



Culver CITY

COMPREHENSIVE ANNUAL FINANCIAL REPORT

1928...



**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

**CITY OF CULVER CITY,
CALIFORNIA**

**PREPARED BY THE
FINANCE DEPARTMENT**



2008

CITY OF CULVER CITY
 Comprehensive Annual Financial Report
 Year ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION:</u>	
Letter of Transmittal	V
List of Principal Officials	XVII
Organizational Chart	XVIII
GFOA Certificate	XIX
<u>FINANCIAL SECTION:</u>	
Independent Auditors' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
• Statement of Net Assets	19
• Statement of Activities	20
Fund Financial Statements:	
Governmental Funds:	
• Balance Sheet	24
• Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	26
• Statement of Revenues, Expenditures and Changes in Fund Balance	28
• Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	30
Proprietary Funds:	
• Statement of Net Assets	32
• Statement of Revenues, Expenses and Changes in Fund Net Assets	33
• Statement of Cash Flows	34

CITY OF CULVER CITY
Comprehensive Annual Financial Report
Year ended June 30, 2008

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
Notes to the Basic Financial Statements	37
Required Supplementary Information:	
Notes to the Required Supplementary Information	77
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
• General Fund	78
• RDA Low/Mod Housing Special Revenue Fund	79
Supplementary Schedules:	
Non-Major Governmental Funds:	
• Combining Balance Sheet	81
• Combining Statement of Revenues, Expenditures and Changes In Fund Balances	82
Non-Major Special Revenue Funds:	
• Combining Balance Sheet	84
• Combining Statement of Revenues, Expenditures and Changes In Fund Balances	86
Non-Major Special Revenue Fund Budgetary Comparison Schedules:	
• Gas Tax Special Revenue Fund	88
• Proposition A Local Return Special Revenue Fund	89
• Proposition C Local Return Special Revenue Fund	90
• Operating Grants Special Revenue Fund	91
• Section 8 Housing Special Revenue Fund	92
• Art in Public Places Special Revenue Fund	93
• Community Development Special Revenue Fund	94

CITY OF CULVER CITY
Comprehensive Annual Financial Report
Year ended June 30, 2008

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
• CDBG Special Revenue Fund	95
• Landscape Maintenance Special Revenue Fund	96
• Park Facilities Special Revenue Fund	97
• Asset Seizure Special Revenue Funds	98
Major Debt Service Fund Budgetary Comparison Schedule:	
• Redevelopment Agency Debt Service Fund	100
Non-Major Capital Projects Funds:	
• Combining Balance Sheet	102
• Combining Statement of Revenues, Expenditures and Changes In Fund Balances	103
Major and Non-Major Capital Projects Fund Budgetary Comparison Schedules:	
• Capital Improvement and Acquisition Capital Projects Fund	104
• Redevelopment Agency Capital Projects Fund	105
• Building Surcharge Capital Projects Fund	106
• Parking Improvement Capital Projects Fund	107
• Capital Grants Capital Projects Fund	108
• CDBG Capital Projects Fund	109
Internal Service Funds:	
• Combining Statement of Net Assets	112
• Combining Statement of Revenues, Expenses and Changes in Net Assets	113

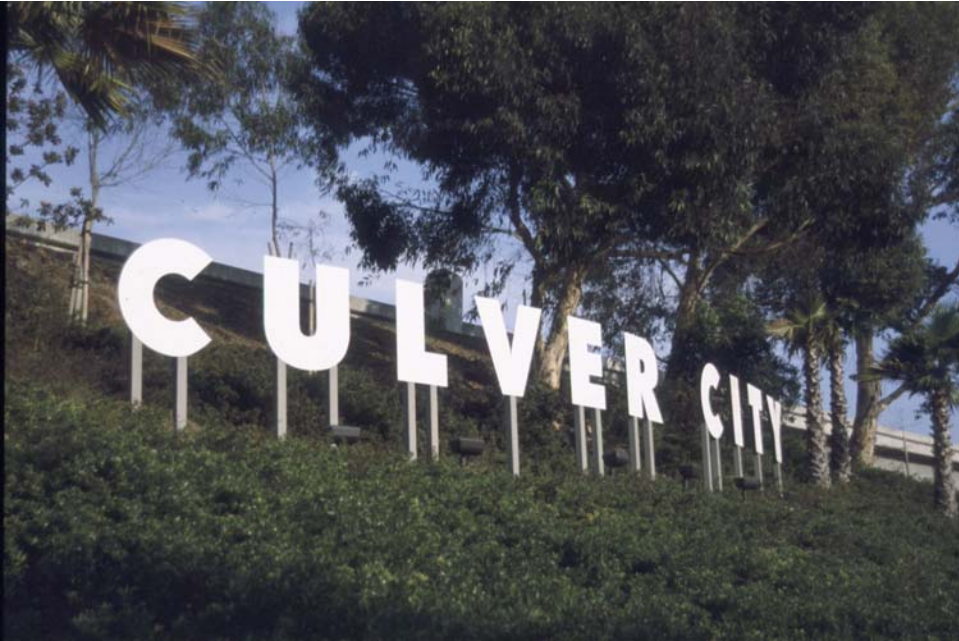
- Combining Statement of Cash Flows 114

CITY OF CULVER CITY
Comprehensive Annual Financial Report
Year ended June 30, 2008

TABLE OF CONTENTS, (CONTINUED)

	<u>Page</u>
<u>STATISTICAL SECTION:</u>	
• Net Assets by Component – Last Four Fiscal Years	119
• Changes in Net Assets – Last Four Fiscal Years	120
• Program Revenues by Function/Program – Last Four Fiscal Years	122
• Fund Balances of Governmental Funds – Last Four Fiscal Years	123
• Changes in Fund Balances of Governmental Funds – Last Four Fiscal Years	124
• Tax Revenues by Source	125
• Assessed Value and Estimated Actual Value of Taxable Property – Last Six Fiscal Years	126
• Direct and Overlapping Property Tax Rates – Last Four Fiscal Years	127
• Principal Property Taxpayers – Current Year and Nine Years Ago	128
• Property Tax Levies and Collections – Last Ten Fiscal Years	129
• Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	130
• Direct and Overlapping Governmental Activities Debt	131
• Legal Debt Margin Information – Last Ten Fiscal Years	132
• Pledged-Revenue Coverage – Last Ten Fiscal Years	133
• Demographic and Economic Statistics – Last Ten Calendar Years	134
• Principal Employers – Current Year	135
• Full-time Equivalent City Governmental Employees by Function – Last Ten Fiscal Years	136
• Operating Indicators by Function – Last Ten Fiscal Years	137
• Capital Asset Statistics by Function – Last Ten Fiscal Years	138

Introductory Section





December 15, 2008

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, 2008. 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, 2008, 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, 2008, 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. Effective July 1, 2006, the City Charter was changed from a Chief Administrative Officer to a City Manager reporting to a Mayor/City Council form of government. The elected City Treasurer, whose staff was responsible for accounting and financial reporting functions of the City, and the elected City Clerk, remained in office until their respective terms ended in April 2008. In December 2007, the City Manager appointed the City's first Chief Financial Officer, to initiate the transition. Starting April 9, 2008, the Chief Financial Officer oversees the Finance Department and is responsible for monitoring the fiscal health of the City as well as the accounting and financial reporting, budgeting, purchasing and revenue functions of the City.

Culver City is a full-service City, serving a daytime population estimated at in excess of 250,000 and a nighttime population of 41,000. 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 by City Council. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuring 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.

History of Culver City

Native Americans of Shoshonean origin 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.

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 Mall and Sony Pictures Entertainment occupy a traditional niche as large institutional property owners, sales tax producers and employers.

In this last fiscal year, construction began on the expansion and remodel of the Westfield Fox Hills Mall. The expansion and remodel, which is scheduled to be completed in October 2009, will add approximately 165,000 square feet of retail space and give the Mall a much needed face lift. Additionally, Sony Pictures is nearing completion of its "Green" Studio Lot Project, a new 220,000 square foot environmentally-sound office complex at its worldwide headquarters.

A major downtown street realignment of Washington Boulevard was completed during the fiscal year to accommodate construction of a mixed use office/retail project and improvements to the adjacent Town Plaza area. This mixed use project will provide much needed office space for production companies to support and maintain our strong studio presence in addition to providing expanded retail areas for the community and the expansion of Town Plaza to create a larger community events area. This project was scheduled to break ground early in fiscal year 2008-09. However, due to the national credit crisis, the developer has been delayed in securing construction financing. Despite the delays, the developer and community remain committed to the project and are hopeful that the developer will be able to secure construction financing and break ground by the end of fiscal year 2008-09. Other developments in the City are experiencing similar challenges in securing construction financing. Consequently, receipts from many of the development related revenues that the City is expecting will be delayed until the credit markets turn around and development resumes.

Land preparation work has commenced 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, with construction completion expected in late 2010 or early 2011. The City has received preliminary approval for funding for an elevated train station from the Expo Authority Board. 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 few years.

The City's financial health continues to be adversely impacted by local, state, national, and international economic conditions, which continue to worsen. As of December 2008, a national recession has officially been declared by the National Bureau of Economic Research, the housing

market is still slumping, credit markets continue to be very tight despite the federal funds rate cut to a historical low of 0.25%, unemployment continues to increase, and federal government bailout requests have extended beyond the financial services industry as urgent requests have come from the auto industry and state governments. All of this has had a devastating impact on consumer wealth and confidence, which has resulted in a drastic reduction in consumer spending over the last few months.

Additionally, California's governor, with the concurrence of the Legislative Analyst's Office, projects the state budget deficit over the next two years to be in excess of \$40 billion. The dire long range budgetary problems of the State have caused uncertainty in terms of local programs and revenue streams. In 2004, California voters approved two constitutional amendments (Propositions 58 and 1A) that will improve the financial stability for local governments, except in cases of a fiscal emergency.

Proposition 58 requires the State to enact a balanced budget and establish a budget reserve. It also restricts the State's ability to borrow funds for budget deficits. Under Proposition 1A, the State cannot reduce local sales tax, alter the method of the sales tax allocation, or decrease local vehicle license fee (VLF) revenue without replacement funding. Starting in 2006-07, the State can only shift local property tax to schools in an emergency by a vote of two-thirds of both houses of the Legislature and with the approval of the Governor. Repayment to the Cities would have to be made within three years. Due to a projected State budget deficit of about \$15 billion in the current fiscal year, the Governor called the legislature back into session in late November. As of mid-December, no proposals to close the gap have been seriously considered.

Major Initiatives and Improvements for Fiscal Year 2008-09

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. Following is a sample of major work programs and community reinvestment projects that received funding in fiscal year 2008-09 adopted budget:

1. Community Service Improvements
 - a. Complete implementation of the new Computer Aided Dispatch and Records Management systems to improve public safety response time and efficiency;
 - b. Complete the National Accreditation Process by the Fire Department;
 - c. Implement City Council approved Animal Control Pilot Program;
 - d. Complete the Parks and Recreation Master Plan; and
 - e. Begin a comprehensive update to the City's General Plan;
2. Community Reinvestment
 - a. Complete construction on the new Fire Station #3 and put into service;
 - 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. Complete the annual update of the Comprehensive Financial Master Plan long range financial forecast;
 - b. Improve workers' compensation program by reviewing and enhancing the City's wellness and safety programs;
 - c. Continue to review organizational efficiency and develop a succession planning program; and
 - d. Replace aging telephone system.

All of the City's operations, including the community service improvements, community reinvestment, and internal operational improvements identified above, are funded by various

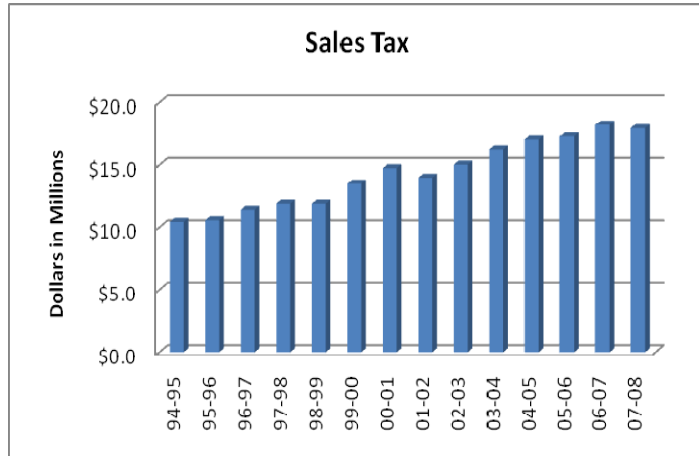
taxes, fees and fines levied on consumers, residents, businesses, and developers operating within the City. A brief historical discussion of the City's major revenues is contained in the following section.

Revenues

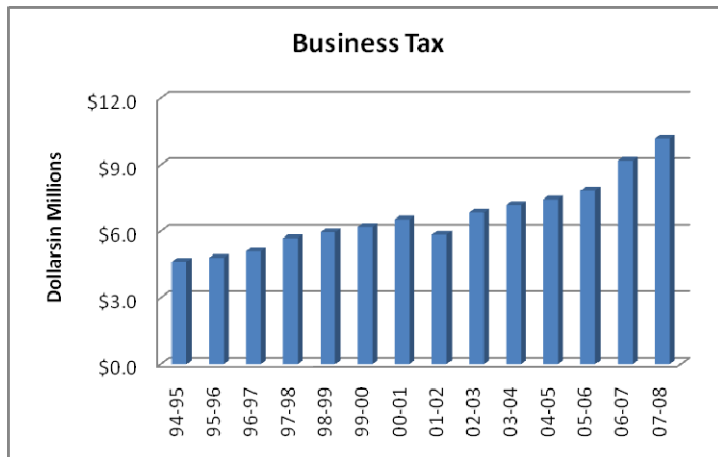
Major sources of General Fund revenue for the City include Sales Tax, Business Tax, Utility User Tax (UUT), Property Tax and Transient Occupancy Tax (TOT).

Sales Tax

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 has caused sales tax receipts to decline in fiscal 2007-08.



Sales tax revenues were \$17.9 million in fiscal year 2007-08, which was a 1.7% decrease from fiscal year 2006-07 results. The budget for fiscal 2007-08 was adjusted down at mid-year to reflect a more realistic projection for the year. Even with the adjustment, actual receipts did not hit the target amount and were off about 2.2%. The budget for fiscal 2008-09 was conservatively forecast, but with current economic conditions worsening the City will be forced to do a mid-year adjustment reducing the year-end projection.



Business Tax

Business Tax accounts for approximately 13% to 15% 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 five 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

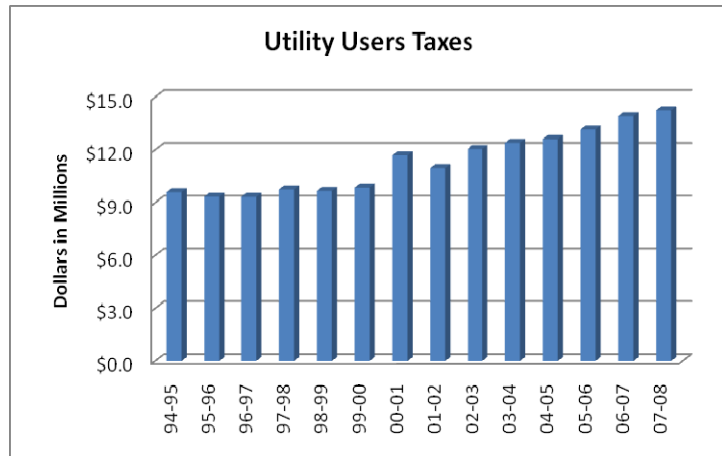
portions of business tax revenues are based on gross receipts, we can see how downward trends in the economy impact city revenues.

Fiscal year 2007-08 Business Tax receipts, including penalties, were \$10.2 million, a 10.9% increase over fiscal year 2006-07 results. The strict oversight of ensuring all vendors the City issues contracts with have business licenses has enabled the City to collect further receipts due it

in a timely manner. In fiscal 2008-09 the City will be conducting a more in-depth Business Tax Audit, and is confident a further significant amount of un-collected revenue from non-compliant businesses will be captured from this endeavor.

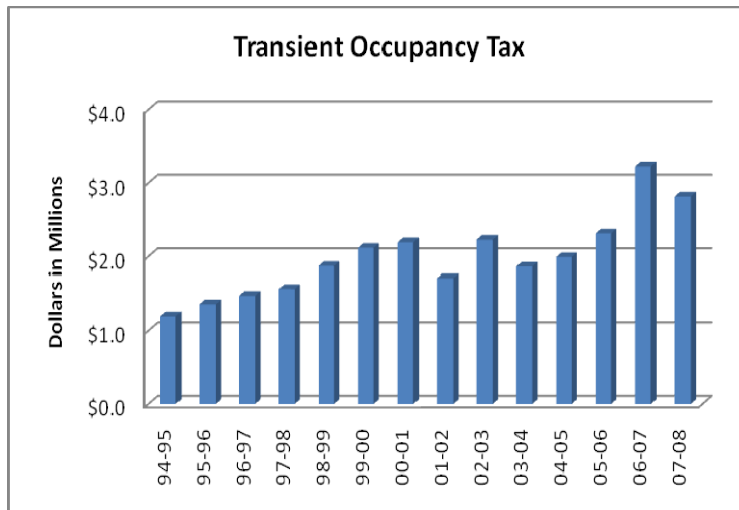
Utility User Tax

Utility User Tax receipts make up approximately 17% 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, 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 2007-08 are \$14.25 million, which is a 2.5% increase over fiscal year 2006-07. The fiscal 2008-09 budget allows for modest increases on average of 1.5%. As the economy recovers, UUT revenues is expected to return to a normal annual average increase of 3.0%.

In the April 2008 election, the community voted overwhelmingly (77% yes) in support of a modernized UUT ordinance at the existing rate of 11%. This was a very important action as the modernized ordinance includes updated language and definitions that protect the City from potential lawsuits to repeal portions of the tax.



Transient Occupancy Tax

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

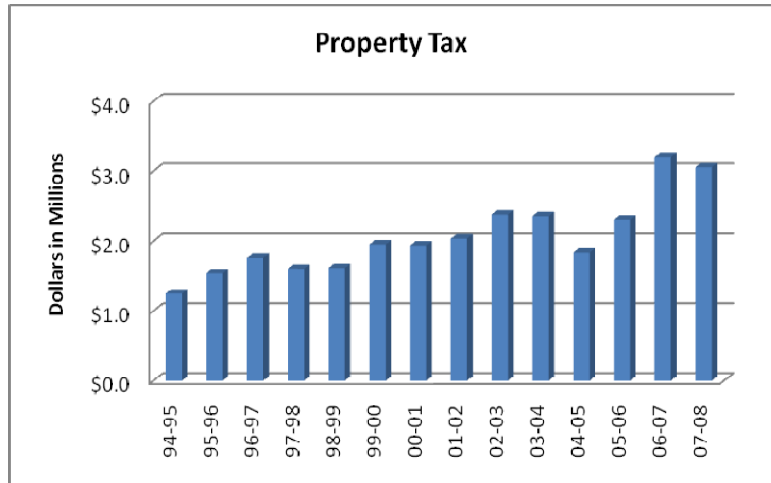
revenues. The spike in fiscal year 2006-07 was the result of a payment for back owed taxes due to a bankruptcy settlement.

Fiscal year 2007-08 TOT revenues were \$2.8 million, and exceeded the prior year by over 10%. Early predictions showed receipts lagging behind, which was mostly attributable to two major hotels being closed for portions of the year for renovations. Both became fully operational during the mid-year and receipts picked up helping end the year strong.

Fiscal year 2008-09 receipts were budgeted conservatively, but it is estimated that adopted projections will not be met. Vacancy rates have increased significantly the past several months, and reports indicate this will continue through at least the first half of 2009. Airport travel through LAX is down, and in general people are not traveling as they were the past several years.

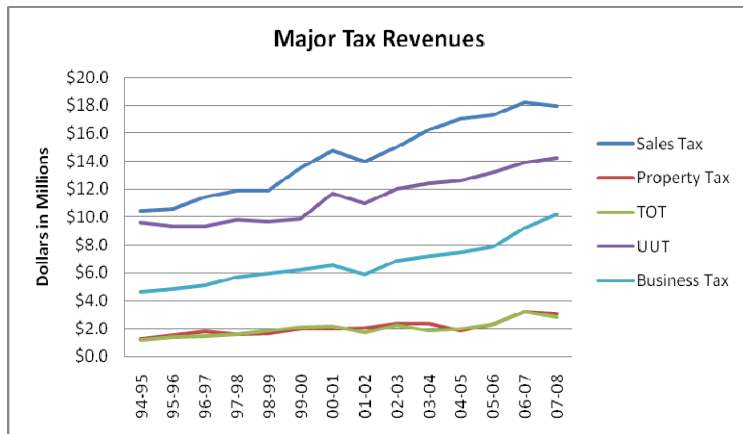
Property Tax

Culver City is a “low property tax” city and only receives 10.5% of the 1% property tax rate paid by property owners, which equates to only about 3.5% to 4.5% of General Fund revenues, on average. Fortunately, Culver City has not seen a significant drop in this category the last few years, and has not experienced the severe mortgage and foreclosure meltdowns felt by other locales. Culver City’s



property tax revenue has grown relatively consistently over the past five years, averaging an annual growth rate of approximately 8%. It is clear, though, that 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 2007-08 at \$3.1 million, which is 3.3% ahead of fiscal year 2006-07. This low growth shows the beginning of the small increases the City is projecting over the next several fiscal year in this category.



Total Tax Revenues

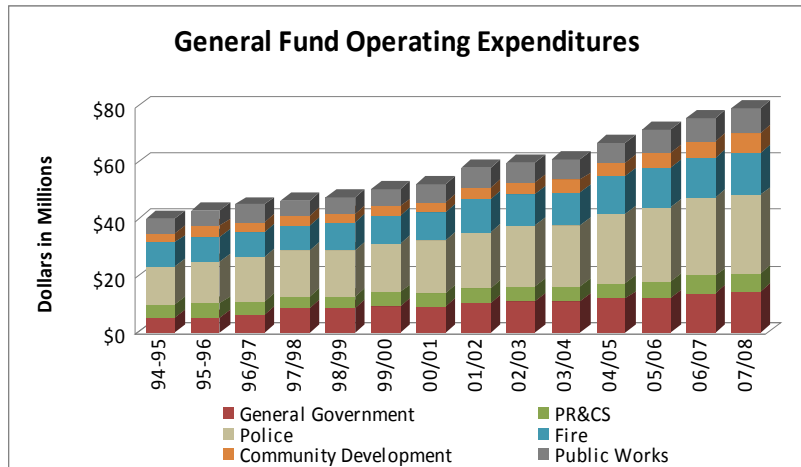
From the chart, it is clear to see a correlation between these taxes as the years move forward. The terrorist events of September 2001 are clearly indicated in the sharp decline of four of the taxes, with only property taxes remaining relatively steady. All four of these taxes rebounded in fiscal 2002-03 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.

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.



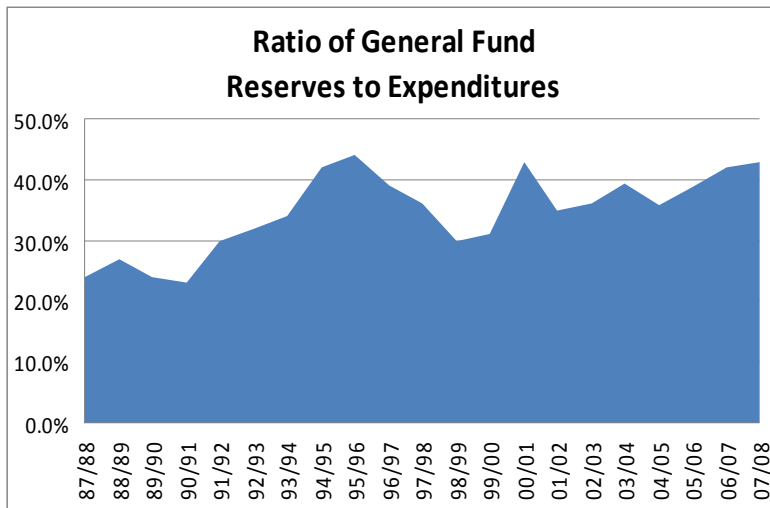
In Fiscal 2003-04, several positions were eliminated from the entire City budget, with 19.5 positions

being from the General Fund. Major increases in CalPERS retirement costs for public safety, stagnant revenues, rising costs, and state takeover 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.

The City adopted a balanced budget for fiscal 2008-09, but is expecting to make mid-year adjustments based on current economic activity. Other funds, such as the Transportation Fund and Refuse Fund are also anticipated to have mid-year adjustments due to State action and effects of the economy, respectively.

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 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. This Plan is updated annually to ensure that the most current economic data is included in the forecast.

Cash management policies and practices. Under the direction of the elected City Treasurer and subsequently 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 4.185% 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.

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. Additionally, through the ICRMA, the City was able to secure a two year pricing structure for excess insurance rates, which will ultimately save the City money.

Employee Health and Retirement Benefits. The cost of health insurance continues to climb and is expected to increase steadily in the future. This year's retirement costs remained relatively stable based on actuarial requirements associated with the downturn in investment returns realized by CALPERS in 2000. CALPERS' actuarial rates are based on experience and earnings set two years prior to the fiscal year so any increase or decrease in market returns is not reflected immediately. CALPERS has also implemented a smoothing effect policy in order to help negate significant swings in costs. However, due to significant losses in CALPERS investments resulting from the turmoil in the financial markets, it is anticipated that there will be an increase in retirement costs as CALPERS attempts to recover some of those losses through increased member contributions.

Pension and Other Post-employment Benefits. 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. Similar to employee health and retirement benefits, it is anticipated that there will be an increase in retirement costs as CALPERS attempts to recover some of those losses through increased member contributions.

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 tighten the requirements for vesting for these benefits, and 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, 2008, the City was providing benefits to 454 participants.

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, 2007. This was the twenty-third 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, Nagam Rao, Treasury Division Manager, Accounting Division

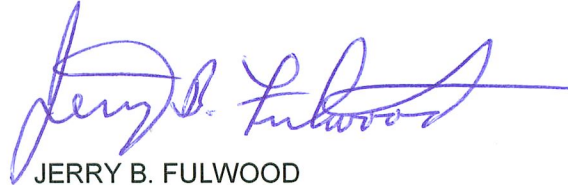
staff and special consultant Shally Lin. This has been a year of transition in the Finance Department, and this report was only possible through perseverance and teamwork.

In closing, without the leadership and guidance of the City Council, and in particular the service of Councilmembers Scott Malsin and Christopher Armenta, the members of the Audit & Financial Planning Committee, the preparation of this report, as well as the favorable financial results of the past year, would not have been possible.

Respectfully,



JEFF S. MUIR
Chief Financial Officer



JERRY B. FULWOOD
City Manager

CITY OF CULVER CITY

June 30, 2008

CITY OFFICIALS

Elected Officials

Mayor

D. Scott Malsin

Vice Mayor

Gary Silbiger

Members of the City Council

Christopher Armenta

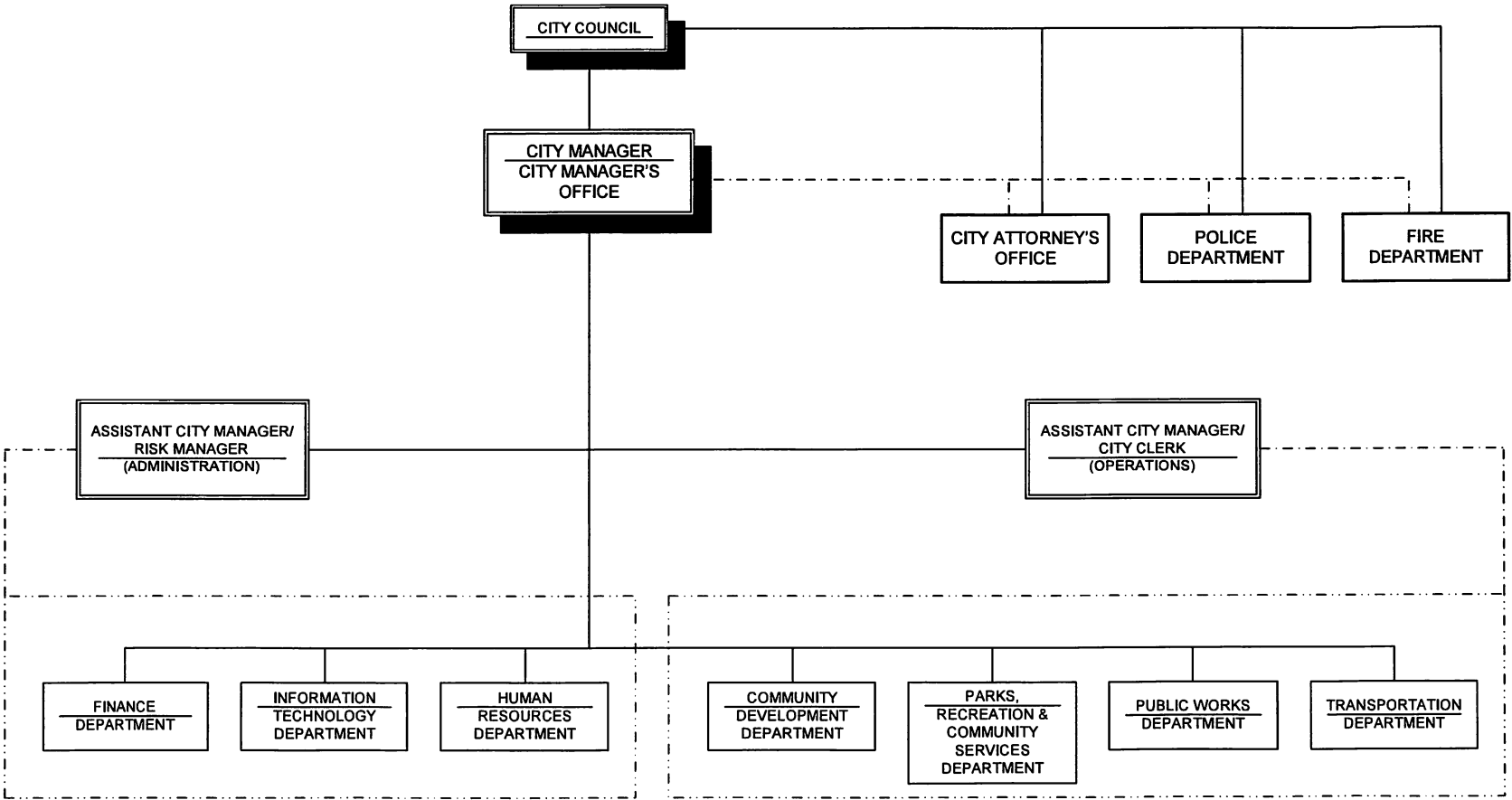
Micheál O'Leary

Andrew Weissman

Administrative Officials

Jerry Fulwood	City Manager
Marlee Chang	Assistant City Manager
Martin Cole	Assistant City Manager
Sol Blumenfeld	Community Redevelopment Director
Jeff Eastman	Fire Chief
Charles Herbertson	Public Works Director
Art Ida	Transportation Director
William LaPointe	Parks, Recreation & Community Services Director
Jeff Muir	Chief Financial Officer
Donald Pederson	Police Chief
John Richo	Information Technology Director
Carol Schwab	City Attorney
Serena Wright	Human Resources Director

**CULVER CITY OVERVIEW ORGANIZATIONAL CHART
FISCAL YEAR 2007-2008**



IIIAX

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, 2007

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

(This page intentionally left blank)

Financial Section



Independent Auditor's Report



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, 2008, 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.

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, 2008, 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 15, 2008 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.

A handwritten signature in black ink that reads "Mayer Hoffman McCorn P.C." in a cursive style.

Irvine, California
December 15, 2008

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, 2008. 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 \$187.9 million. Of this amount, \$50.3 million in unrestricted net assets may be used to meet the City's ongoing obligations.
- City total net assets increased by \$22 million during the current fiscal year, indicating a strengthened financial condition with revenues of \$166 million and expenses of \$144 million. In the prior year, revenues of \$166 million exceeded expenses of \$143 million by \$23 million.
- Significant changes in the City financial position include an increase in unrestricted cash and investments of \$1 million, an increase in capital assets (not depreciated) of \$3 million, an increase in other capital assets, net, of \$6 million, an increase in land held for resale of \$4 million and a decrease in accounts payable of \$1 million. These items contributed the most to the increase in net assets of \$22 million.
- Bonded indebtedness and other long-term liabilities were increased by \$14.4 million during the year to a total of \$223.2 million.
- At the close of the year, the City's governmental funds had combined balances of \$162.7 million, an increase of \$11 million from the prior year. Of the combined totals, \$93.5 million or approximately 57.5% of total fund balances are unreserved and available for spending at the City's discretion.
- The Culver City Redevelopment Agency had unreserved year-end fund balances of \$17 million, or 19.6% of total governmental fund balances.
- The year-end unreserved General Fund balance was \$25.3 million or 34.3% 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 32% of General Fund revenues of \$79.1 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 19 through 21 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 21 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.

City of Culver City
Management's Discussion and Analysis (Continued)

Data from the other 16 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
- Innovation fund

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 32 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 37 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. *Required Supplementary Information* can be found on page 77 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 81 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 \$187.9 million at the close of the most recent fiscal year.

Net Assets at June 30, 2008, 2007



	Invested in Capital Assets, Net of Related Debt	Unrestricted	Restricted	Total
2007	-11.3	67.9	109.3	165.9
2008	23.8	50.3	113.8	187.9

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.

City of Culver City
Management's Discussion and Analysis (Continued)

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, 2008 and 2007
(In Thousands)**

	Governmental		Primary Government		Total	
	Activities		Business-type			
	2008	2007	2008	2007	2008	2007
Assets:						
Current assets	\$ 197,760	\$ 194,150	\$ 32,896	\$ 30,787	\$ 230,656	\$ 224,937
Capital assets, net of depreciation	133,335	127,456	67,590	64,337	200,925	191,793
Total Assets	331,095	321,606	100,486	95,124	431,581	416,730
Liabilities:						
Current and other liabilities	18,629	48,046	1,882	3,947	20,511	51,993
Noncurrent liabilities	196,062	171,777	27,093	27,053	223,155	198,830
Total Liabilities	214,691	219,823	28,975	31,000	243,666	250,823
Net Assets:						
Invested in capital assets, net of related debt	(17,431)	(48,144)	41,280	36,821	23,849	(11,323)
Restricted	113,784	109,336	-	-	113,784	109,336
Unrestricted	20,051	40,591	30,231	27,303	50,282	67,894
Total Net Assets	\$ 116,404	\$ 101,783	\$ 71,511	\$ 64,124	\$ 187,915	\$ 165,907

Analysis of City Operations - Overall, the City's net assets rose by \$22 million during the current fiscal year. This increase was primarily due to increases in land held for resale of \$4 million, capital assets (not depreciated) of \$3 million and other capital assets, net, of \$6 million. Accounts payable declined \$1 million. Land held for resale is included in current assets.

City of Culver City
Management's Discussion and Analysis (Continued)

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, 2008 and 2007
(In Thousands)**

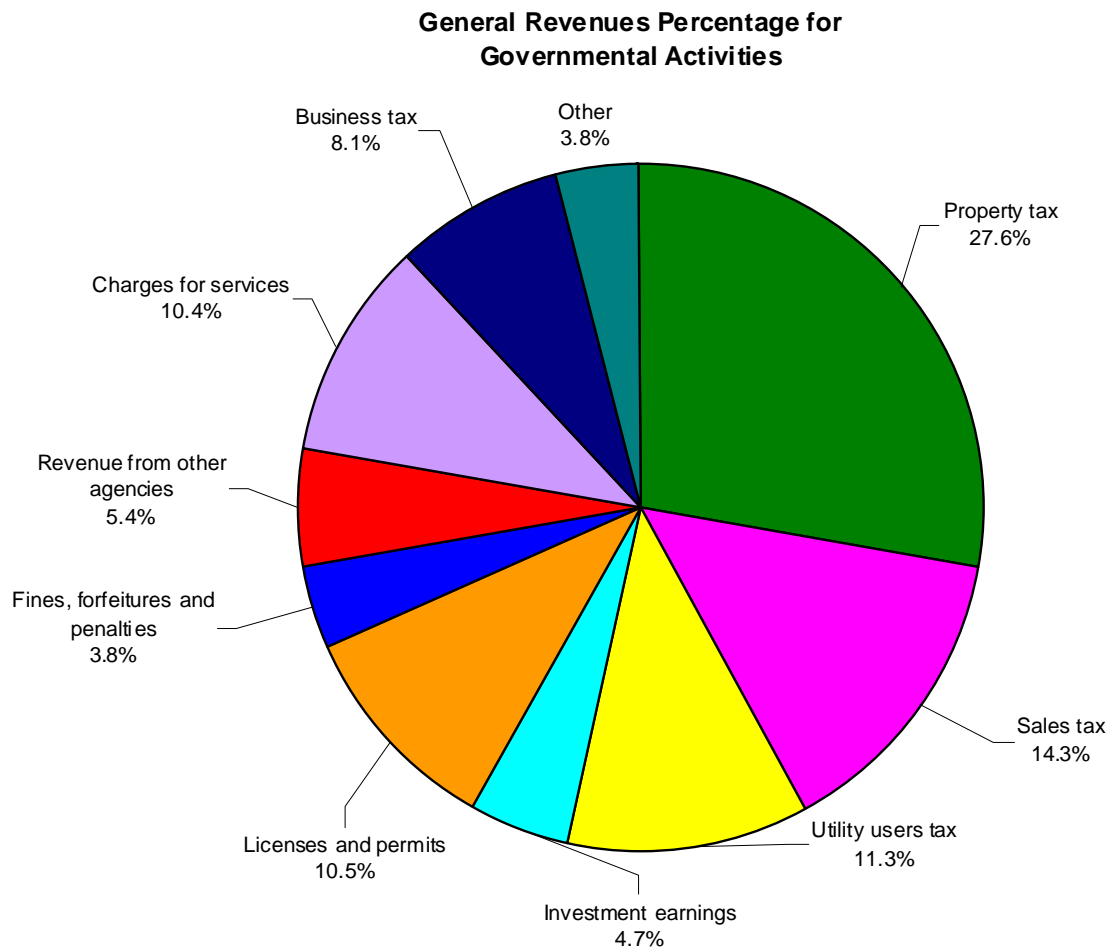
	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$31,685	\$22,308	\$22,977	\$21,077	\$54,662	\$43,385
Operating contributions and grants	6,714	6,117	15,495	14,232	22,209	20,349
Capital contributions and grants	2,025	1,374	-	-	2,025	1,374
Taxes	75,263	83,660	-	-	75,263	83,660
Investment Earnings	6,585	13,594	1,259	1,378	7,844	14,972
Other	3,093	1,661	388	266	3,481	1,927
Excess/deficiency before transfers	\$125,365	\$128,714	\$40,119	\$36,953	\$165,484	\$165,667
Transfers	(511)	(699)	511	699	-	-
Total revenues	<u>\$124,854</u>	<u>\$128,015</u>	<u>\$40,630</u>	<u>\$37,652</u>	<u>\$165,484</u>	<u>\$165,667</u>
Expenses:						
General government	12,044	15,815	-	-	12,044	15,815
Parks, recreation and community services	6,330	8,237	-	-	6,330	8,237
Police	28,700	26,901	-	-	28,700	26,901
Fire	15,479	14,641	-	-	15,479	14,641
Community development	20,974	25,044	-	-	20,974	25,044
Public Works	14,901	9,154	-	-	14,901	9,154
Transportation	-	-	-	-	-	-
Interest on long-term debt	8,908	8,721	-	-	8,908	8,721
Municipal bus lines	-	-	10,632	16,889	10,632	16,889
Refuse	-	-	17,978	9,610	17,978	9,610
Sewer	-	-	7,658	8,027	7,658	8,027
Total expenses	<u>107,336</u>	<u>108,513</u>	<u>36,268</u>	<u>34,526</u>	<u>143,604</u>	<u>143,039</u>
Increase (decrease) in net assets	17,518	19,502	4,362	3,126	21,880	22,628
Net assets, July 1	<u>98,886</u>	<u>82,398</u>	<u>67,149</u>	<u>60,998</u>	<u>166,035</u>	<u>143,396</u>
Restatement of Net Assets	<u>-</u>	<u>(117)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(117)</u>
Net assets, June 30	<u>\$ 116,404</u>	<u>\$ 101,783</u>	<u>\$ 71,511</u>	<u>\$ 64,124</u>	<u>\$ 187,915</u>	<u>\$ 165,907</u>

Governmental Activities

Governmental activities increased the City's net assets by \$14.6 million thereby accounting for 66.4% of the total increase in the net assets of the City. Key elements of this increase are as follows:

- At the government-wide level, total revenues for governmental activities decreased by \$3.0 million. These decreases included \$7.0 million in investment earnings, \$5.4 million in taxes, and \$6.2 million in charges for services. These decreases were offset by an increase in licenses and permits of \$9.4 million.

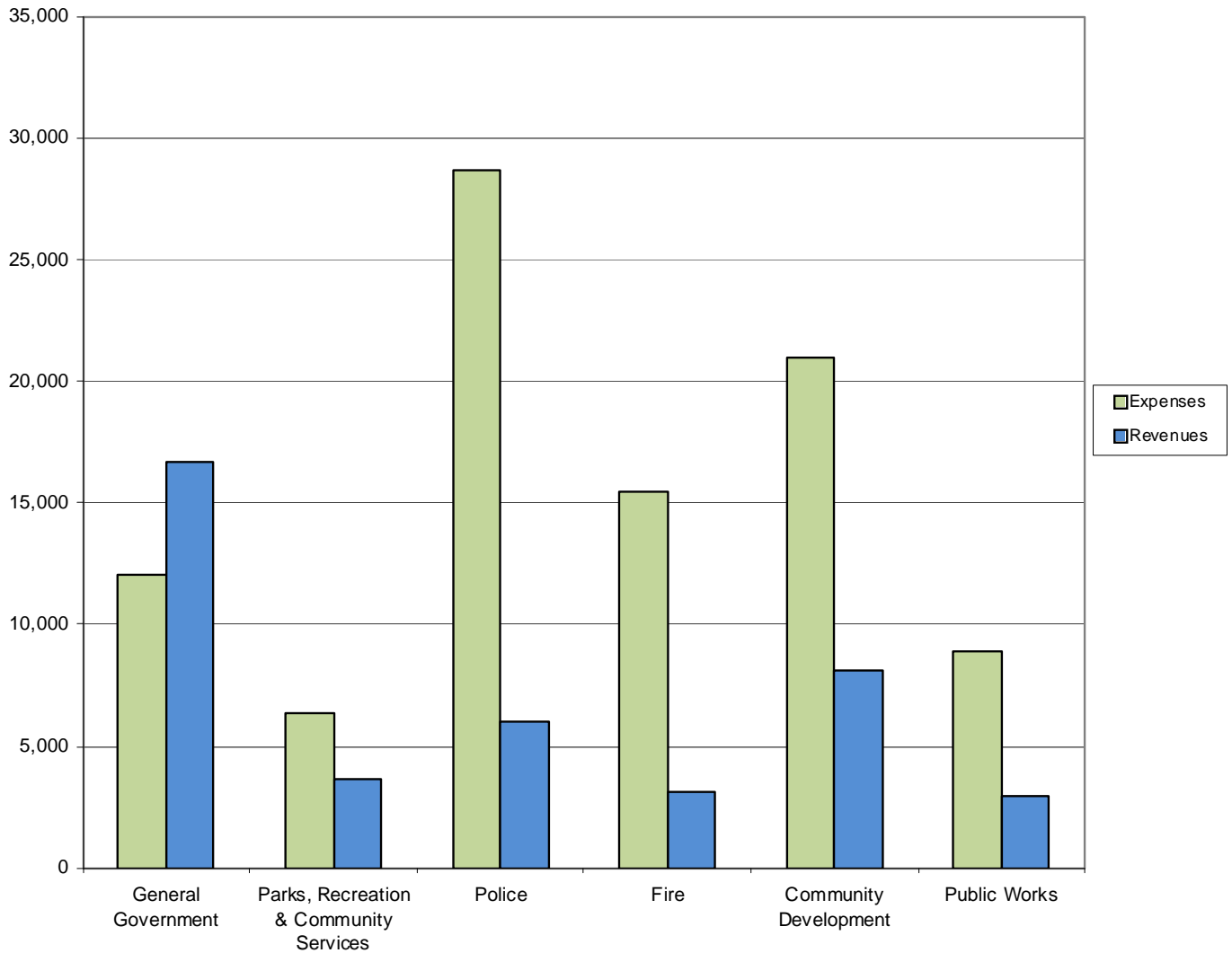
The percentage amount of general revenues for governmental activities, by source, is illustrated in the following chart:



- At the fund level, total governmental expenditures decreased by \$1.3 million. This decrease consisted primarily of a \$4.8 million decrease in general government expenditures, a \$1.4 million decrease in parks, recreation and community services and a \$6.7 decrease in community development offset by a \$1.1 million increase in public safety and a \$4.5 million increase in public works.

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:

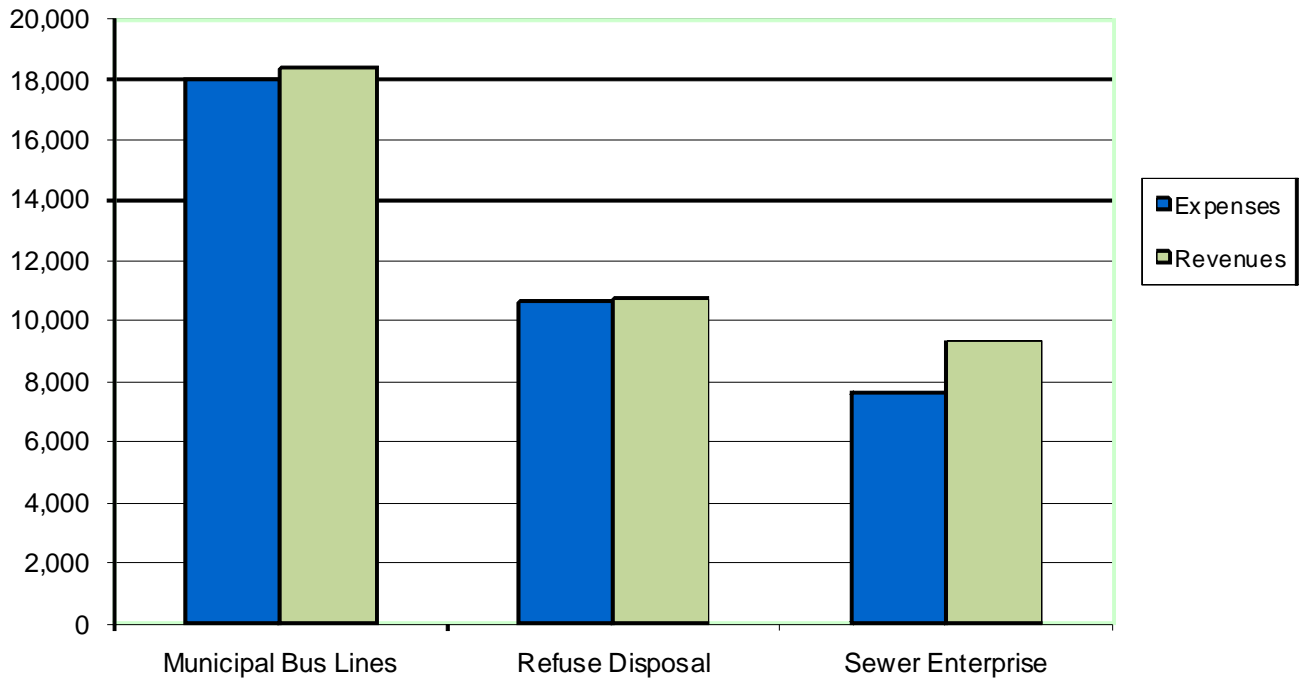
Expenses and Program Revenue
Governmental Activities
June 30, 2008
(in thousands)



Business-type Activities

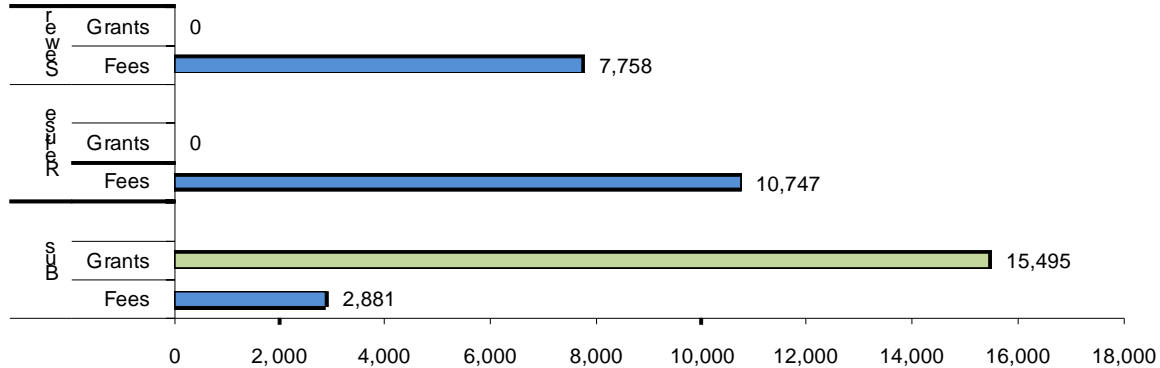
Business-type activities increased the City's net assets by \$7.4 million accounting for 33.6% of the increase in growth in the City's net assets, indicating that business-type activities had revenues sufficient to cover operations. Key elements of this increase are as follows:

Expenses and Program Revenues - Business-Type Activities
June 30, 2008
(in thousands)



Enterprise fund grant and fee (charges for service) revenues rose \$1.9 million due primarily to increases in sewer user fees of \$1.6 million. Fee revenues were up 1% from the prior year. The percentage of revenues by source is provided in the following table:

**Revenues by Source
 Business-type
 June 30, 2008
 (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 \$162.7 million. Approximately 57.5% of fund balances or \$93.5 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 \$69.2 million and are composed of the following:

- 1) Land held for resale of \$55.5 million primarily in redevelopment project areas.
- 2) Supplier contracts and purchase orders committed, or encumbrances, of \$6.5 million.
- 3) Long-term notes receivable from local businesses and homeowners of \$3.2 million.
- 4) Other reservations of \$12.5 million, including advances for enterprise activities and Section 8 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 \$25.3 million, a decrease of \$6.5 million. The total General Fund balance was \$41.2 million, up from \$38.9 million.

City of Culver City
Management's Discussion and Analysis (Continued)

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 \$25.3 million is 34% of total General Fund expenditures of \$73.8 million down from 42% the prior year. The total fund balance of \$32.2 million is 44% of expenditures, down from 51% last year.

The fund balance of the City's governmental funds increased from \$151.6 million to \$162.7 million during the year, or \$11.1 million. In the prior year, the governmental funds increased \$12.5 million. The current year's improvement in the fund balance was due to the following:

- Governmental fund revenues decreased \$4.8 million primarily due to lower investment returns of \$7.1 million, offset by higher property and other taxes of \$5.5 million which included one-time revenue for building and plan check fees associated with two very large construction projects in the City.
- Total expenditures decreased by \$1.3 million. This was primarily due to the \$1.9 million decrease in general fund spending as a result of vacancy savings. Expenditures increased in parks, recreation and community services by \$1.4 million, fire by \$1 million, public works by \$4.5 million and community development by \$1.3 million.
- General government decreased by \$4.7 million due to a different presentation of information in the statement of revenues, expenditures and changes to fund balances – governmental funds which shows pass-through payments as a separate line item of \$3.3 million. The net change is a decrease of \$1.5 million.

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 \$16.6 million, while the total fund balance was \$66.9 million. Reservations of the fund balance consist primarily of land held for resale of \$45.5 million. The unreserved fund balance is 103.5% of total capital projects fund expenditures of \$16.1 million. The total fund balance is 4.2 times as large as fund expenditures due to the relatively large land holdings.

The Redevelopment Agency Capital Projects Fund increased by \$1.6 million primarily due to higher tax increment revenues of \$8.6 million. Other significant fund transactions lower investment returns and higher transfers to the Agency Debt Service Fund for debt refunding.

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, 2008, the unrestricted net assets of the enterprise funds totaled \$30.2 million up from \$27.3 million last year for a \$2.9 million increase. 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 \$8 million, while total net assets were \$33.1 million. The unrestricted net assets were 45.5% of total Municipal Bus Lines Fund expenses of \$17.7 million, while total net assets were 187% of that same amount. Total net assets improved by \$1.5 million due to transfers from the General Fund of \$0.8 million and grants and other non-operating revenue of \$15.7 million exceeding the operating loss of \$14.8 million.

The Refuse Disposal Fund contains the City's refuse collection and disposal enterprise. At year-end, the unrestricted net assets and total net assets had deficits of \$2.3 million and \$0.8 million, respectively. The unrestricted net assets represent deficits of 21% and 0.7% of Refuse Collection and Disposal Fund

City of Culver City
Management's Discussion and Analysis (Continued)

expenses of \$10.4 million. The net increase in the total fund balance for the year was \$0.1 million due to increased operating income.

The Sewer Fund holds the City's sewer system enterprise. At the end of the fiscal year, the unrestricted net assets were \$24.5 million, while total net assets were \$38.4 million. The unrestricted net assets and total net assets were 3.8 and 6 times as large as Sewer Fund expenses of \$6.4 million.

The net assets of the Sewer Fund increased by \$2.7 million during the fiscal year, with operating revenue of \$9.3 million and net interest expense of \$1.3 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, 2008, unrestricted net assets of the internal service funds had a deficit of \$6.7 million, a decrease of \$4.2 million from the past year deficit of \$2.5 million. This was primarily due to an increase in estimated claims and judgments of \$1.5 million and an increase in accounts payable for \$0.7 million which includes the resolution and final reimbursement of a 2005 matter for hillside slope failures involving several homes.

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 two year planning 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. During the course of the year, the City Council amended the originally adopted budget to reappropriate 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 \$3.6 million due to higher than anticipated revenues of \$3.5 million and lower than expected charges of \$0.5 million. The largest revenue variances were higher property and other tax revenues of \$2.9 million, licenses and permits of \$1.4 million and interest earnings of \$1 million.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities amounts to \$174 million net of accumulated depreciation as of June 30, 2008. 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.

City of Culver City
Management's Discussion and Analysis (Continued)

The increase in governmental activities capital assets reflects an increase in land held while the increase in business-type capital assets primarily reflects additions to construction in progress for various capital projects.

**The City of Culver City's Capital Assets, Net of Accumulated Depreciation
As of June 30, 2008 and 2007
(in thousands)**

	<u>Governmental Activities</u>		<u>Primary Government Business-type Activities</u>		<u>Total</u>	
	2008	2007	2008	2007	2008	2007
Land	\$ 18,538	\$ 18,538	\$ 1,681	\$ 1,681	\$ 20,219	\$ 20,219
Construction in Progress	7,201	1,004	-	3,215	7,201	4,219
Buildings	59,094	60,340	22,219	22,743	81,313	83,083
Improvements other than buildings	5,729	5,434	8,281	1,514	14,010	6,948
Equipment	11,271	10,891	10,359	9,215	21,630	20,106
Hyperion rights	-	-	16,303	16,987	16,303	16,987
Infrastructure	31,502	31,249	8,747	8,982	40,249	40,231
Total capital assets, net \$	\$ 133,335	\$ 127,456	\$ 67,590	\$ 64,337	\$ 200,925	\$ 191,793

Additional information on the City's capital assets can be found in Note 5 to the Basic Financial Statements on page 57 of this report.

Debt Administration

At the end of the current fiscal year, the City had long-term debt of \$223.2 million outstanding. This included bonded debt of \$183.6 million, including the current portion of \$6.6 million. The bonded debt amount consists of \$162.3 million in tax allocation bonds issued for redevelopment projects and payable from property tax increment revenues; and \$21.3 million issued for various wastewater projects and payable from sewer enterprise fund revenues.

Non-bonded outstanding debt includes certificates of participation of \$5.1 million for bus line projects, secured debts on Agency land of \$2.8 million, a loan used to construct the City senior center reimbursed by HUD funds through the County of Los Angeles of \$0.9 million and employee compensated absences of \$0.8 million. The net increase in long-term debt of \$14.4 million.

**The City of Culver City's Outstanding Long-Term Debt
 As of June 30, 2008 and 2007
 (in thousands)**

	Primary Government					
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2006
Revenue bonds	\$ 162,394	\$ 168,105	\$ 21,255	\$ 21,760	\$ 183,649	\$ 189,865
Certificates of participation	-	-	5,055	5,545	5,055	5,545
Developer loan payable	954	1,031	-	-	954	1,031
Real estate loan payable	1,550	1,550	-	-	1,550	1,550
Section 108 loans	940	1,075	-	-	940	1,075
Claims and judgments	21,327	19,875	-	-	21,327	19,875
Capital leases	-	311	-	211	-	522
Compensated absences	8,896	8,382	783	743	9,679	9,125
Total debt	\$ 196,061	\$ 200,329	\$ 27,093	\$ 28,259	\$ 223,154	\$ 228,588

Ratings on outstanding debt are provided below. The ratings below are from Moody's Investor Services, Standard and Poor's, and Fitch, Inc. Note that the insured rating is given rather than the underlying rating on insured issues.

The City's Debt Ratings

<u>Debt Description</u>	<u>S&P</u>	<u>Moody's</u>	<u>Fitch's</u>
1993 Revenue Bonds #1	Aaa	AAA	AAA
1993 Revenue Bonds #2	Aaa	AAA	AAA
1993 Revenue Bonds #3	Aaa	AAA	AAA
1999A Revenue Bonds	Aaa	AAA	AAA
2002 Tax Allocation Bonds	Aaa	AAA	AAA
2004 Tax Allocation Bonds	Aaa	AAA	AAA
2005 Tax Allocation Bonds	Aaa	AAA	AAA

Additional information on the City's long-term debt can be found in Note 7 of this report.

Economic Factors and Next Year's Budget

Revenues

The City adopted its FY 2008/09 budget projecting a \$4.4 million increase in General Fund revenues of approximately \$87 million, or 5.4%. The City adopted budget assumes fee and other revenue increases in line with inflation.

City of Culver City
Management's Discussion and Analysis (Continued)

Expenditures

The City's General Fund operating budget for FY 2008/09 reflects an increase of 5.8% in expenditures to approximately \$85.6 million, the majority of which represents increases in average salaries and related payroll tax and benefit costs.

Economic Factors

The Los Angeles area Consumer Price Index rose 1.0% for the year ended November 2008 largely due to higher fuel costs. The County of Los Angeles and State of California unemployment rates were 8.2% and 7.7%, respectively, as of November 2008.

In this coming fiscal year, the City's budget will continue to be impacted by the depth of the recession, the competition among cities for the same businesses and the slowing of development. Sales tax revenues are already showing signs of weakness and it is expected that this source of revenue will be very hard hit. Additionally, The City has implemented a hiring freeze and is cutting back on unnecessary 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.

(This page intentionally left blank)

Basic Financial Statements

GOVERNMENT -WIDE FINANCIAL STATEMENTS



CITY OF CULVER CITY
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and investments (note 2)	\$ 109,846,352	24,894,626	134,740,978
Cash and investment with fiscal agent (note 2)	13,688,360	2,663,818	16,352,178
Receivables:			
Accounts	2,781,636	511,851	3,293,487
Accrued interest	1,210,171	320,117	1,530,288
Notes (note 15)	3,224,674	-	3,224,674
Internal balances	1,762,528	(1,762,528)	-
Due from other governments	6,303,449	4,740,071	11,043,520
Inventories	783,452	-	783,452
Prepaid expenses	154,419	52,317	206,736
Unamortized debt issuance costs	1,391,544	1,475,070	2,866,614
Land held for resale	56,613,201	-	56,613,201
Capital assets (note 5):			
Capital assets not depreciated	25,738,962	1,680,970	27,419,932
Other capital assets, net	<u>107,596,020</u>	<u>65,909,271</u>	<u>173,505,291</u>
Total assets	<u>331,094,768</u>	<u>100,485,583</u>	<u>431,580,351</u>
Liabilities:			
Accounts payable	6,161,469	1,199,354	7,360,823
Accrued wages payable	894,262	130,685	1,024,947
Accrued interest payable	1,355,408	391,281	1,746,689
Deposits payable	8,157,201	68,782	8,225,983
Unearned revenue	273,993	91,202	365,195
Due to other governments	1,786,897	-	1,786,897
Noncurrent liabilities (notes 6 to 10):			
Due within one year	13,623,247	1,203,187	14,826,434
Due in more than one year	<u>182,438,204</u>	<u>25,890,230</u>	<u>208,328,434</u>
Total liabilities	<u>214,690,681</u>	<u>28,974,721</u>	<u>243,665,402</u>
Net assets:			
Invested in capital assets, net of related deb	(17,430,778)	41,280,241	23,849,463
Restricted for:			
Low mod housing	26,811,729	-	26,811,729
Public safety	1,098,898	-	1,098,898
Public works	4,071,364	-	4,071,364
Redevelopment agency	79,660,523	-	79,660,523
Community developmen	2,141,386	-	2,141,386
Unrestricted	<u>20,050,965</u>	<u>30,230,621</u>	<u>50,281,586</u>
Total net assets	<u>\$ 116,404,087</u>	<u>71,510,862</u>	<u>187,914,949</u>

See accompanying notes to the basic financial statements

CITY OF CULVER CITY
Statement of Activities
Year ended June 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 12,043,969	14,478,135	2,206,347	-
Parks, recreation and community services	6,329,820	2,260,574	655,248	711,560
Police	28,699,839	5,310,204	654,162	-
Fire	15,479,274	3,135,673	-	-
Community development	20,973,449	5,513,737	2,551,271	-
Public works	14,901,349	986,759	646,896	1,313,904
Interest and other charges	8,908,295	-	-	-
Total governmental activities	<u>107,335,995</u>	<u>31,685,082</u>	<u>6,713,924</u>	<u>2,025,464</u>
Business-type activities:				
Refuse disposal	\$ 10,631,384	10,747,405	-	-
Bus lines	17,978,224	2,881,323	15,494,802	-
Sewer	7,657,624	9,347,887	-	-
Total business-type activities	<u>36,267,232</u>	<u>22,976,615</u>	<u>15,494,802</u>	<u>-</u>
	<u>\$ 143,603,227</u>	<u>54,661,697</u>	<u>22,208,726</u>	<u>2,025,464</u>

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Business license tax
- Transient occupancy taxes
- Other taxes
- Intergovernmental revenues, unrestricted
- Investment income
- Miscellaneous income

Transfers

Total general revenues and transfers

Change in net assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Asset:		
Governmental Activities	Business-type Activities	Total
4,640,513	-	4,640,513
(2,702,438)	-	(2,702,438)
(22,735,473)	-	(22,735,473)
(12,343,601)	-	(12,343,601)
(12,908,441)	-	(12,908,441)
(11,953,790)	-	(11,953,790)
(8,908,295)	-	(8,908,295)
<u>(66,911,525)</u>	<u>-</u>	<u>(66,911,525)</u>
-	116,021	116,021
-	397,901	397,901
-	1,690,263	1,690,263
-	2,204,185	2,204,185
<u>(66,911,525)</u>	<u>2,204,185</u>	<u>(64,707,340)</u>
34,725,099	-	34,725,099
17,922,101	-	17,922,101
1,338,872	-	1,338,872
10,171,478	-	10,171,478
2,944,728	-	2,944,728
8,160,108	-	8,160,108
3,093,074	-	3,093,074
6,585,317	1,258,634	7,843,951
-	388,382	388,382
(510,782)	510,782	-
<u>84,429,995</u>	<u>2,157,798</u>	<u>86,587,793</u>
17,518,470	4,361,983	21,880,453
<u>98,885,617</u>	<u>67,148,879</u>	<u>166,034,496</u>
<u>\$ 116,404,087</u>	<u>71,510,862</u>	<u>187,914,949</u>

(This page intentionally left blank)

Basic Financial Statements

FUND FINANCIAL STATEMENTS



(This page intentionally left blank)

CITY OF CULVER CITY
Balance Sheet - Governmental Funds
June 30, 2008

		Special Revenue Fund	Debt Service Fund
	General Fund	RDA Low/Mod Income Housing	RDA Debt Service
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 21,204,017	18,996,378	533,986
Cash and investments with fiscal agent	-	-	13,688,360
Receivables:			
Accounts	2,581,663	-	-
Accrued interest	259,863	116,410	104,070
Notes	-	1,260,310	-
Due from other funds (note 3)	2,874,303	-	-
Due from other governments	2,946,281	-	-
Advances to other funds (note 4)	9,686,471	2,748,693	-
Prepaid expenses	-	21,665	-
Land held for resale	5,684,776	4,250,649	-
Total assets	<u>\$ 45,237,374</u>	<u>27,394,105</u>	<u>14,326,416</u>
 <u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 2,190,097	68,318	-
Accrued wages payable	820,076	-	-
Due to other funds (note 3)	131,159	514,058	-
Deposits payable	787,150	-	-
Deferred revenue	97,648	-	-
Due to other governments	-	-	-
Advances from other funds (note 4)	-	-	-
Total liabilities	<u>4,026,130</u>	<u>582,376</u>	<u>-</u>
 Fund balance:			
Reserved for:			
Encumbrances	520,812	79,108	-
Notes	-	1,260,310	-
Advances to other funds	9,686,471	2,748,693	-
Prepaid expenses	-	21,665	-
Land held for resale	5,684,776	4,250,649	-
Unreserved:			
Undesignated, reported in:			
General fund	25,319,185	-	-
Special revenue funds	-	18,451,304	-
Debt service funds	-	-	14,326,416
Capital projects funds	-	-	-
Total fund balance	<u>41,211,244</u>	<u>26,811,729</u>	<u>14,326,416</u>
Total liabilities and fund balance	<u>\$ 45,237,374</u>	<u>27,394,105</u>	<u>14,326,416</u>

See accompanying notes to the basic financial statements

<u>Capital Projects Funds</u>			
<u>Capital Improvement and Acquisition</u>	<u>RDA Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
12,122,814	32,620,085	10,471,320	95,948,600
-	-	-	13,688,360
-	-	111,504	2,693,167
95,375	386,614	81,650	1,043,982
-	1,925,544	38,820	3,224,674
279	136,744	-	3,011,326
-	2,078,066	1,278,137	6,302,484
39,212	-	-	12,474,376
-	-	132,754	154,419
-	<u>45,527,776</u>	-	<u>55,463,201</u>
<u>12,257,680</u>	<u>82,674,829</u>	<u>12,114,185</u>	<u>194,004,589</u>
1,225,314	1,079,203	556,681	5,119,613
-	830	10,200	831,106
-	1,408,396	135,871	2,189,484
6,152,651	1,212,976	4,424	8,157,201
-	-	1,337,699	1,435,347
-	357,489	1,429,408	1,786,897
-	<u>11,748,693</u>	<u>39,212</u>	<u>11,787,905</u>
<u>7,377,965</u>	<u>15,807,587</u>	<u>3,513,495</u>	<u>31,307,553</u>
2,191,579	2,780,571	936,641	6,508,711
-	1,925,544	38,820	3,224,674
39,212	-	-	12,474,376
-	-	132,754	154,419
-	<u>45,527,776</u>	-	<u>55,463,201</u>
-	-	-	25,319,185
-	-	5,922,164	24,373,468
-	-	-	14,326,416
<u>2,648,924</u>	<u>16,633,351</u>	<u>1,570,311</u>	<u>20,852,586</u>
<u>4,879,715</u>	<u>66,867,242</u>	<u>8,600,690</u>	<u>162,697,036</u>
<u>12,257,680</u>	<u>82,674,829</u>	<u>12,114,185</u>	<u>194,004,589</u>

CITY OF CULVER CITY
Governmental Funds
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Fund balances of governmental funds	\$ 162,697,036
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	176,868,522
Accumulated depreciation	(49,327,472)
Long term debt and compensated absences that have not been included in the governmental fund activity:	
Long-term debt	(165,838,702)
Compensated absences	(8,394,812)
Unamortized debt issuance costs	1,391,544
Accrued interest payable for the current portion of interest due on bonds payable has not been reported in the governmental funds.	(1,355,408)
Revenues that are measurable but not available. Amounts are recorded as deferred revenue under the modified accrual basis of accounting.	1,255,613
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	(892,234)
Net assets of governmental activities	\$ 116,404,087

See accompanying notes to the basic financial statements.

(This page intentionally left blank)

CITY OF CULVER CITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year ended June 30, 2008

	General Fund	Special Revenue Fund RDA Low/Mod Income Housing	Debt Service Fund RDA Debt Service
Revenues:			
Taxes	\$ 48,450,596	-	-
Licenses and permits	12,868,366	-	-
Fines and forfeitures	4,830,667	-	-
Investment income	1,760,772	588,495	664,564
Intergovernmental	-	-	-
Charges for services	10,713,448	70,500	-
Miscellaneous	479,615	-	-
Total revenues	<u>79,103,464</u>	<u>658,995</u>	<u>664,564</u>
Expenditures:			
Current:			
General government	10,186,248	-	-
Parks, recreation and community services	5,219,623	-	-
Police	27,670,102	-	-
Fire	14,843,667	-	-
Community development	6,894,949	2,765,703	-
Public works	8,971,066	-	-
Capital outlay	-	114,756	-
Debt service:			
Principal	-	-	5,845,000
Interest and fiscal charges	-	-	8,011,619
Pass-through payments	-	-	-
Total expenditures	<u>73,785,655</u>	<u>2,880,459</u>	<u>13,856,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,317,809</u>	<u>(2,221,464)</u>	<u>(13,192,055)</u>
Other financing sources (uses)			
Transfers in (note 13)	1,532,960	6,277,543	12,579,323
Transfers out (note 13)	(4,508,711)	(652,490)	-
Total other financing sources (uses)	<u>(2,975,751)</u>	<u>5,625,053</u>	<u>12,579,323</u>
Net change in fund balances	2,342,058	3,403,589	(612,732)
Fund balances at beginning of year	<u>38,869,186</u>	<u>23,408,140</u>	<u>14,939,148</u>
Fund balances at end of year	<u>\$ 41,211,244</u>	<u>26,811,729</u>	<u>14,326,416</u>

See accompanying notes to the basic financial statement

<u>Capital Projects Funds</u>			
<u>Capital Improvement and Acquisition</u>	<u>RDA Capital Projects</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
-	31,387,713	-	79,838,309
-	-	356,076	13,224,442
-	-	-	4,830,667
349,733	2,076,862	422,959	5,863,385
17,000	-	6,760,641	6,777,641
360,000	1,065,101	915,077	13,124,126
<u>77,265</u>	<u>1,304,639</u>	<u>93,613</u>	<u>1,955,132</u>
<u>803,998</u>	<u>35,834,315</u>	<u>8,548,366</u>	<u>125,613,702</u>
-	-	31,300	10,217,548
-	-	859,205	6,078,828
-	-	397,466	28,067,568
-	-	-	14,843,667
-	6,111,832	1,738,432	17,510,916
1,614,085	1,885,208	706,657	13,177,016
3,649,566	4,032,917	1,738,440	9,535,679
-	77,387	135,000	6,057,387
-	647,341	61,645	8,720,605
-	<u>3,310,845</u>	-	<u>3,310,845</u>
<u>5,263,651</u>	<u>16,065,530</u>	<u>5,668,145</u>	<u>117,520,059</u>
<u>(4,459,653)</u>	<u>19,768,785</u>	<u>2,880,221</u>	<u>8,093,643</u>
7,968,052	652,490	446,997	29,457,365
-	<u>(18,856,866)</u>	<u>(2,411,412)</u>	<u>(26,429,479)</u>
<u>7,968,052</u>	<u>(18,204,376)</u>	<u>(1,964,415)</u>	<u>3,027,886</u>
3,508,399	1,564,409	915,806	11,121,529
<u>1,371,316</u>	<u>65,302,833</u>	<u>7,684,884</u>	<u>151,575,507</u>
<u>4,879,715</u>	<u>66,867,242</u>	<u>8,600,690</u>	<u>162,697,036</u>

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, 2008

Net changes in fund balances - total governmental funds	\$ 11,121,529
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>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.</p>	
Capital outlay	9,563,878
Depreciation expense	(4,475,318)
<p>Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the statement of net assets</p>	
Principal repayment	6,057,387
Amortization of debt issuance costs	(642,091)
The statement of net assets includes accrued interest on long term debt	(187,690)
To record as an expense (reduction of expense) the net change in compensated absences in the statement of activities	516,830
Revenues that are measurable but not available. Amounts are not recorded as revenue under the modified accrual basis of accounting.	(970,387)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenue (expenses) of the internal service funds is reported with governmental activities.	<u>(3,465,668)</u>
Change in net assets of governmental activities:	<u>\$ 17,518,470</u>

See accompanying notes to the basic financial statements.

(This page intentionally left blank)

CITY OF CULVER CITY
Statement of Net Assets - Proprietary Fund
June 30, 2008

	Business-Type Activities-Enterprise Funds				Governmental
	Refuse			Sewer	Activities -
	Disposal Fund	Municipal Bus Lines Fund	Enterprise Fund	Total	Internal Service Funds
<u>Assets</u>					
Cash and investments	\$ -	2,851,101	22,043,525	24,894,626	13,897,752
Cash and investments with fiscal agent	-	953,891	1,709,927	2,663,818	-
Receivables:					
Accounts	339,266	172,127	458	511,851	88,469
Accrued interest	-	36,108	284,009	320,117	166,189
Due from other funds (note 3)	-	-	-	-	115,994
Due from other governments	54,565	4,457,443	228,063	4,740,071	965
Prepaid expenses	-	52,317	-	52,317	-
Inventory	-	-	-	-	783,452
Capital assets:					
Land	-	1,450,214	230,756	1,680,970	-
Buildings	2,394,236	20,991,317	4,633,192	28,018,745	-
Improvements other than buildings	499,698	6,888,827	2,008,402	9,396,927	-
Machinery and equipment	6,361,298	21,675,730	7,342,096	35,379,124	15,726,081
Furniture and fixtures	20,436	1,778,085	605,028	2,403,549	-
Underground	-	-	11,886,673	11,886,673	-
Intangible assets	-	-	26,605,373	26,605,373	-
Accumulated depreciation and amortization	(7,093,603)	(22,668,534)	(18,018,983)	(47,781,120)	(9,932,149)
Other assets:					
Unamortized debt issuance cost	-	161,563	1,313,507	1,475,070	-
Advances to other funds (note 4)	-	-	-	-	462,633
Land held for resale	-	-	-	-	1,150,000
Total assets	<u>2,575,896</u>	<u>38,800,189</u>	<u>60,872,026</u>	<u>102,248,111</u>	<u>22,459,386</u>
<u>Liabilities and Net Assets</u>					
Liabilities:					
Accounts payable	357,062	242,788	599,504	1,199,354	1,041,856
Accrued wages payable	46,751	69,181	14,753	130,685	63,156
Due to other funds (note 3)	613,424	-	-	613,424	324,412
Interest payable	-	-	391,281	391,281	-
Deposits payable	2,902	-	65,880	68,782	-
Unearned revenue	91,202	-	-	91,202	94,259
Non-current liabilities:					
Compensated absences payable	395,115	342,527	45,775	783,417	501,324
Claims and judgements payable	-	-	-	-	21,326,613
Advances from other funds (note 4)	1,149,104	-	-	1,149,104	-
Revenue bonds	-	-	21,255,000	21,255,000	-
Certificates of participation	-	5,055,000	-	5,055,000	-
Total liabilities	<u>2,655,560</u>	<u>5,709,496</u>	<u>22,372,193</u>	<u>30,737,249</u>	<u>23,351,620</u>
Net assets:					
Invested in capital assets, net of related debt	2,182,065	25,060,639	14,037,537	41,280,241	5,793,932
Unrestricted	<u>(2,261,729)</u>	<u>8,030,054</u>	<u>24,462,296</u>	<u>30,230,621</u>	<u>(6,686,166)</u>
Total net assets (deficit)	<u>\$ (79,664)</u>	<u>33,090,693</u>	<u>38,499,833</u>	<u>71,510,862</u>	<u>(892,234)</u>

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, 2008

	Business-Type Activities-Enterprise Funds				Governmental Activities -
	Refuse Disposal Fund	Municipal Bus Lines Fund	Sewer Enterprise Fund	Total	Internal Service Funds
Operating revenues:					
Sales and service charges	\$ 10,747,405	2,881,323	9,347,887	22,976,615	17,488,407
Miscellaneous	-	-	-	-	209,975
Total operating revenues	<u>10,747,405</u>	<u>2,881,323</u>	<u>9,347,887</u>	<u>22,976,615</u>	<u>17,698,382</u>
Operating expenses:					
Salaries and benefits	3,164,255	8,924,799	650,847	12,739,901	4,102,013
Supplies	993,212	391,909	2,759,014	4,144,135	3,623,087
Repairs and maintenance	1,605,271	3,852,327	114,587	5,572,185	1,508,508
Insurance	884,126	106,000	88,857	1,078,983	2,071,600
Claims and settlements	122,233	228,877	5,771	356,881	5,543,740
Administrative services	1,214,899	1,350,000	542,597	3,107,496	-
Rent and lease expenses	81,724	8,304	360,000	450,028	-
Consulting and contract services	1,919,923	168,248	439,501	2,527,672	444,348
Depreciation and amortization	458,593	2,624,134	1,419,075	4,501,802	1,053,708
Total operating expenses	<u>10,444,236</u>	<u>17,654,598</u>	<u>6,380,249</u>	<u>34,479,083</u>	<u>18,347,004</u>
Operating income (loss)	<u>303,169</u>	<u>(14,773,275)</u>	<u>2,967,638</u>	<u>(11,502,468)</u>	<u>(648,622)</u>
Nonoperating revenues (expenses):					
Interest expense	(187,148)	(323,626)	(1,277,375)	(1,788,149)	-
Intergovernmental	-	15,494,802	-	15,494,802	-
Investment income	-	193,138	1,065,496	1,258,634	721,932
Other income	41,131	346,429	822	388,382	-
Total nonoperating revenues (expenses)	<u>(146,017)</u>	<u>15,710,743</u>	<u>(211,057)</u>	<u>15,353,669</u>	<u>721,932</u>
Income (loss) before transfers and capital contributions	<u>157,152</u>	<u>937,468</u>	<u>2,756,581</u>	<u>3,851,201</u>	<u>73,310</u>
Transfers and capital contributions:					
Transfers in (note 13)	-	854,442	-	854,442	150,000
Transfers out (note 13)	(40,420)	(262,820)	(40,420)	(343,660)	(3,688,668)
Total transfers and capital contributions	<u>(40,420)</u>	<u>591,622</u>	<u>(40,420)</u>	<u>510,782</u>	<u>(3,538,668)</u>
Change in net assets	116,732	1,529,090	2,716,161	4,361,983	(3,465,358)
Net assets (deficit) at beginning of year	<u>(196,396)</u>	<u>31,561,603</u>	<u>35,783,672</u>	<u>67,148,879</u>	<u>2,573,124</u>
Net assets (deficit) at end of year	<u>\$ (79,664)</u>	<u>33,090,693</u>	<u>38,499,833</u>	<u>71,510,862</u>	<u>(892,234)</u>

See accompanying notes to the basic financial statements.

CITY OF CULVER CITY
Statements of Cash Flows - Proprietary Funds
Year ended June 30, 2008

	Business-Type Activities-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	\$ 11,009,221	3,078,662	9,262,284	23,350,167	-
Cash received from user departments	-	-	-	-	17,649,742
Cash payments to suppliers for goods and services	(6,917,726)	(6,317,310)	(4,720,425)	(17,955,461)	(11,862,430)
Cash payments to employees for services	(3,137,389)	(8,948,803)	(606,514)	(12,692,706)	(4,026,478)
Net cash provided by (used for) operating activities	<u>954,106</u>	<u>(12,187,451)</u>	<u>3,935,345</u>	<u>(7,298,000)</u>	<u>1,760,834</u>
Cash flows from noncapital financing activities:					
Operating grants received	-	10,106,871	-	10,106,871	-
Cash paid to other funds	-	(262,820)	-	(262,820)	259,986
Cash received from other funds	(545,735)	854,442	(40,420)	268,287	(3,920,858)
Net cash provided by (used for) noncapital financing activities	<u>(545,735)</u>	<u>10,698,493</u>	<u>(40,420)</u>	<u>10,112,338</u>	<u>(3,660,872)</u>
Cash flows from capital and related financing activities:					
Capital grants received	-	4,517,301	-	4,517,301	-
Cash paid for acquisition and construction of capital assets	(9,850)	(4,284,062)	(3,459,409)	(7,753,321)	(1,111,885)
Interest paid on debt	(187,148)	(303,427)	(1,190,257)	(1,680,832)	(9,675)
Principal paid on debt	(211,373)	(490,000)	(505,000)	(1,206,373)	-
Net cash provided by (used for) capital and related financing activities	<u>(408,371)</u>	<u>(560,188)</u>	<u>(5,154,666)</u>	<u>(6,123,225)</u>	<u>(1,121,560)</u>
Cash flows from investing activities:					
Interest received on investments	-	193,138	1,065,600	1,258,738	737,590
Net cash provided by (used for) investing activities	<u>-</u>	<u>193,138</u>	<u>1,065,600</u>	<u>1,258,738</u>	<u>737,590</u>
Net increase (decrease) in cash and cash equivalents	-	(1,856,008)	(194,141)	(2,050,149)	(2,284,008)
Cash and cash equivalents at beginning of year	-	5,661,000	22,237,666	27,898,666	16,181,760
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>3,804,992</u>	<u>22,043,525</u>	<u>25,848,517</u>	<u>13,897,752</u>

CITY OF CULVER CITY
 Statements of Cash Flows - Proprietary Funds
 (Continued)

	Business-Type Activities-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)	\$ 303,169	(14,773,275)	2,967,638	(11,502,468)	(648,622)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization	458,593	2,624,134	1,419,075	4,501,802	1,053,708
Miscellaneous nonoperating income	41,131	346,429	822	388,382	-
(Increase) decrease in accounts receivable	222,734	(149,090)	(458)	73,186	(48,802)
(Increase) decrease in due from other governments	(2,049)	-	(85,967)	(88,016)	162
(Increase) decrease in inventory	-	-	-	-	(98,430)
Increase (decrease) in accounts payable	(96,338)	(211,645)	(410,098)	(718,081)	(24,944)
Increase (decrease) in accrued wages payable	18,751	(28,613)	16,557	6,695	3,480
Increase (decrease) in compensated absences	8,115	4,609	27,776	40,500	72,055
Increase (decrease) in claims and judgements	-	-	-	-	1,452,227
Total adjustments	650,937	2,585,824	967,707	4,204,468	2,409,456
Net cash provided by (used for) operating activities	\$ 954,106	(12,187,451)	3,935,345	(7,298,000)	1,760,834

There were no significant noncash investing and financing activities during the year ended June 30, 2008.

See accompanying notes to the basic financial statements.

(This page intentionally left blank)

Basic Financial Statements

NOTES TO THE BASIC FINANCIAL STATEMENTS



CITY OF CULVER CITY

Notes to the Basic Financial Statements

Year ended June 30, 2008

(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.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(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

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

Basis of Accounting and Measurement Focus, (Continued)

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.

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*.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

Government-wide Financial Statements, (Continued)

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.

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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

Governmental Funds, (Continued)

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.

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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

Governmental Funds, (Continued)

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.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

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

Proprietary and Fiduciary 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 Improvements and Acquisitions 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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

(c) Fund Classifications, (Continued)

The City of Culver 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.

(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

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

(f) Cash Equivalents, (Continued)

funds' share in the cash and investment pool of the City of Culver 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.

(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 of Culver 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 General fund.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

(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 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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

(k) Capital Assets, (Continued)

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

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 has elected to use the depreciation approach using the straight-line depreciation method for some of the infrastructure assets and the modified approach for others, in which the City agrees to maintain those assets at a specified level of maintenance. Those assets reported using the depreciation method are traffic signals, sewers, and storm drains. Those assets reported using the modified approach are arterial pavement, local pavement, curbs, gutters and sidewalks.

(l) Post-Retirement Benefits

The City, as a member of PERS Health Care System, is required to extend health care benefits to all employees who have retired from the City. All employees and retirees of the City eligible under the City's PERS plan are likewise eligible for the health care benefit upon retiring from the City. PERS requires the City to provide these benefits to its retirees on the same basis as it does to its employees. As of June 30, 2008, the City paid 100% of the premium and accounts for these costs on a pay-as-you-go basis. The number of retirees receiving these benefits totaled 454 and the total premium paid for fiscal year 2007/08 was \$3,509,078.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

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

(m) Use of Estimates

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

(2) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$134,740,978
Cash and investments with fiscal agent	<u>16,352,178</u>
Total cash and investments	<u>\$151,093,156</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 5,921
Deposits with financial institutions	2,672,198
Investments	<u>148,415,037</u>
Total cash and investments	<u>\$151,093,156</u>

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(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.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment in One Issuer</u>
Local Agency Bonds	Yes	N/A	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	No	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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
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.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(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.

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>			
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State investment pool	\$ 37,289,088	37,289,088	-	-	-
Federal agency securities	69,959,685	4,020,720	-	65,938,965	-
Money market funds	2,958,706	2,958,706	-	-	-
Corporate notes	20,899,295	2,998,710	1,001,340	16,899,245	-
Held by fiscal agent:					
Money market funds	1,758,457	1,758,457	-	-	-
Investment agreements	<u>15,549,806</u>	<u>-</u>	<u>-</u>	<u>2,110,328</u>	<u>13,439,478</u>
Total	<u>\$148,415,037</u>	<u>49,025,681</u>	<u>1,001,340</u>	<u>84,948,538</u>	<u>13,439,478</u>

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>			
			<u>AAA</u>	<u>AA/AA-</u>	<u>A/A+/A-</u>	<u>Not Rated</u>
State investment pool	\$ 37,289,088	N/A	-	-	-	37,289,088
Federal agency securities	69,959,685	N/A	69,959,685	-	-	-
Money market funds	2,958,706	A	2,958,706	-	-	-
Corporate notes	20,899,295	A	2,134,546	6,968,230	11,796,519	-
Held by fiscal agent:						
Money market funds	1,758,457	AAA	1,758,457	-	-	-
Investment agreements	<u>15,549,806</u>	N/A	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,549,806</u>
Total	<u>\$148,415,037</u>		<u>76,811,394</u>	<u>6,968,230</u>	<u>11,796,519</u>	<u>52,838,894</u>

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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage Association	Federal agency securities	\$ 15,943,220
Federal Home Loan Mortgage Corporation	Federal agency securities	17,021,840
Federal Home Loan Bank	Federal agency securities	29,991,950

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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.

Subsequent Events

The Culver City Redevelopment Agency has invested various debt service reserve funds in Guaranteed Investment Contracts (GICs) through competitive bid with a variety of entities. The GICs carry a provision that if the issuer of the GIC sustains a credit downgrade to a specified level, the issuer must collateralize the GIC or, under certain circumstances, liquidate the GIC and return the principal and accrued interest to the Culver City Redevelopment Agency.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Due to a credit downgrade, on July 25, 2008, the MBIA GIC associated with the CCRA 1999 A Bonds Debt Service Reserve Fund was liquidated at \$2,847,123 and returned to the trustee, U.S. Bank. The GIC carried an interest rate of 4.765% and a maturity date of 11/01/25. These funds will be reinvested in other long maturity investments as allowed by the bond indenture.

Due to a credit downgrade, on September 29, 2008, the AIG GIC associated with the CCRA 2004 A Bonds Debt Service Reserve Fund was liquidated at \$4,340,274 and returned to the trustee, U.S. Bank. The GIC carried an interest rate of 4.530% and a maturity date of 11/01/20. These funds will be reinvested in other long maturity investments as allowed by the bond indenture.

Due to a credit downgrade, on December 4, 2008, the MBIA GIC associated with the CCRA 1999 B Bonds Debt Service Reserve Fund was liquidated at \$1,565,925 and returned to the trustee, U.S. Bank. The GIC carried an interest rate of 4.765% and a maturity date of 11/01/25. These funds will be reinvested in other long maturity investments as allowed by the bond indenture.

The recent global financial crisis has disrupted the bond, equity and credit markets and negatively impacted many financial institutions. At this time the City does not believe that these events will have a material adverse impact on its financial position. However, the full ramifications of this crisis are not determinable at this time and it is not possible to determine with certainty what future impact it may have.

Of greatest concern is an investment holding of a \$1 million Lehman Brothers senior medium term note. Purchased in April 2007 at investment grade, and rated by Moody's at an A2 on September 10, 2008, this investment has been caught up in the Lehman bankruptcy of September 15, 2008. The investment's maturity date is February, 2012. Since October, the City has been an active member of a working group of more than 30 cities and agencies in California that hold senior Lehman debt. The working group has and will continue to be active on a number of fronts, including a group legal action and frequent, multi-level lobbying of the State's delegation to Congress, the Secretary of the Treasury, and officials of the upcoming president-elect's administration.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(3) Due To/From Other Funds

Interfund receivable and payable balances at June 30, 2008 are as follows:

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
General Fund	Refuse Disposal Fund	\$ 613,424
	RDA Low/Mod Housing Fund	514,058
	RDA Capital Projects Fund	1,404,051
	Internal Service Funds	324,412
	Non-Major Governmental Funds	<u>18,358</u>
		<u>2,874,303</u>
Capital Improvement and Acquisition Fund	RDA Capital Projects Fund	279
RDA Capital Projects Fund	General Fund	131,159
	Non-Major Governmental Funds	<u>5,585</u>
		<u>136,744</u>
Internal Service Funds	RDA Capital Projects Fund	4,066
	Non-Major Governmental Funds	<u>111,928</u>
		<u>115,994</u>
Total		<u>\$ 3,127,320</u>

Interfund balances are the result of short-term borrowing to cover negative cash balances and operating shortages at June 30, 2008.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(4) Advances To/From Other Funds

<u>Advances from Other Funds</u>	<u>Advances to Other Funds</u>	
RDA Capital Projects Fund	General Fund	\$ 9,000,000 (a)
Refuse Disposal Fund	General Fund	686,471
	Internal Service Funds	<u>462,633</u>
		<u>1,149,104</u>
RDA Capital Projects Fund	RDA Low/Mod Housing Fund	\$ 2,748,693 (b)
Non-Major Governmental Funds	Capital Improvement and Acquisition Fund	<u>39,212</u>
		<u>\$12,937,009</u>

(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 an annual interest payment of \$528,000 in June 2008. Due to the current economic environment, the City approved a deferment of loan payment at the request of the Agency. As a result, the loan balance of \$9,000,000 to the City is classified as a long-term advance as of June 30, 2008.

(b) For the three years ending June 30, 2006, the State of California required the Redevelopment Agency to pay the total of \$5,498,000 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. Thus this Special Revenue Fund has loaned the Capital Projects Fund \$2,749,000 to be repaid at a term no longer than ten (10) years without interest.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(5) Capital Assets

Capital asset activity for the year ended June 30, 2008 is as follows:

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Governmental activities:				
Buildings	\$ 74,547,204	221,535	-	74,768,739
Improvements	15,654,261	799,364	-	16,453,625
Machinery and equipment	28,668,778	2,266,332	(351,896)	30,583,214
Infrastructure	<u>44,181,174</u>	<u>868,889</u>	<u>-</u>	<u>45,050,063</u>
Subtotal	<u>163,051,417</u>	<u>4,156,120</u>	<u>(351,896)</u>	<u>166,855,641</u>
Less accumulated depreciation:				
Buildings	(14,206,913)	(1,468,140)	-	(15,675,053)
Improvements	(10,219,516)	(505,510)	-	(10,725,026)
Machinery and equipment	(17,777,016)	(1,886,886)	351,896	(19,312,006)
Infrastructure	<u>(12,932,754)</u>	<u>(614,782)</u>	<u>-</u>	<u>(13,547,536)</u>
Total accumulated depreciation	<u>(55,136,199)</u>	<u>(4,475,318)</u>	<u>351,896</u>	<u>(59,259,621)</u>
Net depreciable assets	<u>107,915,218</u>	<u>(319,198)</u>	<u>-</u>	<u>107,596,020</u>
Capital assets not depreciated:				
Land	18,537,858	-	-	18,537,858
Construction in progress	<u>1,004,629</u>	<u>6,580,147</u>	<u>(383,672)</u>	<u>7,201,104</u>
	<u>19,542,487</u>	<u>6,580,147</u>	<u>(383,672)</u>	<u>25,738,962</u>
Capital assets, net	<u>\$127,457,705</u>	<u>6,260,949</u>	<u>(383,672)</u>	<u>133,334,982</u>

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

General government	\$1,562,861
Parks, recreation and community services	211,079
Police	447,983
Fire	538,146
Community development	36,714
Public works	624,827
Internal service funds	<u>1,053,708</u>
	<u>\$4,475,318</u>

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(5) Capital Assets, (Continued)

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>
Business-type activities:				
Buildings	\$ 28,018,745	-	-	28,018,745
Improvements other than buildings	2,483,191	6,913,736	-	9,396,927
Machinery and equipment	32,477,229	3,044,542	(142,647)	35,379,124
Furniture and fixtures	1,393,427	1,010,122	-	2,403,549
Infrastructure	11,886,673	-	-	11,886,673
Investment in Hyperion	<u>26,605,373</u>	<u>-</u>	<u>-</u>	<u>26,605,373</u>
 Total cost of depreciable assets	 <u>102,864,638</u>	 <u>10,968,400</u>	 <u>(142,647)</u>	 <u>113,690,391</u>
 Less accumulated depreciation and amortization:				
Buildings	(5,274,755)	(525,170)	-	(5,799,925)
Improvements other than buildings	(968,805)	(146,696)	-	(1,115,501)
Machinery and equipment	(23,496,593)	(2,865,410)	142,647	(26,219,356)
Furniture and fixtures	(1,159,175)	(44,867)	-	(1,204,042)
Infrastructure	(2,904,410)	(235,609)	-	(3,140,019)
Investment in Hyperion	<u>(9,618,227)</u>	<u>(684,050)</u>	<u>-</u>	<u>(10,302,277)</u>
 Total accumulated depreciation and amortization	 <u>(43,421,965)</u>	 <u>(4,501,802)</u>	 <u>142,647</u>	 <u>(47,781,120)</u>
 Net depreciable assets	 59,442,673	 6,466,598	 -	 65,909,271
 Capital assets not depreciated:				
Land	1,680,970	-	-	1,680,970
Construction in progress	<u>3,215,082</u>	<u>-</u>	<u>(3,215,082)</u>	<u>-</u>
 Capital assets, net	 <u>\$64,338,725</u>	 <u>6,466,598</u>	 <u>(3,215,082)</u>	 <u>67,590,241</u>

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

Refuse disposal	\$ 458,593
Bus lines	2,624,134
Sewer	<u>1,419,075</u>
	 <u>\$ 4,501,802</u>

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(6) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 (including unamortized discounts and refunding costs) are as follows:

	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
Governmental activities:						
Compensated absences payable	\$ 8,382,306	5,249,362	(4,735,532)	8,896,136	2,330,860	6,565,276
Claims and judgments	19,874,386	6,885,883	(5,433,656)	21,326,613	5,000,000	16,326,613
1993 Tax Allocation Refunding Revenue Bonds	28,225,000	-	-	28,225,000	-	28,225,000
1999 Tax Allocation Refunding Revenue Bonds Series A	25,150,000	-	(880,000)	24,270,000	920,000	23,350,000
2002 Tax Allocation Bonds	23,515,000	-	(910,000)	22,605,000	945,000	21,660,000
2004 Tax Allocation Refunding Revenue Bonds Series A	74,175,000	-	(3,885,000)	70,290,000	4,040,000	66,250,000
2005 Tax Allocation Refunding Bonds	17,095,000	-	(170,000)	16,925,000	175,000	16,750,000
Capital lease obligations	311,058	-	(311,058)	-	-	-
Developer loan payable	1,031,151	-	(77,387)	953,764	77,387	876,377
Real Estate loan payable	1,550,000	-	-	1,550,000	-	1,550,000
Section 108 loan	<u>1,075,000</u>	<u>-</u>	<u>(135,000)</u>	<u>940,000</u>	<u>135,000</u>	<u>805,000</u>
Total governmental long-term liabilities	<u>200,383,901</u>	<u>12,135,245</u>	<u>(16,537,633)</u>	<u>195,981,513</u>	<u>13,623,247</u>	<u>182,358,266</u>
Unamortized original issue premium	2,064,858	-	(125,571)	1,939,287	-	1,939,287
Unamortized bond defeasance loss	<u>(2,119,869)</u>	<u>260,520</u>	<u>-</u>	<u>(1,859,349)</u>	<u>-</u>	<u>(1,859,349)</u>
Net long-term debt	<u>\$200,328,890</u>	<u>12,395,765</u>	<u>(16,663,204)</u>	<u>196,061,451</u>	<u>13,623,247</u>	<u>182,438,204</u>

Governmental compensated absences are generally liquidated by the general fund.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(6) Long-Term Liabilities, (Continued)

Changes in long-term liabilities for business-type activities for the year ended June 30, 2008 are as follows:

Business-type activities:	<u>Balance at June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
Compensated absences payable	\$742,854	532,780	(492,217)	783,417	148,187	635,230
1999 Wastewater Facilities Revenue Bonds	21,760,000	-	(505,000)	21,255,000	535,000	20,720,000
1996 Certificates of Participation	5,545,000	-	(490,000)	5,055,000	520,000	4,535,000
Capital lease obligations	<u>211,373</u>	<u>-</u>	<u>(211,373)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type long-term liabilities	<u>\$28,259,227</u>	<u>532,780</u>	<u>(1,698,590)</u>	<u>27,093,417</u>	<u>1,203,187</u>	<u>25,890,230</u>

(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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(7) Bonds Payable, (Continued)

The remaining outstanding term bonds of \$28,225,000 at June 30, 2008 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%.

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) – At June 30, 2008 the outstanding \$24,270,000 of 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.

<u>Redemption Period</u>	<u>Redemption Price</u>
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 \$1,225,000 to \$4,870,000.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(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.

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.

<u>Redemption Period</u>	<u>Redemption Price</u>
May 1, 2011 through April 30, 2012	101%
May 1, 2012 and there after	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. The total amount of 2002 Series A Tax Allocation Bonds payable at June 30, 2008 is 22,605,000.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(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 2.0% 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.

<u>Redemption Period</u>	<u>Redemption Price</u>
November 1, 2015 and thereafter	100%

The total amount of 2004 Series A Tax Allocation Refunding Bonds payable at June 30, 2008 is \$70,290,000.

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 \$220,000 to \$290,000 through the year 2021.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(7) Bonds Payable, (Continued)

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.

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 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.

At June 30, 2008 the total amount of 2005 Tax Allocation Refunding Bonds outstanding is \$16,925,000.

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
2009	\$ -	1,552,376	920,000	1,289,215	945,000	1,114,044
2010	4,100,000	1,439,626	960,000	1,245,495	985,000	1,074,827
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	<u>\$28,225,000</u>	<u>6,450,539</u>	<u>24,270,000</u>	<u>14,938,574</u>	<u>22,605,000</u>	<u>11,076,000</u>

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(7) Bonds Payable, (Continued)

Year Ending June 30	2004 Tax Allocation <u>Refunding Revenue Bonds</u>		2005 Tax Allocation <u>Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 4,040,000	2,998,312	175,000	812,576
2010	105,000	2,916,199	180,000	806,364
2011	110,000	2,913,442	185,000	799,514
2012	115,000	2,910,273	195,000	792,401
2013	115,000	2,906,708	200,000	784,988
2014	120,000	2,902,843	210,000	776,788
2015	125,000	2,898,553	220,000	768,188
2016	5,775,000	2,751,913	225,000	758,726
2017	6,685,000	2,440,413	235,000	748,694
2018	7,020,000	2,131,133	245,000	739,241
2019	7,300,000	1,837,503	255,000	728,959
2020	7,605,000	1,524,422	270,000	717,963
2021	7,925,000	1,192,428	280,000	706,276
2022	8,270,000	842,168	290,000	694,163
2023	8,630,000	472,436	1,435,000	652,125
2024	6,350,000	141,288	4,100,000	513,750
2025	-	-	6,965,000	237,125
2026	-	-	<u>1,260,000</u>	<u>31,500</u>
Totals	<u>\$70,290,000</u>	<u>33,780,034</u>	<u>16,925,000</u>	<u>12,069,341</u>

Business-type activities:

1999 Wastewater Facilities Revenue Bonds

The 1999 Wastewater Facilities Refunding Revenue Bonds (1999 Bonds) dated December 8, 1999 were issued in the amount of \$25,080,000 with a final maturity date of September 1, 2029. The 1999 Bonds were issued to provide funds to (a) defease and refund the City's 1992 Wastewater Facilities Revenue Bonds, originally issued in the amount of \$20,500,000 of which \$16,990,000 remained outstanding, (b) fund capital projects of the City's wastewater collection system, and (c) finance the costs of issuance of the 1999 Bonds.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(7) Bonds Payable, (Continued)

A portion of the proceeds of the 1999 Bonds were issued to establish an irrevocable escrow to be held by U.S. Bank Trust National Association as 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. The cash and escrow securities and the interest accrued thereon were held by the Escrow Bank on behalf of the City and applied to the scheduled payment of the principal and interest on the 1991 Bonds and the redemption of the 1991 Bonds in full on September 1, 2001 at a redemption price of 102 percent of the principal amount to be redeemed.

The capital projects funded with a portion of the proceeds of the 1999 Bonds include the ongoing replacement of sewer transmission pipes and the construction and improvement of pump stations.

The first payment of 1999 Bond principal was on September 1, 2000. Interest is paid semi-annually on March 1 and September 1 of each year.

The 1999 Bonds maturing on or prior to September 1, 2009 are not subject to redemption prior to maturity. The 1999 Bonds maturing on or after September 1, 2010 may be redeemed at the option of the City from any source of funds on September 1, 2009 or thereafter prior to maturity as a whole on any date or in part and 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, in integral multiples of \$5,000 at the following redemption prices:

<u>Redemption Date</u>	<u>Redemption Price</u>
September 1, 2009 through August 31, 2010	102%
September 1, 2010 through August 31, 2011	101%
September 1, 2011 and thereafter	100%

The 1999 Bonds maturing on September 1, 2016 are subject to mandatory sinking fund redemption in part by lot on any September 1 on or after September 1, 2015, without premium, together with accrued interest in principal amounts ranging from \$750,000 to \$790,000.

The 1999 Bonds maturing on September 1, 2019 are subject to mandatory sinking fund redemption in part by lot on any September 1 on or after September 1, 2015, without premium, together with accrued interest in principal amounts ranging from \$835,000 to \$930,000.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(7) Bonds Payable, (Continued)

The 1999 Bonds maturing on September 1, 2029 are subject to mandatory sinking fund redemption in part by lot on any September 1 on or after September 1, 2015, without premium, together with accrued interest in principal amounts ranging from \$980,000 to \$1,615,000. The total amount of 1999 Wastewater Facilities Revenue Bonds outstanding at June 30, 2008 is \$21,255,000.

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, 2008.

The annual debt service requirements to maturity are as follows:

Year Ending June 30,	1999 Wastewater Revenue Bonds	
	Principal	Interest
2009	\$ 535,000	1,161,539
2010	560,000	1,136,074
2011	585,000	1,108,874
2012	610,000	1,079,584
2013	645,000	1,047,886
2014	675,000	1,014,142
2015	710,000	978,208
2016	750,000	938,945
2017	790,000	896,595
2018	835,000	851,490
2019	880,000	803,470
2020	930,000	752,790
2021	980,000	698,820
2022	1,035,000	641,393
2023	1,095,000	580,687
2024	1,160,000	516,420
2025	1,225,000	448,447
2026	1,295,000	376,627
2027	1,370,000	300,675
2028	1,445,000	220,447
2029	1,530,000	135,660
2030	<u>1,615,000</u>	<u>46,028</u>
Total	<u>\$21,255,000</u>	<u>15,734,801</u>

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(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, 2008 was \$953,764.

Real Estate Loan Payable

In December 2006, the Agency received a loan for \$1.55 million that accrues interest at 5.5% with principal and interest due in three years. The loan is secured by a deed of trust on the property that the Agency purchased from the seller. The amount outstanding at June 30, 2008 was \$1,550,000.

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 5.78% to 6.41%. The final payment is scheduled 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 <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 135,000	53,808	188,808
2010	135,000	45,850	180,850
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	<u>130,000</u>	<u>4,167</u>	<u>134,167</u>
Total	<u>\$ 940,000</u>	<u>204,759</u>	<u>1,144,759</u>

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(9) Certificates of Participation

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, 2008 are as follows:

<u>Redemption Date</u>	<u>Redemption Price</u>
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 \$610,000 to \$760,000. The total amount of 1996 Certificates of Participation outstanding at June 30, 2008 was \$5,055,000.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(9) Certificates of Participation (Continued)

The annual debt service requirements to maturity are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 520,000	287,437
2010	545,000	259,098
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	<u>760,000</u>	<u>43,700</u>
Totals	<u>\$5,055,000</u>	<u>1,386,035</u>

(10) Claims and Judgments

Self-Insurance:

At June 30, 2008, 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, 2008, the City reserved \$21,326,613 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.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(10) Claims and Judgments, (Continued)

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, 2007 and 2008 are as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year End</u>
2006-07	\$22,249,000	(1,470,599)	(904,015)	19,874,386
2007-08	19,874,386	6,885,883	(5,433,656)	21,326,613

(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. 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, 2007 to June 30, 2008 has been determined by an actuarial valuation of the plan as of June 30, 2005. The contribution rate indicated for the period is 24.805% of payroll for the safety plan and 11.943% 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, 2008, this contribution rate would be multiplied by the payroll of covered employees that was actually paid during the period July 1, 2007 to June 30, 2008.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

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

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

	<u>Miscellaneous Plan</u>	<u>Safety Plan</u>
Valuation Date	June 30, 2005	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll	Level Percent of Payroll
Average Remaining Period	27 Years as of the Valuation Date	32 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	3.25% to 14.45% depending on Age, Service, and type of employment	3.25% 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 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 a 30 year amortization period.

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

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

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

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
6/30/05	\$183,176,346	157,515,371	25,660,975	86.0%	15,702,346	163.4%
6/30/06	195,872,448	168,130,182	27,742,266	91.3%	17,283,741	160.5%
6/30/07	205,712,198	179,844,668	25,867,530	101.9%	17,784,140	145.4%

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
6/30/05	\$126,596,923	115,367,080	11,229,843	91.1%	24,913,611	45.1%
6/30/06	135,542,914	123,708,456	11,834,458	96.9%	28,214,894	42.0%
6/30/07	148,681,604	134,410,903	14,270,701	105.0%	29,442,297	48.5%

Three-Year Trend Information

Annual Pension Cost (Employer Contribution)

Fiscal Year	Safety	Miscellaneous	Percentage of APC Contributed	Net Pension Obligation
6/30/06	\$5,432,917	\$4,525,241	100%	-
6/30/07	5,570,511	4,840,508	100%	-
6/30/08	5,818,702	5,001,907	100%	-

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(12) Deferred Compensation Plan

The City of Culver 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 and account groups of the City. Pursuant to guidelines applicable to 401(k) plans, these assets are also not reported.

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

The net deferred compensation balance at June 30, 2008 is \$40,868,603.

CITY OF CULVER CITY
Notes to the Basic Financial Statements
(Continued)

(13) Transfers In/Transfers Out

The following schedule summarizes the City's transfer activity:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Municipal Bus Fund	\$ 262,820
	Refuse Fund	40,420
	Sewer Fund	40,420
	Non-Major Governmental Funds	<u>1,189,300</u>
		1,532,960
RDA Debt Service Fund	RDA Capital Projects Fund	12,579,323 (a)
RDA Low/Mod Housing Fund	RDA Capital Projects Fund	6,277,543 (b)
Capital Improvement and Acquisition Fund	General Fund	4,279,384
	Internal Service Funds	<u>3,688,668</u>
		7,968,052 (c)
RDA Capital Projects Fund	RDA Low/Mod Housing Fund	652,490
Municipal Bus Fund	Non-Major Governmental Funds	854,442
Internal Service Funds	General Fund	150,000
Non-Major Governmental Funds	General Fund	79,327
	Non-Major Governmental Funds	<u>367,670</u>
	Total	<u>\$30,461,807</u>

- (a) Transfers were made for the payment of principal, interest, and associated expenses related to the Redevelopment Agency's bonded indebtedness.
- (b) Transfers were made to set aside 20% of the total tax increment which is required to be set aside for low/moderate income housing.
- (c) Transfers were made from the General Fund to fund City Council approved capital projects and from Internal Service Funds to fund the repair of Cranks & Telefson hillside as part of a legal settlement.

CITY OF CULVER CITY

Notes to the Basic Financial Statements

(Continued)

(14) Budgetary Compliance

Funds where expenditures exceeded appropriations:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Building Surcharge Capital Project Fund	\$26,264	26,625	(361)

(15) Deficit Fund Balances/Net Assets

As of June 30, 2008, a deficit fund balance/net assets was recorded in the following funds:

	<u>Fund Deficit</u>
Major Funds:	
Refuse Disposal Fund	(79,664)
Special Revenue Funds:	
Operating Grants Fund	(271,714)
Capital Projects Funds:	
Capital Grants Fund	(17,044)
CDBG Capital Fund	(19,295)
Internal Service Funds:	
City Garage Fund	(718,754)
Risk Management Fund	(18,330,256)

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

Operating Grants Fund – The deficit balance in this fund was slightly improved during fiscal year 2007-08. The City is thoroughly analyzing past activity in this fund to ensure all reimbursements have been billed and are received.

City Garage Fund – Change in Net Assets from prior year was slightly positive, which shows the fund performed well during fiscal 2007-08. The City is analyzing adjustments to the calculation of the hourly rates in order to capture the full cost that should be charged to user departments, including an amount to increase the Net Assets of the Fund. This will be researched during fiscal 2008-09.

Risk Management Fund – The decrease in the Net Assets of the Fund is primarily a result of a \$3.6 million transfer to the Capital Improvement Fund to fund the repair of the Cranks/Tellefson hillside as a result of a legal settlement with homeowners stemming from a hill slide in 2005. The City is developing a strategy to implement various cost control measures and loss prevention programs to increase the Fund’s available cash balance and reduce the Fund’s negative balance.

Required Supplementary Information



CITY OF CULVER CITY

Notes to the Required Supplementary Information

Year ended June 30, 2008

(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, 2008

	Budget		Actual	Variance-
	Original	Final		Positive (Negative)
Revenues:				
Taxes	\$ 45,953,845	45,512,522	48,450,596	2,938,074
Licenses and permits	11,488,000	11,492,851	12,868,366	1,375,515
Fines and forfeitures	4,513,000	4,513,000	4,830,667	317,667
Investment income	750,000	750,000	1,760,772	1,010,772
Charges for services	9,874,818	10,451,597	10,713,448	261,851
Miscellaneous	2,738,304	2,868,589	479,615	(2,388,974)
Total revenues	<u>75,317,967</u>	<u>75,588,559</u>	<u>79,103,464</u>	<u>3,514,905</u>
Expenditures:				
Current:				
General government	10,123,198	9,602,322	10,186,248	(583,926)
Parks, recreation and community services	5,610,057	5,838,559	5,219,623	618,936
Police	28,458,061	29,071,661	27,670,102	1,401,559
Fire	14,576,760	14,685,788	14,843,667	(157,879)
Community development	7,248,608	8,033,485	6,894,949	1,138,536
Public works	6,714,445	6,606,035	8,971,066	(2,365,031)
Total expenditures	<u>72,731,129</u>	<u>73,837,850</u>	<u>73,785,655</u>	<u>52,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,586,838</u>	<u>1,750,709</u>	<u>5,317,809</u>	<u>3,567,100</u>
Other financing sources (uses):				
Transfers in	1,456,800	1,532,960	1,532,960	-
Transfers out	(1,338,504)	(4,520,888)	(4,508,711)	12,177
Total other financing sources (uses)	<u>118,296</u>	<u>(2,987,928)</u>	<u>(2,975,751)</u>	<u>12,177</u>
Net change in fund balances	2,705,134	(1,237,219)	2,342,058	3,579,277
Fund balances at beginning of year	<u>38,869,186</u>	<u>38,869,186</u>	<u>38,869,186</u>	<u>-</u>
Fund balances at end of year	<u>\$ 41,574,320</u>	<u>37,631,967</u>	<u>41,211,244</u>	<u>3,579,277</u>

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, 2008

	Budget		Actual	Variance-
	Original	Final		Positive (Negative)
Revenues:				
Investment income	\$ 576,000	576,000	588,495	12,495
Charges for services	75,000	75,000	70,500	(4,500)
Total revenues	651,000	651,000	658,995	7,995
Expenditures:				
Current:				
Community development	6,023,730	6,023,730	2,765,703	3,258,027
Capital outlay	5,516,971	5,516,971	114,756	5,402,215
Total expenditures	11,540,701	11,540,701	2,880,459	8,660,242
Excess (deficiency) of revenues over (under) expenditures	(10,889,701)	(10,889,701)	(2,221,464)	8,668,237
Other financing sources (uses):				
Transfers in	6,214,000	6,214,000	6,277,543	63,543
Transfers out	(789,344)	(789,344)	(652,490)	136,854
Total other financing sources (uses)	5,424,656	5,424,656	5,625,053	200,397
Net change in fund balances	(5,465,045)	(5,465,045)	3,403,589	8,868,634
Fund balances at beginning of year	23,408,140	23,408,140	23,408,140	-
Fund balances at end of year	\$ 17,943,095	17,943,095	26,811,729	8,868,634

(This page intentionally left blank)

Non-Major Funds / Other Financial Information



CITY OF CULVER CITY
Combining Balance Sheet - Non-Major Governmental Funds
June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total
<u>Assets</u>			
Cash and investments	\$ 8,632,010	1,839,310	10,471,320
Receivables:			
Accounts	81,042	30,462	111,504
Accrued interest	61,914	19,736	81,650
Notes	38,820	-	38,820
Due from other governments	212,106	1,066,031	1,278,137
Prepaid expenses	132,754	-	132,754
Total assets	\$ 9,158,646	2,955,539	12,114,185
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 167,830	388,851	556,681
Accrued wages payable	10,200	-	10,200
Due to other funds	99,731	36,140	135,871
Deposits payable	-	4,424	4,424
Due to other governments	1,337,699	-	1,337,699
Deferred revenue	473,595	955,813	1,429,408
Advances from other funds	39,212	-	39,212
Total liabilities	2,128,267	1,385,228	3,513,495
Fund balances:			
Reserved for:			
Encumbrances	936,641	-	936,641
Notes	38,820	-	38,820
Prepaid expenses	132,754	-	132,754
Unreserved:			
Designated for:			
Special fund purposes	6,235,822	-	6,235,822
Capital projects	-	1,606,650	1,606,650
Undesignated	(313,658)	(36,339)	(349,997)
Total fund balances	7,030,379	1,570,311	8,600,690
Total liabilities and fund balances	\$ 9,158,646	2,955,539	12,114,185

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Governmental Funds
Year ended June 30, 2008

	Special Revenue Funds	Capital Projects Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Licenses and permits	\$ 29,510	326,566	356,076
Investment income	345,600	77,359	422,959
Intergovernmental	4,735,177	2,025,464	6,760,641
Charges for services	157,791	757,286	915,077
Miscellaneous	93,519	94	93,613
	<u>5,361,597</u>	<u>3,186,769</u>	<u>8,548,366</u>
Expenditures:			
Current:			
General government	31,300	-	31,300
Parks, recreation and community service	859,205	-	859,205
Police	397,466	-	397,466
Community development	1,738,432	-	1,738,432
Public works	353,284	353,373	706,657
Capital outlay	569,566	1,168,874	1,738,440
Debt service:			
Principal payments	-	135,000	135,000
Interest and fiscal charges	-	61,645	61,645
	<u>3,949,253</u>	<u>1,718,892</u>	<u>5,668,145</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,412,344</u>	<u>1,467,877</u>	<u>2,880,221</u>
Other financing sources (uses):			
Transfers in	446,997	-	446,997
Transfers out	<u>(1,623,612)</u>	<u>(787,800)</u>	<u>(2,411,412)</u>
Total other financing sources (uses)	<u>(1,176,615)</u>	<u>(787,800)</u>	<u>(1,964,415)</u>
Net change in fund balances	235,729	680,077	915,806
Fund balances at beginning of year	<u>6,794,650</u>	<u>890,234</u>	<u>7,684,884</u>
Fund balances at end of year	<u>\$ 7,030,379</u>	<u>1,570,311</u>	<u>8,600,690</u>

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 of Culver 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.

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.

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 prevention, education (D.A.R.E.), and related law enforcement programs.

CITY OF CULVER CITY
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2008

	Gas Tax Fund	Proposition A Local Return Fund	Proposition C Local Return Fund	Operating Grants Fund	Section 8 Housing Fund
<u>Assets</u>					
Cash and investments	\$ 837,962	870,871	1,161,665	94,444	2,970,075
Receivables:					
Accounts	-	-	-	53,814	-
Interest	9,856	10,660	12,746	288	-
Notes	-	-	-	-	-
Due from other governments	-	58,444	48,539	86,603	-
Prepaid expenses	-	-	-	-	132,754
Total assets	\$ 847,818	939,975	1,222,950	235,149	3,102,829
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 60,863	-	-	33,268	35,495
Accrued wages payable	-	-	-	-	7,672
Due to other funds	-	-	-	-	84,132
Due to other governments	-	-	-	-	1,298,242
Deferred revenue	-	-	-	473,595	-
Advances from other funds	-	-	-	-	-
Total liabilities	60,863	-	-	506,863	1,425,541
Fund balances:					
Reserved for:					
Encumbrances	225,795	-	-	3,125	88,266
Notes	-	-	-	-	-
Prepaid expenses	-	-	-	-	132,754
Unreserved:					
Designated for:					
Special fund purposes	561,160	939,975	1,222,950	-	1,456,268
Undesignated	-	-	-	(274,839)	-
Total fund balances	786,955	939,975	1,222,950	(271,714)	1,677,288
Total liabilities and fund balances	\$ 847,818	939,975	1,222,950	235,149	3,102,829

<u>Art in Public Places Fund</u>	<u>Community Development Fund</u>	<u>CDBG Fund</u>	<u>Landscape Maintenance Fund</u>	<u>Park Facilities Fund</u>	<u>Asset Seizure Fund</u>	<u>Total</u>
904,038	281,468	-	120,281	326,954	1,064,252	8,632,010
-	-	-	-	-	27,228	81,042
9,710	3,024	-	1,328	3,423	10,879	61,914
-	-	38,820	-	-	-	38,820
-	-	18,520	-	-	-	212,106
-	-	-	-	-	-	132,754
<u>913,748</u>	<u>284,492</u>	<u>57,340</u>	<u>121,609</u>	<u>330,377</u>	<u>1,102,359</u>	<u>9,158,646</u>
34,938	-	392	-	50	2,824	167,830
-	-	2,528	-	-	-	10,200
-	-	15,599	-	-	-	99,731
-	-	38,820	-	-	637	1,337,699
-	-	-	-	-	-	473,595
-	-	-	39,212	-	-	39,212
<u>34,938</u>	<u>-</u>	<u>57,339</u>	<u>39,212</u>	<u>50</u>	<u>3,461</u>	<u>2,128,267</u>
35,938	6,016	-	-	7,546	569,955	936,641
-	-	38,820	-	-	-	38,820
-	-	-	-	-	-	132,754
842,872	278,476	-	82,397	322,781	528,943	6,235,822
-	-	(38,819)	-	-	-	(313,658)
<u>878,810</u>	<u>284,492</u>	<u>1</u>	<u>82,397</u>	<u>330,327</u>	<u>1,098,898</u>	<u>7,030,379</u>
<u>913,748</u>	<u>284,492</u>	<u>57,340</u>	<u>121,609</u>	<u>330,377</u>	<u>1,102,359</u>	<u>9,158,646</u>

CITY OF CULVER CITY
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2008

	<u>Gas Tax Fund</u>	<u>Proposition A Local Return Fund</u>	<u>Proposition C Local Return Fund</u>	<u>Operating Grants Fund</u>	<u>Section 8 Housing Fund</u>
Revenues:					
Licenses and permits	\$ -	-	-	-	-
Intergovernmental	476,522	695,977	494,753	757,746	1,769,121
Investment income	48,690	42,592	49,396	6,435	84,076
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	73,204	315
Total revenues	<u>525,212</u>	<u>738,569</u>	<u>544,149</u>	<u>837,385</u>	<u>1,853,512</u>
Expenditures:					
Current:					
General government	-	-	-	-	-
Parks, recreation and community services	-	-	-	831,365	-
Police	-	-	-	321,798	-
Community development	-	-	-	-	1,730,435
Public works	143,598	-	-	119,310	-
Capital outlay	<u>313,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>457,160</u>	<u>-</u>	<u>-</u>	<u>1,272,473</u>	<u>1,730,435</u>
Excess (deficiency) of revenues over (under) expenditures	<u>68,052</u>	<u>738,569</u>	<u>544,149</u>	<u>(435,088)</u>	<u>123,077</u>
Other financing sources (uses):					
Transfers in	-	-	-	446,997	-
Transfers out	<u>(350,000)</u>	<u>(654,442)</u>	<u>(567,670)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(654,442)</u>	<u>(567,670)</u>	<u>446,997</u>	<u>-</u>
Net change in fund balances	(281,948)	84,127	(23,521)	11,909	123,077
Fund balances (deficit) at beginning of year	<u>1,068,903</u>	<u>855,848</u>	<u>1,246,471</u>	<u>(283,623)</u>	<u>1,554,211</u>
Fund balances (deficit) at end of year	<u>\$ 786,955</u>	<u>939,975</u>	<u>1,222,950</u>	<u>(271,714)</u>	<u>1,677,288</u>

<u>Art in Public Places Fund</u>	<u>Community Development Fund</u>	<u>CDBG Fund</u>	<u>Landscape Maintenance Fund</u>	<u>Park Facilities Fund</u>	<u>Asset Seizure Fund</u>	<u>Total</u>
29,510	-	-	-	-	-	29,510
-	250,002	59,141	-	-	231,915	4,735,177
43,062	6,381	-	4,525	14,274	46,169	345,600
-	-	-	60,054	97,737	-	157,791
-	-	-	-	-	20,000	93,519
<u>72,572</u>	<u>256,383</u>	<u>59,141</u>	<u>64,579</u>	<u>112,011</u>	<u>298,084</u>	<u>5,361,597</u>
-	-	31,300	-	-	-	31,300
-	-	27,840	-	-	-	859,205
-	-	-	-	-	75,668	397,466
7,997	-	-	-	-	-	1,738,432
90,376	-	-	-	-	-	353,284
29,106	50,827	-	-	31,646	144,425	569,566
<u>127,479</u>	<u>50,827</u>	<u>59,140</u>	<u>-</u>	<u>31,646</u>	<u>220,093</u>	<u>3,949,253</u>
<u>(54,907)</u>	<u>205,556</u>	<u>1</u>	<u>64,579</u>	<u>80,365</u>	<u>77,991</u>	<u>1,412,344</u>
-	-	-	-	-	-	446,997
<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>(47,000)</u>	<u>-</u>	<u>-</u>	<u>(1,623,612)</u>
<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>(47,000)</u>	<u>-</u>	<u>-</u>	<u>(1,176,615)</u>
(59,407)	205,556	1	17,579	80,365	77,991	235,729
<u>938,217</u>	<u>78,936</u>	<u>-</u>	<u>64,818</u>	<u>249,962</u>	<u>1,020,907</u>	<u>6,794,650</u>
<u>878,810</u>	<u>284,492</u>	<u>1</u>	<u>82,397</u>	<u>330,327</u>	<u>1,098,898</u>	<u>7,030,379</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 736,000	476,522	(259,478)
Investment income	<u>20,000</u>	<u>48,690</u>	<u>28,690</u>
Total revenues	<u>756,000</u>	<u>525,212</u>	<u>(230,788)</u>
Expenditures:			
Current:			
Public works	244,870	143,598	101,272
Capital outlay	<u>1,244,311</u>	<u>313,562</u>	<u>930,749</u>
Total expenditures	<u>1,489,181</u>	<u>457,160</u>	<u>1,032,021</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(733,181)</u>	<u>68,052</u>	<u>801,233</u>
Other financing sources (uses):			
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net change in fund balances	(1,083,181)	(281,948)	801,233
Fund balances at beginning of year	<u>1,068,903</u>	<u>1,068,903</u>	<u>-</u>
Fund balances at end of year	<u>\$ (14,278)</u>	<u>786,955</u>	<u>801,233</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 654,442	695,977	41,535
Investment income	<u>15,000</u>	<u>42,592</u>	<u>27,592</u>
Total revenues	<u>669,442</u>	<u>738,569</u>	<u>69,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>669,442</u>	<u>738,569</u>	<u>69,127</u>
Other financing sources (uses):			
Transfers out	<u>(669,442)</u>	<u>(654,442)</u>	<u>15,000</u>
Total other financing sources (uses)	<u>(669,442)</u>	<u>(654,442)</u>	<u>15,000</u>
Net change in fund balances	-	84,127	84,127
Fund balances at beginning of year	<u>855,848</u>	<u>855,848</u>	<u>-</u>
Fund balances at end of year	<u>\$ 855,848</u>	<u>939,975</u>	<u>84,127</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 542,911	494,753	(48,158)
Investment income	<u>-</u>	<u>49,396</u>	<u>49,396</u>
Total revenues	<u>542,911</u>	<u>544,149</u>	<u>1,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>542,911</u>	<u>544,149</u>	<u>1,238</u>
Other financing sources (uses):			
Transfers out	<u>(1,006,736)</u>	<u>(567,670)</u>	<u>439,066</u>
Total other financing sources (uses)	<u>(1,006,736)</u>	<u>(567,670)</u>	<u>439,066</u>
Net change in fund balances	(463,825)	(23,521)	440,304
Fund balances at beginning of year	<u>1,246,471</u>	<u>1,246,471</u>	<u>-</u>
Fund balances at end of year	<u>\$ 782,646</u>	<u>1,222,950</u>	<u>440,304</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 812,307	757,746	(54,561)
Investment income	-	6,435	6,435
Miscellaneous	<u>72,000</u>	<u>73,204</u>	<u>1,204</u>
Total revenues	<u>884,307</u>	<u>837,385</u>	<u>(46,922)</u>
Expenditures:			
Current:			
Parks, recreation and community services	919,993	831,365	88,628
Police	243,676	321,798	(78,122)
Public works	<u>224,701</u>	<u>119,310</u>	<u>105,391</u>
Total expenditures	<u>1,388,370</u>	<u>1,272,473</u>	<u>115,897</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(243,676)</u>	<u>(435,088)</u>	<u>(191,412)</u>
Other financing sources (uses):			
Transfers in	<u>512,711</u>	<u>446,997</u>	<u>(65,714)</u>
Total other financing sources (uses)	<u>512,711</u>	<u>446,997</u>	<u>(65,714)</u>
Net change in fund balances	269,035	11,909	(257,126)
Fund balances (deficit) at beginning of year	<u>(283,623)</u>	<u>(283,623)</u>	<u>-</u>
Fund balances (deficit) at end of year	<u><u>\$ (14,588)</u></u>	<u><u>(271,714)</u></u>	<u><u>(257,126)</u></u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 2,533,296	1,769,121	(764,175)
Investment income	-	84,076	84,076
Miscellaneous	<u>600</u>	<u>315</u>	<u>(285)</u>
Total revenues	<u>2,533,896</u>	<u>1,853,512</u>	<u>(680,384)</u>
Expenditures:			
Current:			
Community development	<u>2,574,908</u>	<u>1,730,435</u>	<u>844,473</u>
Total expenditures	<u>2,574,908</u>	<u>1,730,435</u>	<u>844,473</u>
Net change in fund balances	(41,012)	123,077	164,089
Fund balances at beginning of year	<u>-</u>	<u>1,554,211</u>	<u>1,554,211</u>
Fund balances (deficit) at end of year	<u>\$ (41,012)</u>	<u>1,677,288</u>	<u>1,718,300</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 300,000	29,510	(270,490)
Investment income	<u>15,000</u>	<u>43,062</u>	<u>28,062</u>
Total revenues	<u>315,000</u>	<u>72,572</u>	<u>(242,428)</u>
Expenditures:			
Current:			
Community development	31,800	7,997	23,803
Public works	453,166	90,376	362,790
Capital outlay	<u>538,584</u>	<u>29,106</u>	<u>509,478</u>
Total expenditures	<u>1,023,550</u>	<u>127,479</u>	<u>896,071</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(708,550)</u>	<u>(54,907)</u>	<u>653,643</u>
Other financing sources (uses):			
Transfers out	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,500)</u>	<u>(4,500)</u>	<u>-</u>
Net change in fund balances	(713,050)	(59,407)	653,643
Fund balances at beginning of year	<u>938,217</u>	<u>938,217</u>	<u>-</u>
Fund balances at end of year	<u><u>\$ 225,167</u></u>	<u><u>878,810</u></u>	<u><u>653,643</u></u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	-	250,002	250,002
Investment income	\$ -	6,381	6,381
Total revenues	<u>-</u>	<u>256,383</u>	<u>256,383</u>
Expenditures:			
Capital outlay	<u>57,149</u>	<u>50,827</u>	<u>6,322</u>
Total expenditures	<u>57,149</u>	<u>50,827</u>	<u>6,322</u>
Net change in fund balances	(57,149)	205,556	262,705
Fund balances at beginning of year	<u>78,936</u>	<u>78,936</u>	<u>-</u>
Fund balances at end of year	<u>\$ 21,787</u>	<u>284,492</u>	<u>262,705</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 72,780	59,141	(13,639)
Total revenues	<u>72,780</u>	<u>59,141</u>	<u>(13,639)</u>
Expenditures:			
Current:			
General government	35,850	31,300	4,550
Parks, recreation and community services	<u>36,930</u>	<u>27,840</u>	<u>9,090</u>
Total expenditures	<u>72,780</u>	<u>59,140</u>	<u>(13,640)</u>
Net change in fund balances	-	1	1
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>1</u>	<u>1</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ -	4,525	4,525
Charges for services	<u>47,000</u>	<u>60,054</u>	<u>13,054</u>
Total revenues	<u>47,000</u>	<u>64,579</u>	<u>17,579</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,000</u>	<u>64,579</u>	<u>17,579</u>
Other financing sources (uses):			
Transfers out	<u>(47,000)</u>	<u>(47,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(47,000)</u>	<u>(47,000)</u>	<u>-</u>
Net change in fund balances	-	17,579	17,579
Fund balances at beginning of year	<u>64,818</u>	<u>64,818</u>	<u>-</u>
Fund balances at end of year	<u>\$ 64,818</u>	<u>82,397</u>	<u>17,579</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ 5,000	14,274	9,274
Charges for services	<u>35,000</u>	<u>97,737</u>	<u>62,737</u>
Total revenues	<u>40,000</u>	<u>112,011</u>	<u>72,011</u>
Expenditures:			
Capital outlay	<u>125,774</u>	<u>31,646</u>	<u>94,128</u>
Total expenditures	<u>125,774</u>	<u>31,646</u>	<u>(94,128)</u>
Net change in fund balances	(85,774)	80,365	166,139
Fund balances at beginning of year	<u>249,962</u>	<u>249,962</u>	<u>-</u>
Fund balances at end of year	<u>\$ 164,188</u>	<u>330,327</u>	<u>166,139</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ -	46,169	46,169
Intergovernmental	60,000	231,915	171,915
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total revenues	<u>80,000</u>	<u>298,084</u>	<u>218,084</u>
Expenditures:			
Current:			
Police	805,090	75,668	729,422
Capital outlay	<u>168,165</u>	<u>144,425</u>	<u>23,740</u>
Total expenditures	<u>973,255</u>	<u>220,093</u>	<u>753,162</u>
Net change in fund balances	(893,255)	77,991	971,246
Fund balances at beginning of year	<u>1,020,907</u>	<u>1,020,907</u>	<u>-</u>
Fund balances at end of year	<u>\$ 127,652</u>	<u>1,098,898</u>	<u>971,246</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Investment income	\$ -	664,564	664,564
Total revenues	<u>-</u>	<u>664,564</u>	<u>664,564</u>
Expenditures:			
Debt service:			
Principal payments	5,845,000	5,845,000	-
Interest and fiscal charges	<u>8,127,794</u>	<u>8,011,619</u>	<u>116,175</u>
Total expenditures	<u>13,972,794</u>	<u>13,856,619</u>	<u>116,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,972,794)</u>	<u>(13,192,055)</u>	<u>780,739</u>
Other financing sources (uses):			
Transfers in	<u>13,972,794</u>	<u>12,579,323</u>	<u>(1,393,471)</u>
Total other financing sources (uses)	<u>13,972,794</u>	<u>12,579,323</u>	<u>(1,393,471)</u>
Net change in fund balances	-	(612,732)	(845,082)
Fund balances at beginning of year	<u>14,939,148</u>	<u>14,939,148</u>	<u>-</u>
Fund balances at end of year	<u>\$ 14,939,148</u>	<u>14,326,416</u>	<u>(845,082)</u>

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 Grants Fund is used to account for capital grant funds resulting from the City's federal, state and local operating 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
June 30, 2008

	<u>Building Surcharge Fund</u>	<u>Parking Improvement Fund</u>	<u>Capital Grants Fund</u>	<u>CDBG Capital Fund</u>	<u>Total</u>
<u>Assets</u>					
Cash and investments	\$ 282,755	1,317,206	239,349	-	1,839,310
Receivables:					
Accounts	-	-	30,462	-	30,462
Accrued interest	2,938	13,791	3,007	-	19,736
Due from other governments	-	-	1,013,318	52,713	1,066,031
Total assets	<u>285,693</u>	<u>1,330,997</u>	<u>1,286,136</u>	<u>52,713</u>	<u>2,955,539</u>
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	211	-	366,533	22,107	388,851
Due to other funds	-	5,405	-	30,735	36,140
Deposits payable	-	4,424	-	-	4,424
Deferred revenue	-	-	936,647	19,166	955,813
Total liabilities	<u>211</u>	<u>9,829</u>	<u>1,303,180</u>	<u>72,008</u>	<u>1,385,228</u>
Fund balances:					
Unreserved:					
Designated for:					
Capital Projects	285,482	1,321,168	-	-	1,606,650
Undesignated	-	-	(17,044)	(19,295)	(36,339)
Total fund balances (deficit)	<u>285,482</u>	<u>1,321,168</u>	<u>(17,044)</u>	<u>(19,295)</u>	<u>1,570,311</u>
Total liabilities and fund balances	<u>\$ 285,693</u>	<u>1,330,997</u>	<u>1,286,136</u>	<u>52,713</u>	<u>2,955,539</u>

CITY OF CULVER CITY
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Non-Major Capital Projects Funds
Year ended June 30, 2008

	Building Surcharge Fund	Parking Improvement Fund	Capital Grants Fund	CDBG Capital Fund	Total
Revenues:					
Licenses and permits	\$ 161,484	165,082	-	-	326,566
Investment income	10,215	57,699	9,445	-	77,359
Intergovernmental	-	-	1,785,932	239,532	2,025,464
Charges for services	-	757,286	-	-	757,286
Miscellaneous	-	94	-	-	94
Total revenues	<u>171,699</u>	<u>980,161</u>	<u>1,795,377</u>	<u>239,532</u>	<u>3,186,769</u>
Expenditures:					
Current:					
Public works	5,787	-	345,792	1,794	353,373
Capital outlay	20,838	-	1,096,988	51,048	1,168,874
Debt service:					
Principal payments	-	-	-	135,000	135,000
Interest and other charges	-	-	-	61,645	61,645
Total expenditures	<u>26,625</u>	<u>-</u>	<u>1,442,780</u>	<u>249,487</u>	<u>1,718,892</u>
Excess (deficiency) of revenues over (under) expenditures	<u>145,074</u>	<u>980,161</u>	<u>352,597</u>	<u>(9,955)</u>	<u>1,467,877</u>
Other financing sources (uses):					
Transfers out	<u>(7,800)</u>	<u>(780,000)</u>	<u>-</u>	<u>-</u>	<u>(787,800)</u>
Total other financing sources (uses)	<u>(7,800)</u>	<u>(780,000)</u>	<u>-</u>	<u>-</u>	<u>(787,800)</u>
Net change in fund balances	137,274	200,161	352,597	(9,955)	680,077
Fund balances (deficit) at beginning of year	<u>148,208</u>	<u>1,121,007</u>	<u>(369,641)</u>	<u>(9,340)</u>	<u>890,234</u>
Fund balances (deficit) at end of year	<u>\$ 285,482</u>	<u>1,321,168</u>	<u>(17,044)</u>	<u>(19,295)</u>	<u>1,570,311</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 137,000	17,000	(120,000)
Investment income	15,000	349,733	334,733
Charges for services	360,000	360,000	-
Miscellaneous	<u>76,413</u>	<u>77,265</u>	<u>852</u>
Total revenues	<u>588,413</u>	<u>803,998</u>	<u>215,585</u>
Expenditures:			
Current:			
Public works	2,968,014	1,614,085	1,353,929
Capital outlay	<u>10,220,170</u>	<u>3,649,566</u>	<u>6,570,604</u>
Total expenditures	<u>13,188,184</u>	<u>5,263,651</u>	<u>7,924,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,599,771)</u>	<u>(4,459,653)</u>	<u>8,140,118</u>
Other financing sources (uses):			
Transfers in	<u>8,156,877</u>	<u>7,968,052</u>	<u>(188,825)</u>
Total other financing sources (uses)	<u>8,156,877</u>	<u>7,968,052</u>	<u>(188,825)</u>
Net change in fund balances	(4,442,894)	3,508,399	7,951,293
Fund balances at beginning of year	<u>1,371,316</u>	<u>1,371,316</u>	<u>-</u>
Fund balances at end of year	<u>\$ (3,071,578)</u>	<u>4,879,715</u>	<u>7,951,293</u>

CITY OF CULVER CITY
RDA Capital Projects Fund

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

Year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Taxes	\$ 29,593,000	31,387,713	1,794,713
Investment income	865,000	2,076,862	1,211,862
Charges for services	1,456,000	1,065,101	(390,899)
Miscellaneous	<u>7,271,285</u>	<u>1,304,639</u>	<u>(5,966,646)</u>
Total revenues	<u>39,185,285</u>	<u>35,834,315</u>	<u>(3,350,970)</u>
Expenditures:			
Current:			
Community development	11,164,192	6,111,832	5,052,360
Public works	4,048,718	1,885,208	2,163,510
Capital outlay	14,159,141	4,032,917	10,126,224
Debt service:			
Principal payments	1,125,000	77,387	1,047,613
Interest and other charges	305,000	647,341	(342,341)
Pass-through payments	<u>-</u>	<u>3,310,845</u>	<u>(3,310,845)</u>
Total expenditures	<u>30,802,051</u>	<u>16,065,530</u>	<u>14,736,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,383,234</u>	<u>19,768,785</u>	<u>11,385,551</u>
Other financing sources (uses):			
Transfers in	6,841,678	652,490	(6,189,188)
Transfers out	<u>(26,239,128)</u>	<u>(18,856,866)</u>	<u>7,382,262</u>
Total other financing sources (uses)	<u>(19,397,450)</u>	<u>(18,204,376)</u>	<u>1,193,074</u>
Net change in fund balances	(11,014,216)	1,564,409	12,578,625
Fund balances at beginning of year	<u>65,302,833</u>	<u>65,302,833</u>	<u>-</u>
Fund balances at end of year	<u>\$ 54,288,617</u>	<u>66,867,242</u>	<u>12,578,625</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 90,000	161,484	71,484
Investment income	<u>2,500</u>	<u>10,215</u>	<u>7,715</u>
Total revenues	<u>92,500</u>	<u>171,699</u>	<u>79,199</u>
Expenditures:			
Current:			
Public works	6,264	5,787	477
Capital outlay	<u>20,000</u>	<u>20,838</u>	<u>(838)</u>
Total expenditures	<u>26,264</u>	<u>26,625</u>	<u>(361)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,236</u>	<u>145,074</u>	<u>78,838</u>
Other financing sources (uses):			
Transfers out	<u>(7,800)</u>	<u>(7,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,800)</u>	<u>(7,800)</u>	<u>-</u>
Net change in fund balances	58,436	137,274	78,838
Fund balances at beginning of year	<u>148,208</u>	<u>148,208</u>	<u>-</u>
Fund balances at end of year	<u>\$ 206,644</u>	<u>285,482</u>	<u>78,838</u>

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Licenses and permits	\$ 200,000	165,082	(34,918)
Charges for services	724,000	757,286	33,286
Investment income	20,000	57,699	37,699
Miscellaneous	<u>-</u>	<u>94</u>	<u>94</u>
 Total revenues	 <u>944,000</u>	 <u>980,161</u>	 <u>36,161</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>944,000</u>	 <u>980,161</u>	 <u>36,161</u>
 Other financing sources (uses):			
Transfers out	<u>(780,000)</u>	<u>(780,000)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>(780,000)</u>	 <u>(780,000)</u>	 <u>-</u>
 Net change in fund balances	 164,000	 200,161	 36,161
 Fund balances at beginning of year	 <u>1,121,007</u>	 <u>1,121,007</u>	 <u>-</u>
 Fund balances at end of year	 <u>\$ 1,285,007</u>	 <u>1,321,168</u>	 <u>36,161</u>

CITY OF CULVER CITY
Capital Grants - Capital Projects Fund

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

Year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,937,000	1,785,932	(151,068)
Investment income	<u>9,445</u>	<u>9,445</u>	<u>-</u>
Total revenues	<u>1,946,445</u>	<u>1,795,377</u>	<u>(151,068)</u>
Expenditures:			
Current:			
Public works	683,680	345,792	337,888
Capital outlay	<u>3,930,600</u>	<u>1,096,988</u>	<u>2,833,612</u>
Total expenditures	<u>4,614,280</u>	<u>1,442,780</u>	<u>3,171,500</u>
Net change in fund balances	(2,667,835)	352,597	3,020,432
Fund balances (deficit) at beginning of year	<u>(369,641)</u>	<u>(369,641)</u>	<u>-</u>
Fund balances (deficit) at end of year	<u>\$ (3,037,476)</u>	<u>(17,044)</u>	<u>3,020,432</u>

CITY OF CULVER CITY
CDBG Capital - Capital Projects Fund

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

Year ended June 30, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 249,358	239,532	(9,826)
Total revenues	<u>249,358</u>	<u>239,532</u>	<u>(9,826)</u>
Expenditures:			
Current:			
Public works	-	1,794	(1,794)
Capital outlay	111,005	51,048	59,957
Debt service:			
Principal payments	135,000	135,000	-
Interest and other charges	<u>61,645</u>	<u>61,645</u>	<u>-</u>
Total expenditures	<u>307,650</u>	<u>249,487</u>	<u>58,163</u>
Net change in fund balances	(58,292)	(9,955)	48,337
Fund balances (deficits) at beginning of year	<u>(9,340)</u>	<u>(9,340)</u>	<u>-</u>
Fund balances (deficits) at end of year	<u>\$ (67,632)</u>	<u>(19,295)</u>	<u>48,337</u>

(This page intentionally left blank)

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
Year ended June 30, 2008

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Total
<u>Assets</u>						
Cash and investments	\$ 11,553,146	-	1,812,645	-	531,961	13,897,752
Receivables:						
Accounts	-	19,520	68,949	-	-	88,469
Accrued interest	121,978	-	38,588	-	5,623	166,189
Due from other funds	-	4,066	110,853	1,075	-	115,994
Due from other governments	-	965	-	-	-	965
Inventory	-	118,005	-	665,447	-	783,452
Total current assets	<u>11,675,124</u>	<u>142,556</u>	<u>2,031,035</u>	<u>666,522</u>	<u>537,584</u>	<u>15,052,821</u>
Machinery and equipment	15,453,372	224,920	47,789	-	-	15,726,081
Accumulated depreciation	<u>(9,686,318)</u>	<u>(207,340)</u>	<u>(38,491)</u>	<u>-</u>	<u>-</u>	<u>(9,932,149)</u>
Net property, plant and equipment	<u>5,767,054</u>	<u>17,580</u>	<u>9,298</u>	<u>-</u>	<u>-</u>	<u>5,793,932</u>
Other assets:						
Advances to other funds	401,236	-	-	-	61,397	462,633
Land held for resale	-	-	1,150,000	-	-	1,150,000
Total other assets	<u>401,236</u>	<u>-</u>	<u>1,150,000</u>	<u>-</u>	<u>61,397</u>	<u>1,612,633</u>
Total assets	<u>17,843,414</u>	<u>160,136</u>	<u>3,190,333</u>	<u>666,522</u>	<u>598,981</u>	<u>22,459,386</u>
<u>Liabilities and Net Assets</u>						
Liabilities:						
Accounts payable	727,819	141,439	20,003	152,595	-	1,041,856
Accrued wages payable	-	27,639	35,517	-	-	63,156
Due to other funds	-	252,685	-	71,727	-	324,412
Unearned revenue	-	-	94,259	-	-	94,259
Total current liabilities	<u>727,819</u>	<u>421,763</u>	<u>149,779</u>	<u>224,322</u>	<u>-</u>	<u>1,523,683</u>
Long-term liabilities:						
Compensated absences payable	-	457,127	44,197	-	-	501,324
Claims and judgments payable	-	-	21,326,613	-	-	21,326,613
Total long-term liabilities	<u>-</u>	<u>457,127</u>	<u>21,370,810</u>	<u>-</u>	<u>-</u>	<u>21,827,937</u>
Total liabilities	<u>727,819</u>	<u>878,890</u>	<u>21,520,589</u>	<u>224,322</u>	<u>-</u>	<u>23,351,620</u>
Net assets:						
Invested in capital assets	5,767,054	17,580	9,298	-	-	5,793,932
Unrestricted	<u>11,348,541</u>	<u>(736,334)</u>	<u>(18,339,554)</u>	<u>442,200</u>	<u>598,981</u>	<u>(6,686,166)</u>
Total net assets	<u>17,115,595</u>	<u>(718,754)</u>	<u>(18,330,256)</u>	<u>442,200</u>	<u>598,981</u>	<u>(892,234)</u>
Total liabilities and net assets	<u>\$ 17,843,414</u>	<u>160,136</u>	<u>3,190,333</u>	<u>666,522</u>	<u>598,981</u>	<u>22,459,386</u>

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Year ended June 30, 2008

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Total
Operating revenues:						
Sales and service charges	\$ 1,616,104	6,888,282	7,351,143	1,632,878	-	17,488,407
Miscellaneous	63,131	139	138,694	3,423	4,588	209,975
Total revenues	<u>1,679,235</u>	<u>6,888,421</u>	<u>7,489,837</u>	<u>1,636,301</u>	<u>4,588</u>	<u>17,698,382</u>
Operating expenses:						
Salaries and benefits	-	2,861,841	1,240,172	-	-	4,102,013
Supplies	394,411	1,690,583	37,785	1,500,308	-	3,623,087
Repairs and maintenance	-	1,475,732	31,435	1,341	-	1,508,508
Insurance	-	680,547	1,391,053	-	-	2,071,600
Claims and settlements	-	110,084	5,433,656	-	-	5,543,740
Consulting and contract services	-	66,179	378,169	-	-	444,348
Depreciation	1,033,421	15,808	4,479	-	-	1,053,708
Total operating expenses	<u>1,427,832</u>	<u>6,900,774</u>	<u>8,516,749</u>	<u>1,501,649</u>	<u>-</u>	<u>18,347,004</u>
Operating income (loss)	<u>251,403</u>	<u>(12,353)</u>	<u>(1,026,912)</u>	<u>134,652</u>	<u>4,588</u>	<u>(648,622)</u>
Nonoperating revenues (expenses):						
Investment income	514,482	-	183,739	-	23,711	721,932
Total nonoperating revenues (expenses)	<u>514,482</u>	<u>-</u>	<u>183,739</u>	<u>-</u>	<u>23,711</u>	<u>721,932</u>
Income (loss) before transfers and capital contributions	765,885	(12,353)	(843,173)	134,652	28,299	73,310
Transfers in	150,000	-	-	-	-	150,000
Transfers out	-	-	(3,688,668)	-	-	(3,688,668)
Total transfers	<u>150,000</u>	<u>-</u>	<u>(3,688,668)</u>	<u>-</u>	<u>-</u>	<u>(3,538,668)</u>
Change in net assets	915,885	(12,353)	(4,531,841)	134,652	28,299	(3,465,358)
Net assets (deficit) at beginning of year	<u>16,199,710</u>	<u>(706,401)</u>	<u>(13,798,415)</u>	<u>307,548</u>	<u>570,682</u>	<u>2,573,124</u>
Net assets (deficit) at end of year	<u>\$ 17,115,595</u>	<u>(718,754)</u>	<u>(18,330,256)</u>	<u>442,200</u>	<u>598,981</u>	<u>(892,234)</u>

CITY OF CULVER CITY
Internal Service Funds
Combining Statement of Cash Flows
Year ended June 30, 2008

	Equipment Replacement Fund	City Garage Fund	Risk Management Fund	Central Stores Fund	Innovation Fund	Total
Cash flows from operating activities:						
Cash received from user departments	\$ 1,718,902	6,869,063	7,420,888	1,636,301	4,588	17,649,742
Cash payments to suppliers for goods and services	(389,789)	(4,139,715)	(5,816,632)	(1,516,294)	-	(11,862,430)
Cash payments to employees for services	<u>-</u>	<u>(2,805,446)</u>	<u>(1,221,032)</u>	<u>-</u>	<u>-</u>	<u>(4,026,478)</u>
Net cash provided by (used for) operating activities	<u>1,329,113</u>	<u>(76,098)</u>	<u>383,224</u>	<u>120,007</u>	<u>4,588</u>	<u>1,760,834</u>
Cash flows from noncapital financing activities:						
Cash received from other funds	177,151	78,682	-	-	4,153	259,986
Cash paid to other funds	<u>-</u>	<u>(2,584)</u>	<u>(3,798,267)</u>	<u>(120,007)</u>	<u>-</u>	<u>(3,920,858)</u>
Net cash provided by (used for) noncapital financing activities	<u>177,151</u>	<u>76,098</u>	<u>(3,798,267)</u>	<u>(120,007)</u>	<u>4,153</u>	<u>(3,660,872)</u>
Cash flows from capital and related financing activities:						
Cash paid for acquisition of capital assets	(1,111,885)	-	-	-	-	(1,111,885)
Interest paid on debt	<u>(9,675)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,675)</u>
Net cash proved by (used for) capital and related financing activities	<u>(1,121,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,121,560)</u>
Cash flows from investing activities:						
Interest received on investments	<u>514,482</u>	<u>-</u>	<u>199,589</u>	<u>-</u>	<u>23,519</u>	<u>737,590</u>
Net cash provided by (used for) investing activities	<u>514,482</u>	<u>-</u>	<u>199,589</u>	<u>-</u>	<u>23,519</u>	<u>737,590</u>
Net increase (decrease) in cash and cash equivalents	899,186	-	(3,215,454)	-	32,260	(2,284,008)
Cash and cash equivalents at beginning of year	<u>10,653,960</u>	<u>-</u>	<u>5,028,099</u>	<u>-</u>	<u>499,701</u>	<u>16,181,760</u>
Cash and cash equivalents at end of year	<u>\$ 11,553,146</u>	<u>-</u>	<u>1,812,645</u>	<u>-</u>	<u>531,961</u>	<u>13,897,752</u>

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	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ 251,403	(12,353)	(1,026,912)	134,652	4,588	(648,622)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	1,033,421	15,808	4,479	-	-	1,053,708
(Increase) decrease in accounts receivable	39,667	(19,520)	(68,949)	-	-	(48,802)
(Increase) decrease in due from other governments	-	162	-	-	-	162
(Increase) decrease in inventory	-	(33,469)	-	(64,961)	-	(98,430)
Increase (decrease) in accounts payable	4,622	(83,121)	3,239	50,316	-	(24,944)
Increase (decrease) in accrued wages payable	-	1,612	1,868	-	-	3,480
Increase (decrease) in compensated absences	-	54,783	17,272	-	-	72,055
Increase (decrease) in claims and judgments payable	-	-	1,452,227	-	-	1,452,227
Total adjustments	<u>1,077,710</u>	<u>(63,745)</u>	<u>1,410,136</u>	<u>(14,645)</u>	<u>-</u>	<u>2,409,456</u>
Net cash provided by (used for) operating activities	<u>\$ 1,329,113</u>	<u>(76,098)</u>	<u>383,224</u>	<u>120,007</u>	<u>4,588</u>	<u>1,760,834</u>

(This page intentionally left blank)

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.

(This page intentionally left blank)

CITY OF CULVER CITY

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities				
Invested in capital assets, net of related debt	(61,226,000)	\$ (48,975,000)	\$ (48,144,000)	\$ (17,430,778)
Restricted	116,147,000	109,746,000	109,336,000	113,783,900
Unrestricted	<u>14,237,000</u>	<u>21,627,000</u>	<u>40,591,000</u>	<u>20,050,965</u>
Total governmental activities net assets	<u>\$ 69,158,000</u>	<u>\$ 82,398,000</u>	<u>\$ 101,783,000</u>	<u>\$ 116,404,087</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 39,431,000	\$ 37,329,000	\$ 36,821,000	\$ 41,280,241
Unrestricted	<u>20,091,000</u>	<u>23,669,000</u>	<u>27,303,000</u>	<u>30,230,621</u>
Total business-type activities net assets	<u>\$ 59,522,000</u>	<u>\$ 60,998,000</u>	<u>\$ 64,124,000</u>	<u>\$ 71,510,862</u>
Primary government				
Invested in capital assets, net of related debt	\$ (21,795,000)	\$ (11,646,000)	\$ (11,323,000)	\$ 23,849,463
Restricted	\$ 116,147,000	109,746,000	109,336,000	113,783,900
Unrestricted	<u>\$ 34,328,000</u>	<u>45,396,000</u>	<u>67,894,000</u>	<u>50,281,586</u>
Total primary government net assets	<u>\$ 128,680,000</u>	<u>\$ 143,496,000</u>	<u>\$ 165,907,000</u>	<u>\$ 187,914,949</u>

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

CITY OF CULVER CITY

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

	Fiscal Year			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Expenses				
Governmental activities:				
General government	\$ 15,377,000	\$ 16,835,000	\$ 15,815,000	\$ 12,043,969
Parks, recreation and community services	\$ 7,151,000	\$ 7,337,000	\$ 8,237,000	\$ 6,329,820
Police	34,142,000	28,266,000	26,901,000	28,699,839
Fire	13,214,000	13,896,000	14,641,000	15,479,274
Community Development	14,284,000	19,624,000	25,044,000	20,973,449
Public Works	8,438,000	8,774,000	9,154,000	14,901,349
Transportation	-	-	-	-
Interest on long-term debt	8,644,000	9,563,000	8,721,000	8,908,295
	<u>101,250,000</u>	<u>104,295,000</u>	<u>108,513,000</u>	<u>107,335,995</u>
Total governmental activities expenses				
Business-type activities:				
Municipal Bus Lines Fund	15,416,000	16,765,000	16,889,000	10,631,384
Refuse Disposal Fund	8,851,000	9,529,000	9,610,000	17,978,224
Sewer Enterprise Fund	6,797,000	6,885,000	8,027,000	7,657,624
	<u>31,064,000</u>	<u>33,179,000</u>	<u>34,526,000</u>	<u>36,267,232</u>
Total business-type activities expenses				
Total primary government expenses	<u>132,314,000</u>	<u>137,474,000</u>	<u>143,039,000</u>	<u>143,603,227</u>
Program Revenues				
Governmental activities:				
<u>Charges for services:</u>				
General government	\$ 8,721,000	\$ 10,617,000	\$ 10,737,000	\$ 14,478,135
Parks and recreation	1,908,000	2,036,000	2,331,000	2,260,574
Police	4,821,000	4,996,000	5,481,000	5,310,204
Fire	1,224,000	1,511,000	1,418,000	3,135,673
Community Development	1,310,000	2,073,000	2,288,000	5,513,737
Public Works	60,000	27,000	42,000	986,759
Transportation	11,000	14,000	11,000	-
Operating Contributions and Grants	8,630,000	6,413,000	6,117,000	6,713,924
Capital Grants and Contributions	1,531,000	767,000	1,374,000	2,025,464
	<u>28,216,000</u>	<u>28,454,000</u>	<u>29,799,000</u>	<u>40,424,470</u>
Total governmental activities program revenues				
Business-type activities:				
<u>Charges for services:</u>				
Municipal Bus Lines Fund	2,546,000	2,732,000	2,800,000	2,881,323
Refuse Disposal Fund	9,096,000	9,833,000	10,519,000	10,747,405
Sewer Enterprise Fund	7,132,000	8,709,000	7,758,000	9,347,887
Operating grants and contributions	13,538,000	11,884,000	14,232,000	15,494,802
Capital grants and contributions	-	-	-	-
	<u>32,312,000</u>	<u>33,158,000</u>	<u>35,309,000</u>	<u>38,471,417</u>
Total business-type activities program revenues				
Total primary government program revenues	<u>\$ 60,528,000</u>	<u>\$ 61,612,000</u>	<u>\$ 65,108,000</u>	<u>\$ 78,895,887</u>

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 FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year			
	2005	2006	2007	2008
Net (Expense)/Revenue				
Governmental activities	\$ (73,034,000)	\$ (75,841,000)	\$ (78,714,000)	\$ (66,911,525)
Business-type activities	1,248,000	(21,000)	783,000	2,204,185
Total primary government net expense	<u>\$ (71,786,000)</u>	<u>\$ (75,862,000)</u>	<u>\$ (77,931,000)</u>	<u>\$ (64,707,340)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes				
Property taxes	\$ 22,705,000	\$ 28,213,000	\$ 31,667,000	\$ 34,725,099
Transient occupancy taxes	1,992,000	2,766,000	2,769,000	2,944,728
Sales taxes	17,433,000	18,000,000	18,081,000	17,922,101
Franchise taxes	1,114,000	1,213,000	1,253,000	1,338,872
Business license taxes	8,191,000	8,552,000	9,184,000	10,171,478
Other taxes	\$ 15,466,000	\$ 17,716,000	\$ 17,784,000	8,160,108
Motor vehicle in lieu taxes	\$ 3,240,000	\$ 2,862,000	\$ 2,922,000	3,093,074
Use of money and property	\$ 7,194,000	\$ 7,183,000	\$ 13,594,000	6,585,317
Intergovernmental revenues, unrestricted				-
Investment Income				-
Loss on sale of capital assets		\$ (2,000)	-	-
Other	\$ 439,000	\$ 3,473,000	\$ 1,661,000	-
Transfers	(570,000)	(731,000)	(699,000)	(510,782)
Total governmental activities	<u>\$ 77,204,000</u>	<u>\$ 89,245,000</u>	<u>\$ 98,216,000</u>	<u>\$ 84,429,995</u>
Business-type activities:				
Use of money and property	\$ 709,000	\$ 567,000	\$ 1,378,000	\$ 1,258,634
Other	27,000	9,000	266,000	388,382
Transfers	570,000	731,000	699,000	510,782
Total business-type activities	<u>1,306,000</u>	<u>1,307,000</u>	<u>2,343,000</u>	<u>2,157,798</u>
Total primary government	<u>\$ 78,510,000</u>	<u>\$ 90,552,000</u>	<u>\$ 100,559,000</u>	<u>\$ 86,587,793</u>
Change in Net Assets				
Governmental activities	\$ 4,170,000	\$ 13,404,000	\$ 19,502,000	\$ 17,518,470
Business-type activities	2,554,000	1,286,000	3,126,000	4,361,983
Total primary government	<u>\$ 6,724,000</u>	<u>\$ 14,690,000</u>	<u>\$ 22,628,000</u>	<u>\$ 21,880,453</u>

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 FOUR FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

		Program Revenues			
		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function/Program					
Governmental activities:					
	General government	\$ 8,751,000	\$ 10,648,000	\$ 10,766,000	\$ 16,684,482
	Parks and recreation	5,725,000	2,685,000	3,292,000	3,627,382
	Police	5,171,000	5,999,000	5,710,000	5,964,366
	Fire	1,271,000	1,511,000	1,418,000	3,135,673
	Community Development	4,465,000	4,450,000	4,569,000	8,065,008
	Public Works	1,597,000	1,654,000	2,649,000	2,947,559
	Transportation	<u>1,236,000</u>	<u>1,507,000</u>	<u>1,395,000</u>	<u>-</u>
	Subtotal governmental activities	<u>28,216,000</u>	<u>28,454,000</u>	<u>29,799,000</u>	<u>40,424,470</u>
Business-type activities:					
	Municipal Bus -Transit	16,062,000	14,594,000	17,025,000	18,376,125
	Refuse Disposal Fund	9,118,000	9,855,000	10,526,000	10,747,405
	Sewer Enterprise Fund	<u>7,132,000</u>	<u>8,709,000</u>	<u>7,758,000</u>	<u>9,347,887</u>
	Subtotal business-type activities	<u>32,312,000</u>	<u>33,158,000</u>	<u>35,309,000</u>	<u>38,471,417</u>
	Total primary government	<u>\$ 60,528,000</u>	<u>\$ 61,612,000</u>	<u>\$ 65,108,000</u>	<u>\$ 78,895,887</u>

CITY OF CULVER CITY

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund				
Reserved	\$ 2,197,000	\$ 7,690,000	\$ 6,972,000	\$ 15,892,059
Unreserved	<u>24,091,000</u>	<u>27,761,000</u>	<u>31,897,000</u>	<u>25,319,185</u>
Total General Fund	<u>\$ 26,288,000</u>	<u>\$ 35,451,000</u>	<u>\$ 38,869,000</u>	<u>\$ 41,211,244</u>
All Other Governmental Funds				
Reserved	\$ 41,612,000	\$ 42,495,000	\$ 55,994,000	\$ 61,933,322
Unreserved, reported in:				
Special revenue funds-RDA	14,138,000	17,121,000	15,051,000	18,451,304
Capital projects funds	42,195,000	28,022,000	821,000	2,648,924
Capital projects funds-RDA			20,016,000	16,633,351
Debt service funds	14,134,000	16,009,000	14,939,000	14,326,416
Other Governmental Funds	<u>-</u>	<u>-</u>	<u>5,886,000</u>	<u>7,492,475</u>
Total all other Governmental Funds	<u>\$ 112,079,000</u>	<u>\$ 103,647,000</u>	<u>\$ 112,707,000</u>	<u>\$ 121,485,792</u>

CITY OF CULVER CITY

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Taxes	\$ 66,089,000	\$ 75,271,000	\$ 81,311,000	\$ 79,838,309
Licenses and permits	1,451,000	2,255,000	2,374,000	13,224,442
Intergovernmental	11,225,000	9,652,000	12,335,000	6,777,641
Charges for services	12,539,000	14,768,000	15,399,000	13,124,126
Use of money and property	6,922,000	6,942,000	12,824,000	5,863,385
Fines and forfeitures	4,065,000	4,243,000	4,543,000	4,830,667
Other revenues	<u>439,000</u>	<u>3,470,000</u>	<u>1,645,000</u>	<u>1,955,132</u>
Total revenues	<u>102,730,000</u>	<u>116,601,000</u>	<u>130,431,000</u>	<u>125,613,702</u>
Expenditures				
General government	12,122,000	13,439,000	15,001,000	10,217,548
Parks, recreation and community services	6,680,000	6,889,000	7,503,000	6,078,828
Police	24,737,000	26,510,000	27,905,000	28,067,568
Fire	12,944,000	13,643,000	13,894,000	14,843,667
Community development	14,242,000	19,592,000	24,223,000	17,510,916
Public works	8,162,000	8,552,000	8,658,000	13,177,016
Capital outlay	10,787,000	6,432,000	6,624,000	9,535,679
Debt service				
Principal retirement	7,833,000	6,591,000	6,295,000	6,057,387
Interest and fiscal charges	9,219,000	8,819,000	8,678,000	8,720,605
Debt issuance costs		545,000	-	-
Pass-through payments				3,310,845
Payment of refunding bond escrow - prior issue	<u>-</u>	<u>1,566,000</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>106,726,000</u>	<u>112,578,000</u>	<u>118,781,000</u>	<u>117,520,059</u>
Excess of revenues over (under) expenditures	<u>(3,996,000)</u>	<u>4,023,000</u>	<u>11,650,000</u>	<u>8,093,643</u>
Other Financing Sources (Uses)				
Transfers in	15,631,000	25,480,000	16,037,000	29,457,365
Transfers out	(16,214,000)	(26,893,000)	(16,698,000)	(26,429,479)
Long-term debt issued	10,000	17,315,000	1,550,000	-
Payment to refunded bond escrow - current issue		(15,390,000)	-	-
Original issue premium	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(573,000)</u>	<u>512,000</u>	<u>889,000</u>	<u>3,027,886</u>
Net change in fund balances	<u>\$ (4,569,000)</u>	<u>\$ 4,535,000</u>	<u>\$ 12,539,000</u>	<u>\$ 11,121,529</u>
Debt service as a percentage of noncapital expenditures	19.0%	18.4%	14.4%	18.2%

CITY OF CULVER CITY

TAX REVENUES BY SOURCE

GOVERNMENTAL FUNDS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Utility Users Tax</u>	<u>Other Tax</u>	<u>Licenses, Permits</u>	<u>Fines, Forfeitures, Penalties</u>	<u>Use of Money, Property</u>	<u>Revenue from other Agencies</u>	<u>Charges for Services</u>	<u>Sale of Property</u>	<u>Other</u>	<u>Total</u>
1999	18,936,000	12,131,000	9,668,000	10,401,000	970,000	2,146,000	4,820,000	8,915,000	7,941,000	-	230,000	76,158,000
2000	20,426,000	13,758,000	9,868,000	9,340,000	1,064,000	2,659,000	5,776,000	8,304,000	9,008,000	1,402	573,000	80,777,402
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	15,323,000	12,047,000	13,543,000	1,274,000	3,705,000	6,660,000	9,788,000	9,781,000	-	698,000	96,672,000
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	2,631,562	4,830,667	12,640,711	10,592,880	13,124,126	-	1,955,447	125,613,702

CITY OF CULVER CITY

**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
1999	3,268,200,437	316,988,835	3,585,574,557	0.497%
2000	3,503,723,724	329,397,451	3,833,506,150	0.502%
2001	3,716,340,269	376,728,223	4,093,453,467	0.515%
2002	3,968,565,427	416,485,846	4,385,436,248	0.511%
2003	4,151,969,640	399,452,859	4,551,807,474	0.507%
2004	4,417,537,522	392,953,627	4,811,667,938	0.504%
2005	4,719,905,822	332,647,260	5,053,794,455	0.498%
2006	5,053,722,604	366,616,923	5,420,774,502	0.494%
2007	5,455,470,578	357,449,547	5,813,305,100	0.497%
2008	5,999,920,641	379,698,875	6,380,004,491	0.516%

Source: HdL Coren & Cone, Los Angeles County Assessor 1998/99 - 2007/08 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)

	2006	2007	2008
City Direct Rate			
City Basic Rate	\$ 0.1050	\$ 0.1050	\$ 0.1050
Total City Direct Rate	\$ 0.1050	\$ 0.1050	\$ 0.1050
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	\$ 0.0630	\$ 0.0630
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 2007/08 Lien Date Tax 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**

	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Total Assessed Value	\$ 6,568,960,453		100.00%	\$ 3,268,200,000		100.00%
Lot, Inc.	\$ 182,159,236	1	5.10%	\$ 152,787,000	1	4.67%
Transwestern Corporate Pointe	88,638,000	2	2.61%			
TCE Filmland Holdings LLC	87,186,274	3	2.45%	83,782,000	3	2.56%
Sony Pictures Entertainment Inc.	103,931,897	4	2.37%	93,234,000	2	2.85%
Legacy III Culver City LLC	77,149,534	5	2.27%			
Fox Hills Mall LLC/Westfield	70,663,387	6	2.08%			
Sy Culver City Portfolio Limited Partnership	69,206,367	7	1.94%			
Pccp Studio City Los Angles TCS	68,227,526	8	1.91%			
CRP Centinela Limited Partnership	42,595,200	9	1.25%			
BRCP Corporate Pointe LLC	41,407,920	10	1.22%			
HBH Associates				68,226,000	4	2.09%
Arden Reality Finance Partnership				68,137,000	5	2.08%
Teachers Insurance				33,567,000	6	1.03%
Brotman Partners Limited Partnership				33,075,000	7	1.01%
Maier Brewing Company				28,787,000	8	0.88%
In-N-Out				24,000,000	9	0.73%
Center Properties				23,134,000	10	0.71%
Total	\$ 831,165,341		23.20%	\$ 608,729,000		18.61%

Source: Los Angeles County Assessor 2007/08 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
1999	1,735,000	1,666,000	96.0%	\$ 59,000	1,725,000	99.4%
2000	1,919,000	1,799,000	93.7%	\$ (37,000)	1,762,000	91.8%
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	3,337,386	116.0%	Unavailable		

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**

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ^a	Debt Per Capita ^a
	Redevelopment Bonds	Capital Leases	Loans	Total Governmental Activities	Water Revenue Bonds	Certificates of Participation	Capital Leases	Total Business-type Activities			
1999	146,587,000	2,187,000	2,020,000	150,794,000	17,520,000	8,730,000	-	26,250,000	177,044,000	15.7%	4,263,000
2000	174,023,000	3,733,000	2,020,000	179,776,000	25,080,000	8,395,000	1,869,000	35,344,000	215,120,000	18.5%	5,188,000
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%	5,404,000
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%	5,971,000
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%	5,692,000
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%	5,480,000
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%	5,219,000
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%	5,059,000
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%	4,908,000
2008	162,394,938	-	3,443,764	165,838,702	21,255,000	5,055,000	-	26,310,000	192,148,702	11.9%	4,721,794

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 2008, 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, 2008**

City Assessed Valuation	\$ 3,427,525,783
Redevelopment Agency Incremental Valuation	386,721,150
Total Net Taxable Assessed Valuation	<u>\$ 3,814,246,933</u>

	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt Repaid with Voter-Approved Property Taxes:			
Los Angeles County	\$ -	0.000%	\$ -
Los Angeles County Flood Control District	-	0.000%	-
Metropolitan Water District	150,054,336	0.432%	647,548
El Camino College District	186,061,201	0.005%	8,581
Los Angeles Community College District	1,048,320,000	1.174%	12,303,991
Los Angeles Community College District	322,500,000	1.176%	3,791,050
Culver City Unified School District	37,680,000	99.336%	37,429,616
Inglewood Unified School District	121,095,000	0.043%	51,465
Los Angeles Unified School District	7,325,045,000	0.008%	561,359
Subtotal, overlapping debt			54,793,611
City direct debt		1.60%	<u>-</u>
Total direct and overlapping debt		1.60%	<u>\$ 54,793,611</u>

Sources: HdL Coren & Cone, Los Angeles County Assessor 2007/2008 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 1.60% of the City's 2007/2008 assessed valuation or \$55 million.

CITY OF CULVER CITY

**LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total assessed valuation	\$ 3,782,197,000	\$ 4,134,284,000	\$ 4,179,397,000	\$ 4,459,406,000	\$ 4,683,970,000	\$ 4,947,092,000	\$ 5,198,490,000	\$ 5,595,297,000	\$ 6,001,605,000	\$ 6,380,004,491
Debt Limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt Limit	\$ 567,329,550	\$ 620,142,600	\$ 626,909,550	\$ 668,910,900	\$ 702,595,500	\$ 742,063,800	\$ 779,773,500	\$ 839,294,550	\$ 900,240,750	\$ 957,000,674
Amount of debt applicable to the limit:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	<u>\$ 567,329,550</u>	<u>\$ 620,142,600</u>	<u>\$ 626,909,550</u>	<u>\$ 668,910,900</u>	<u>\$ 702,595,500</u>	<u>\$ 742,063,800</u>	<u>\$ 779,773,500</u>	<u>\$ 839,294,550</u>	<u>\$ 900,240,750</u>	<u>\$ 957,000,674</u>
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, 2008, the City was not obligated in any manner for general obligation bonds.

CITY OF CULVER CITY

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Wastewater Facilities Revenue Bonds (b)							Tax Allocation Bonds			
	Utility Service Charges	Interest Earnings (a)	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
					Principal	Interest			Principal	Interest	
1999	5,105,000	1,151,000	1,637,000	4,619,000	500,000	1,203,000	2.71	17,319,000	2,670,000	7,726,000	1.67
2000	4,593,000	1,207,000	2,842,000	2,958,000	530,000	1,010,000	1.92	17,094,000	2,820,000	7,575,000	1.64
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	5,446,000	4,898,000	505,000	1,272,000	2.76	31,388,000	5,845,000	8,009,000	2.27

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.

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
1999	41,461	1,159,789	27,973	3.3%
2000	39,335	1,149,605	29,226 ^c	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 Estimate	40,694 ^a	1,400,932 ^b	34,426 ^c	3.2%

Sources:

Population State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State, 2001-2008, with 2000 Benchmark. Sacramento, California, Jan 2008.

^a Estimated increase of 0.1% for year 2008 based on 2000 - 2007 trend.

Personal Income U.S. Dept. of Commerce, Bureau of Economic Analysis, Area 31084, Los Angeles-Long Beach-Glendale, CA Metropolitan Division Per Capita Personal Income multiplied by the Culver City population count.

^b Estimated increase of 2.15% for years 2008 and 2009 based on 2000 - 2007 trend.

Per Capital Personal Income U.S. Dept. of Commerce, Bureau of Economic Analysis, Area 31084, Los Angeles-Long Beach-Glendale, CA Metropolitan Division. ^b Estimated increase of 2.3% for years 2008 - 2009 based on 2000 - 2007 trend

^c Year 2000: U.S. Bureau of the Census, Census 2000.

Unemployment Rate U.S. Department of Labor, Bureau of Labor Statistics, not seasonally adjusted (2008 rate estimated using average rate for January through May 2008)

CITY OF CULVER CITY

**PRINCIPAL EMPLOYERS
Current Year**

Employer	2008		
	Employees	Rank	Percentage of Total City Employment
Sony Pictures Entertainment	2,020	1	8.38%
Westfield Shoppingtown-Fox Hills	1,500	2	6.22%
Brotman Medical Center	900	3	3.73%
Symantec	800	4	3.32%
City of Culver City	688	5	2.85%
Metric Products	650	6	2.70%
Culver City Unified School District	575	7	2.39%
Radisson Hotel	300	8	1.24%
Kaiser Permanente	275	9	1.14%
West L.A. College	250	10	1.04%
Total [1]	<u>7,958</u>		<u>33.02%</u>
Total Employment per EDD	<u>24,100</u>		

[1] Source: Culver City Chamber of Commerce and State of California EDD

Information from previous years is unavailable.

CITY OF CULVER CITY

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

Function/Program	Full-time-Equivalent Employees as of June 30										
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	84	84	87	88	89	88	86	85	86	89	83
Parks, recreation and community services	46	45	46	46	48	47	39	41	41	41	39
Police	163	167	169	173	174	166	162	164	164	161	164
Fire	79	78	77	76	74	70	71	71	71	72	72
Community development	44	44	44	45	45	47	48	46	50	50	56
Public works	67	65	65	67	67	65	59	60	60	57	61
Grants operating	14	13	13	14	18	16	18	13	11	11	10
Internal service	37	37	39	43	45	45	42	45	45	43	43
Refuse	43	42	44	52	51	51	50	50	50	50	49
Transit	81	85	86	88	99	102	107	110	109	109	108
Sewer	<u>4</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>6</u>	<u>10</u>
Total	<u>662</u>	<u>665</u>	<u>676</u>	<u>696</u>	<u>715</u>	<u>703</u>	<u>688</u>	<u>690</u>	<u>692</u>	<u>688</u>	<u>695</u>

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Building permits issued	1,065	2,629	2,183	2,267	2,527	2,582	1,554	2,519	3,264	2,575
Building inspections conducted	unavailable	unavailable	unavailable	unavailable	7,982	8,500	9,585	10,500	9,814	11,121
Police										
Arrestees Processed	2,154	2,479	2,200	3,327	1,687	2,100	2,797	1,500	2,800	1,700
Parking citations	37,224	39,730	40,610	32,093	40,610	32,000	38,098	34,000	38,000	40,000
Traffic citations	19,705	22,102	19,065	23,292	19,065	16,000	14,672	13,000	14,700	14,000
Fire										
Emergency responses	682	3,698	3,802	3,887	3,777	3,907	3,919	3,950	4,050	4,300
Fire Emergency Incidents	148	146	131	151	164	140	151	152	150	160
Commercial Fire Safety Inspections	1,882	2,793	1,844	2,517	1,159	2,148	1,928	1,900	1,900	2,284
Refuse collection										
Residential Refuse collected (tons per day)	9	18	15	16	14	15	15	15	15	15
Commercial Refuse Collected (tons per day)	20	22	21	27	21	20	20	21	21	20
Responses to Customer Service Requests	200	130	250	245	240	200	200	200	200	200
Public Works										
Traffic Engineering Investigations	1,700	1,700	1,200	1,630	1,200	2,576	2,000	2,475	2,500	3,956
Tons of Asphalt Placed	650	600	1,150	1,340	1,000	900	681	558	600	650
Damaged Sidewalk removed/replaced (sq ft)	22,000	30,000	19,960	14,000	10,000	9,000	13,335	9,500	9,500	13,500
Trees Trimmed	4,650	4,200	3,812	5,021	3,573	2,850	3,483	3,208	5,836	5,500
Parks and recreation										
Park picnic permits issued	620	650	1,220	1,342	1,375	1,181	1,300	1,300	1,300	1,300
Participation in Youth Sports	unavailable	unavailable	19,637	15,000	12,500	12,500	4,997	5,345	8,349	7,400
Participation in Adults Sports	unavailable	unavailable	45,059	45,000	33,731	35,000	35,818	36,800	39,800	35,500
Transit - Municipal buses										
Total service miles	1,122,779	1,334,032	1,327,429	1,550,434	1,350,043	1,419,451	1,423,365	*1,415,371	* 1,421,330	1,490,000
Passengers	4,584,260	4,525,307	5,125,192	5,247,382	5,288,494	5,398,584	5,402,335	5,721,345	5,550,000	5,800,000

Sources: Annual Budgets and various city departments.

* Estimated

CITY OF CULVER CITY

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Fiscal Years

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	22	22	22	22	22	22	22	22	26	31
Motorcycle units	11	11	11	11	11	11	11	11	12	12
Detective Units	18	18	18	18	18	18	18	18	17	20
Parking Enforcement Units	9	9	9	9	9	9	9	9	8	6
Fire stations	3	3	3	3	3	3	3	3	3	3
Refuse collection										
Collection trucks	15	15	15	15	15	15	15	16	16	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	89	89	90	105	106	104	110
Parks and recreation										
Acreage	92.2	92.2	92.2	92.2	92.2	92.2	92.2	92.2	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	85.0
Pumping (lift) stations	7	7	7	7	7	7	7	7	7	7
Transit - Municipal buses	33	42	42	42	46	46	46	46	46	46

Sources: Various city departments.