

# **City of Culver City**

Culver City, California

## **Single Audit and Independent Auditors' Reports**

*For the Year Ended June 30, 2020*





**City of Culver City  
Single Audit Report  
For the Year Ended June 30, 2020**

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

***Independent Auditors' Report***

To the Honorable Mayor and the Members of 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, California (the "City"), as of and for the year ended June 30, 2020, 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 29, 2020.

**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") as a basis for designing 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 City'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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.

To the Honorable Mayor and the Members of City Council  
of the City of Culver City  
Culver City, California  
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### **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*The PwC Group, LLP*

Santa Ana, California  
December 29, 2020



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditors' Report**

To the Honorable Mayor and the Members of 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 (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance 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 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 year ended June 30, 2020.

**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

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

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

#### **Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We have issued our report thereon dated December 29, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our 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 Uniform Guidance 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 other 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 basic financial statements as a whole.



Santa Ana, California  
June 28, 2021, except for the Schedule of Expenditures of Federal Awards, which is as of December 29, 2020.



**City of Culver City**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA Number	Agency or Pass - Through Number	Federal Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>CDBG - Entitlement Grants Cluster:</b>			
<i>Passed through the Community Development Commission of Los Angeles County:</i>			
Community Development Block Grant - Entitlement Grants	14.218	D96189-19	7,341
<b>Total CDBG - Entitlement Grants Cluster</b>			<b>7,341</b>
<b>Housing Vouchers Cluster:</b>			
<i>Direct Program:</i>			
Section 8 Housing Choice Vouchers	14.871	CA110	1,652,612
<b>Total Housing Vouchers Cluster</b>			<b>1,652,612</b>
<b>Total U.S. Department of Housing and Urban Development</b>			<b>1,659,953</b>
<b><u>U.S. Department of Justice</u></b>			
<i>Direct Programs:</i>			
Bulletproof Vest Partnership Program	16.607	2018 BVP	11,210
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1318	41,660
<i>Direct Program, the County of Los Angeles &amp; City of Laverne:</i>			
Equitable Sharing Program	16.922	CA 0191800	255,923
<b>Total U.S. Department of Justice</b>			<b>308,793</b>
<b><u>U.S. Department of Transportation</u></b>			
<b>Highway Planning and Construction Cluster:</b>			
<i>Passed through the State of California Department of Transportation:</i>			
Highway Planning and Construction - Higuera Street Bridge Program	20.205	BHLS 5240026	1,450
Highway Planning and Construction - Traffic Signal Left Turn Upgrades	20.205	HSIPL 5240035	19,878
Highway Planning and Construction - Real Time Motorist Information System	20.205	CML 5240025	360,652
<b>Total Highway Planning and Construction Cluster</b>			<b>381,980</b>
<b>Federal Transit Cluster:</b>			
<i>Direct Programs:</i>			
Federal Transit Capital and Operating Assistance Formula Grants (5307)	20.507	CA-2016-037	122,840
Federal Transit Capital and Operating Assistance Formula Grants (5307)	20.507	CA-2017-163	124,033
Federal Transit Capital and Operating Assistance Formula Grants (5307)	20.507	CA-2020-163	2,463,552
<b>Total Federal Transit Cluster</b>			<b>2,710,425</b>
<b>Highway Safety Cluster:</b>			
<i>Passed through California Office of Traffic Safety:</i>			
State and Community Highway Safety - 2019	20.600	PT19025	8,898
State and Community Highway Safety - 2020	20.600	PT20033	7,967
<b>Total Highway Safety Cluster</b>			<b>16,865</b>
<b>Minimum Penalties for Repeat Offenders for Driving While Intoxicated Program:</b>			
<i>Passed through California Office of Traffic Safety:</i>			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 2019	20.608	PT19025	21,444
Minimum Penalties for Repeat Offenders for Driving While Intoxicated - 2020	20.608	PT20033	21,557
<b>Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated</b>			<b>43,001</b>
<b>Total U.S. Department of Transportation</b>			<b>3,152,271</b>

(Continued)

**City of Culver City**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2020**

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA Number	Agency or Pass - Through Number	Federal Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Aging Cluster:</b>			
<i>Passed through the Los Angeles County Department of Workforce Development, Aging and Community Services:</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services	93.044	ENP-162004	1,169
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	ENP-162004	237,927
Nutrition Services Incentive Program	93.053	ENP-162004	<u>20,999</u>
<b>Total Aging Cluster</b>			<u>260,095</u>
<i>Direct Program:</i>			
Provider Relief Fund	93.498	COVID-19	<u>41,614</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>301,709</u>
<b><u>U.S. Department of Homeland Security</u></b>			
<i>Passed through the County of Los Angeles:</i>			
Emergency Management Performance Grant (EPMG)	97.042	2017 EMPG	2,266
Emergency Management Performance Grant (EPMG)	97.042	2018 EMPG	<u>6,205</u>
<i>Direct Program:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR	<u>302,834</u>
<b>Total U.S. Department of Homeland Security</b>			<u>311,305</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 5,734,031</u></u>

**City of Culver City**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2020**

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**Note 1 – Reporting Entity**

The financial reporting entity, as defined by the Governmental Accounting Standard Board (“GASB”) Codification, consists of the primary government, which is the City of Culver City, California (the “City”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the City’s financial statements to be misleading or incomplete.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Accounting***

Funds received under the various grant programs have been recorded within the General Fund, enterprise funds, capital projects fund and special revenue funds of the City. The City utilizes the modified accrual basis of accounting for the General Fund, capital projects funds and special revenue funds and accrual basis of accounting for the enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

***Schedule of Expenditures of Federal Awards***

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through the Community Development Commission of Los Angeles County, the State of California Department of Transportation, the State of California Office of Traffic Safety, the City of La Verne, the Los Angeles County Department of Workforce Development, Aging and Community Services, and the County of Los Angeles, are included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

***Indirect Cost Rate***

The City did not elect to use the 10% de minimis cost rate.

**Note 3 – Subrecipients**

During the year ended June 30, 2020, the City did not provide federal funds to subrecipients.

**City of Culver City**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2020**

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**Section I – Summary of Auditors’ Results**

**Financial Statements**

Type of report the auditors issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **None Reported**

Noncompliance material to financial statements noted? **No**

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **None Reported**

Type of auditors’ report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **No**

Identification of major federal programs:

<b>CFDA Numbers</b>	<b>Name of Federal Program or Cluster</b>	<b>Federal Expenditures</b>
20.507	Federal Transit Cluster:	\$ 2,710,425
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	302,834
	<b>Total Expenditures of All Major Federal Programs</b>	<b>\$ 3,013,259</b>
	<b>Total Expenditures of Federal Awards</b>	<b>\$ 5,734,031</b>
	<b>Percentage of Total Expenditures of Federal Awards</b>	<b>52.55%</b>

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? **No**

**City of Culver City**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2020**

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**Section II – Financial Statement Findings**

**A. Current Year Findings – Financial Statement Audit**

No current year findings were noted.

**B. Prior Year Findings – Financial Statement Audit**

**Finding 2019-001 Internal Control Over Financial Reporting**

**Condition:**

During our walkthrough of internal control over payroll and human resources, we noted that the Payroll Department, who is processing payroll, have access to employee master files and is responsible for entering and making changes to the pay rate in the system.

**Recommendation:**

We recommended that the City shifts the controls of pay rate information from the Payroll Department to the Human Resources Department and constantly monitor the pay rate changes.

**Status:**

The finding was resolved during the year ended June 30, 2020.

**Finding 2019-002 Internal Control Over Accounts Payable**

**Condition:**

During our accounts payable testing, we noted that the City did not reconcile the Invoice Aging Report to the general ledger. The ending balance per Invoice Aging Report as of June 30, 2019 was \$12,554,117 while the ending balance for Vouchers Payable accounts in the general ledger as of June 30, 2019 was \$14,273,850. There is an unreconciled difference of \$1,719,733.

**Recommendation:**

We recommend the City reconcile the Accounts Payable Aging Report to general ledger and review the report periodically.

**Status:**

The finding was resolved during the year ended June 30, 2020.

**City of Culver City**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2020**

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**Section III – Federal Awards Findings and Questioned Costs**

**A. Current Year Findings and Questioned Costs – Major Federal Award Program Audit**

No current year findings were noted.

**B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit**

**2019-003 Cash Management – Internal Control and Compliance over Reimbursement Requests**

**Identification of the Federal Program:**

Catalog of Federal Domestic Assistance (“CFDA”) Number:	20.507
CDFFA Title:	Federal Transit Capital and Operating Assistance Formula Grants (5307)
Federal Agency:	U.S. Department of Transportation
Pass-Through Entity:	N/A
Federal Award Number and Award Year:	CA-2017-163 – FY 17-18

**Condition:**

During our audit, we noted that the City did not report Transportation Development Credits (“TDC”) for \$780,745 under the Federal Share of Expenditures in the Federal Financial Reports (“FFR”) for all four quarters.

In addition, the City miscalculated the TDCs in the FFR for the quarter ended December 31, 2018. The City drawdowns were in excess of the allowable amounts by \$78,051.

**Recommendation:**

We recommend the City attend Federal Transit Administration related training in order to obtain adequate and accurate information about grant requirements and communicate with Department of Transportation in a timely manner.

**Current Status:**

The finding was resolved during the year ended June 30, 2020.

**2019-004 Reporting – Internal Control and Compliance over Reporting**

**Identification of the Federal Program:**

Catalog of Federal Domestic Assistance (“CFDA”) Number:	20.507
CDFFA Title:	Federal Transit Capital and Operating Assistance Formula Grants (5307)
Federal Agency:	U.S. Department of Transportation
Pass-Through Entity:	N/A
Federal Award Number and Award Year:	CA-2017-163 – FY 17-18

**City of Culver City**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended June 30, 2020**

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**Section III – Federal Awards Findings and Questioned Costs (Continued)**

**B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)**

**2019-004 Reporting – Internal Control and Compliance over Reporting (Continued)**

**Condition:**

During our audit, we noted that one of the four quarterly FFRs selected for testing was submitted after the due date. The FFR for the quarter ended December 31, 2018 was due on January 30, 2019 but was not submitted the State of California Department of Transportation until January 31, 2019.

During our audit, we noted that the person in Transportation Development can prepare reimbursement requests as well as perform drawdowns of federal funds.

**Recommendation:**

We recommend the City update procedures to improve control activities over the timely submission of the reports. We also recommend the City request extensions from grantors in the future in the event that the City is unable to meet the reporting due date.

**Current Status:**

The finding was resolved during the year ended June 30, 2020.