management as to the recommendation for improvement to internal controls. I wanted to communicate what we have done and will be doing as it relates to this. As you are aware, for the fiscal year ended June 30, 2009, you provided us with three recommendations. During the course of the year, we were able to address two of the recommendations. For the financial statements for the fiscal year ended June 30, 2010, you provided us with one recommendation related to receivables, the same comment from the previous year:

Write off Stale Receivable Balances

The General Fund of the City has an account with approximately $700,000 of accounts receivable that are several years old. The City was unable to provide the auditors with information by specific payer. Additionally, the Redevelopment Agency has approximately $2.7 million recorded as an Allowance for Uncollectible Notes Receivable. This account has not been reviewed since January 2008. It is possible that there are additional notes receivable that are no longer collectible.

As you might recall, I left the City in November of 2009 and returned in May of 2010. During the period of time I was gone, the City Manager was also acting in the capacity of Chief Financial Officer. He subsequently left the City sometime in March of 2010, at which point an interim City Manager was appointed. During the time I was away, the primary objective of staff in the Finance Department was to ensure the day-to-day operations continued. There was little time to devote to the recommendations received from you in 2009. After my return, we were able to get the anti-fraud and ethics policies adopted by City Council.

This left the comment regarding receivables for the City and Agency. It is true that when you initially requested a breakdown of the accounts receivable in the General Fund, we were unable to provide you a report that supported the amount on the General Ledger. Our current financial system includes a module for Accounts Receivable. Historically this has been used to bill for things like false alarms, damage to City property, fire inspections, and other miscellaneous items. While we are able to run reports from the Accounts Receivable module, we found that the reports had a material variance from the balance of the General Ledger. Upon my return I asked the Sr. Enterprise Systems Analyst in my department to begin looking into this. Some progress was made, but we found a number of invoices in the Accounts Receivable module reports did not properly reflect the fund they were attributed to. Over the past week, we have made further progress on this. According to our General Ledger at June 30, 2010, there was $713,019.49 reflected in the General Fund Invoices Receivable account. I am attaching a report from our Accounts Receivable module that provides a breakdown by customer of a balance of $757,714.52 for the General Fund. This is a variance of $44,695.03 between the General Ledger and Accounts Receivable module. While this falls below our materiality threshold, we are in the process of actively reconciling the General Ledger amount to the amount on this report. Two immediate explanations that I think are likely to account for most of the variance are items that were billed through the Accounts Receivable module but were not properly credited to the outstanding invoice when payment was received, and manual entries posted to the General Ledger that would not reflect in the Accounts Receivable module.

I would also like to point out that we already identified an amount of approximately $236,000 (from 2007) that was billed to the Redevelopment Agency and recorded in the Invoices Receivable account. Research indicated that this amount was paid, but staff at the time did not properly reduce the receivable amount. This correction has already been posted to Fiscal Year 2010-2011.

The proposed steps for future action are as follows:

1. Staff will perform a complete reconciliation of the General Ledger to the Accounts Receivable module, and determine write-offs or adjustments that are required to be made.
2. The Chief Financial Officer will draft a written policy for receivables management (including write-off authority) and submit to the City Council for input and adoption. This report will also include the necessary recommendation to remove aged and uncollectible receivables.
3. The City will perform regular reconciliation of this account each year moving forward so that it is supported by a matching subsidiary ledger.

4. The City is also in the process of procuring a new financial system. It is our hope and intent that the new system will have a better integration between the general ledger and the accounts receivable module, as well as improved reporting capabilities.

With regards to the recommendation related to the Redevelopment Agency, it is true that the Agency has carried an approximate balance of $2.7 million in the Allowance for Uncollectible Notes Receivable line item for several years. This amount is directly related to various loan agreements the Agency provided through the Low and Moderate Income Housing Fund to create or maintain the stock of low and moderate income housing in Culver City. Specifically, there are five agreements for which the Agency provided approximately $2.7 million in project assistance. These agreements include covenants with the benefitting party to create or maintain low and moderate income housing during the term of the agreement. These agreements are still in effect. However, if these parties meet the obligations of the agreement through their term, they will not be required to pay these amounts back. It is only in the case of default that the Agency would pursue collection. These loans are included in the Loans Receivable account of the Low/Moderate Income Housing Fund, with a corresponding Allowance for Uncollectibility. The net effect of these loan agreements is zero. It has been the intention and practice of the Agency to continue reflecting these agreements in both accounts to acknowledge the fact that the agreements are still active. As the agreements reach their term, the Receivable and Allowance for Uncollectible amounts would be removed from the Agency's balance sheet. We are open to discussion for the June 30, 2011 financial statements if there is a preferred practice to accounting for these items.

Additionally, we have reviewed the remaining loans and notes receivable to the Agency and believe them to be collectible.

If you have questions or would like additional information, please let me know. Thank you for the hard work your group has put into Culver City, and enjoy the holiday season.

Sincerely,

Jeff S. Muir

Jeff S. Muir

Attachment: Report of Invoices Receivable at June 30, 2010 (General Fund)

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Culver City, California

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 (the City) for the year ended June 30, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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 are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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:

- Judgments involving the useful lives and depreciation methodology to use for capital assets, including certain infrastructure
- Judgments concerning which capital projects represent ordinary maintenance activities necessary to keep an asset operational for its originally intended useful life versus significant improvement, replacement, and life extending projects that should be capitalized as additions to capital assets
- Judgments concerning collectability of receivables.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. None of the disclosures in the notes to the financial statements are considered to be particularly sensitive.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties 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. There were no material misstatements detected as a result of the audit procedures.

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 7, 2010.

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 governmental unit'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 governmental unit'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 use of City Council and management of the City of Culver City and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010

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The Honorable Mayor and City Council
City of Culver City, California

Independent Accountants' Report on Agreed-Upon Procedures
Applied to Appropriations Limit Worksheets

We have applied the procedures enumerated below to the appropriations limit worksheets prepared by the City of Culver City, California for the year ended June 30, 2010. These procedures, which were agreed to by the City of Culver City, California and the League of California Cities (as presented in the League publication entitled *Article XIIIB Appropriations Limitation Uniform Guidelines*) were performed solely to assist the City of Culver City, California in meeting the requirements of Section 1.5 of Article XIIIB of the California Constitution. The City of Culver City is responsible for the calculation of the appropriations limit.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the 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 for any other purpose.

The procedures performed and the results of those procedures were as follows:

1. We obtained the worksheets referred to above 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.

   Results: No exceptions were noted as a result of our procedures.

2. We recalculated the mathematical computations reflected in the City worksheets.

   Results: No exceptions were noted as a result of our procedures.

3. We compared the current year information used to determine the current year limit and found that it agreed to worksheets prepared by the City and to information provided by the State Department of Finance.

   Results: No exceptions were noted as a result of our procedures.

4. We compared the amount of the prior year appropriations limit presented in the worksheets to the amount adopted by the City Council for the prior year.

   Results: No exceptions were noted as a result of our procedures.

The Honorable Mayor and City Council
City of Culver City, California
Page Two

We were not engaged to, and did not perform, an examination, the objective of which would be the expression of an opinion on the worksheets referred to above. 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 the League publication entitled *Article XIIIB Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the City of Culver City, California and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their own purpose. However, this report is a matter of public record and its distribution is not limited.

Mayer Hoffman McCann P.C.

Irvine, California
December 7, 2010