

CITY OF CULVER CITY

SINGLE AUDIT REPORT

For the Fiscal Year Ended June 30, 2015

City of Culver City

Single Audit Report

For the Fiscal Year Ended June 30, 2015

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

To the Honorable Mayor and Members of the City Council
of the City of Culver City
Culver City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City (City), California, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2015.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-1 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We noted certain other matters that we reported to management of the City of Culver City in a separate letter dated December 21, 2015.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of This Report

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 21, 2015



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Mayor and Members of the City Council
of the City of Culver City
Culver City, California

Report on Compliance for Each Major Federal Program

We have audited the City of Culver City, California's (City) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended June 30, 2015. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Culver City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2015.

Report on Internal Control over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Culver City as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 21, 2015, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Moss, Levy & Hartzheim, LLP
Culver City, California
February 16, 2016

CITY OF CULVER CITY
 Single Audit Report
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass - Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Program Number	Federal Expenditures
Corporation for National and Community Service:			
Direct assistance:			
Retired and Senior Volunteer Program	94.002	14SR167723	\$ 32,794
Total Corporation for National and Community Service			<u>32,794</u>
U.S. Department of Health and Human Services:			
Passed through the Los Angeles County Department of Community and Senior Citizens' Services:			
Special Programs for the Aging - Title III, Part B - Supportive Services and Senior Centers	93.044	58247	998 *
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	58247	202,008 *
Total U.S. Department of Health and Human Services			<u>203,006</u>
U.S. Department of Justice:			
Direct assistance:			
Bulletproof Vest Partnership Program	16.607	2004BUBX04022255	9,818
Equitable Sharing Program	16.922	CA0191800	102,610
Passed through the City of Los Angeles:			
Edward Byrne Justice Assistance Grant - Police	16.738	2011-DJ-BX-2882	14,278
Edward Byrne Justice Assistance Grant - Police	16.738	2013-DJ-BX-0682	11,090
Edward Byrne Justice Assistance Grant - Police	16.738	2014-DJ-BX-0735	12,951
Total U.S. Department of Justice			<u>150,747</u>
U.S. Department of Homeland Security:			
Passed through the County of Los Angeles			
Emergency Management Performance Grant (EMPG)	97.042	2012-0027	23,594
Emergency Management Performance Grant (EMPG)	97.042	2013-0047	24,095
Emergency Management Performance Grant (EMPG)	97.042	2014-0070	994
Passed through the State of California			
State of California Pre-Disaster Mitigation	97.047	PDMC 14-PL0290	309
Total U.S. Department of Homeland Security			<u>48,992</u>

(Continued)

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CULVER CITY
 Single Audit Report
 Schedule of Expenditures of Federal Awards (Continued)
 For the Fiscal Year Ended June 30, 2015

Federal Grantor/ Pass - Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Program Number	Federal Expenditures
U.S. Department of Transportation:			
Direct assistance:			
Federal Transit Capital and Operating Assistance Formula Grants (5307)	20.507	CA-90-Y739	\$ 242,495
Federal Transit Capital and Operating Assistance Formula Grants (5307)	20.507	CA-90-Y853	76,900
Federal Transit Capital and Operating Assistance Formula Grants (5307)	20.507	CA-90-Z069	2,715,310
Passed through the State of California Department of Transportation:			
Federal Highway Administration (FHWA) - Highway Planning and Construction			
Higuera Street Bridge Program	20.205	5240026	172,143 *
Pedestrian Improvement - Intersections with Bus Stops	20.205	5240029	22,173 *
Sawtelle Boulevard Resurfacing	20.205	5240031	722,633 *
Traffic Signal Left Turn Signal	20.205	HSIP 6-07-00	52,066 *
Safety Routes to School	20.205	5240030	140,994 *
Real Time Motorist Information System	20.205	5240025	24,122 *
National Highway Traffic Safety Administration (NHTSA)			
Minimum Penalties for Repeat Offenders	20.608	PT15125	21,817
State and Community Highway Safety	20.600	PT15125	12,045
Total U.S. Department of Transportation			<u>4,202,698</u>
U.S. Department of Housing and Urban Development:			
Direct assistance:			
Section 8 Housing Choice Vouchers	14.871	CA110VO0115	1,639,630
Passed through the Community Development Commission of Los Angeles County:			
Community Development Block Grant - Entitlement Grants	14.218	D96189-14	28,491
Community Development Block Grant - Entitlement Grants	14.218	D98993-98	134,167
Total U.S. Department of Housing and Urban Development			<u>1,802,288</u>
Environmental Protection Agency:			
Direct assistance:			
Water Infrastructure - Storm Water Improvements	66.202	XP-00T38001-3	477,460 *
Total Environmental Protection Agency			<u>477,460</u>
U.S. Department of Treasury:			
Direct assistance:			
Asset Seizure Program	21.000	CA 091800	19,505
Total U.S. Department of Treasury			<u>19,505</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 6,937,490</u></u>

* Denotes major programs

See accompanying notes to schedule of expenditures of federal awards.

CITY OF CULVER CITY
Notes to Schedule of Federal Awards
June 30, 2015

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

(a) Scope of Presentation

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

(b) Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards presents the activities of all federal financial assistance received directly from federal agencies as well as federal financial assistance passed through State of California, the City of Los Angeles, and the County of Los Angeles.

The schedule was prepared from only the accounts of various grant programs and does not present the financial position or results of operations of the City.

(c) Basis of Accounting

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

(d) Subrecipients

During the fiscal year ended June 30, 2015, the City had no subrecipients.

CITY OF CULVER CITY
 Schedule of Findings and Questioned Costs
 June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

 X Yes _____ None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)

_____ Yes X No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

 93.044, 93.045

Special Programs for the Aging

 20.205

Highway Planning and Construction

 66.202

Water Infrastructure – Storm Water Improvements

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee:

 X Yes _____ No

CITY OF CULVER CITY
Schedule of Findings and Questioned Costs
June 30, 2015

Section II – Finding – Financial Statement Audit

Significant Deficiency

2015-1 Finding – Lack of segregation of duties at the Transit Division:

During our review of internal controls over Transit cash receipts, we noted a lack of segregation of duties over the cash count, recording of cash receipts, and reconciliation. The same person in transit was performing all three functions on the transit side. Finance also performs the last two functions based on information received from transit.

Effect:

Lack of segregation of duties, oversight, and controls increases the risk of a misappropriation of funds to occur and go undetected.

Recommendation:

We recommend that the duties be separated amongst available staff so that no one person can or does perform two out of three of the functions.

Management's Response:

Culver City has engaged an external audit firm to perform an enterprise internal control review and risk assessment. This firm will provide us with tools and techniques needed to improve the City's operations such as cash receipts, billings, recordings (shortage/overage) and reconciliation duties within Transit Division.

Management will maintain segregation of duties among the assigned staff in this division.

CITY OF CULVER CITY
Schedule of Findings and Questioned Costs
June 30, 2015

Section III – Findings and Questioned Costs – Major Federal Award Program Audit

None reported in the current fiscal year.

CITY OF CULVER CITY

Status of Prior Year's Findings

June 30, 2015

Section IV – Status of Prior Year Findings and Questioned Costs

None reported in the prior fiscal year.