12/08/2019

CULVER CITY UNIFIED SCHOOL DISTRICT

SCHOOL FACILITIES PROGRAM
CLOSE-OUT PERFORMANCE AUDIT

CULVER CITY MIDDLE SCHOOL
PROJECT NO. 57/64444-00-009

CULVER CITY UNIFIED SCHOOL DISTRICT
CULVER CITY MIDDLE SCHOOL
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PROJECT NO. 57/64444-00-009

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board
Culver City Unified School District
Culver City, California

We were engaged to conduct a close-out performance audit of the Culver City Unified School District's (the District) School Facilities Program Project #57/64444-00-009.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Education Code Section 41024 for a LEA agency that receives any funds, commencing April 1, 2017, pursuant to the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 of the Education Code) and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting – Appendix B*, issued by the California Education Audit Appeals Panel. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Education Code Section 41024 for a LEA agency that receives any funds, commencing April 1, 2017, pursuant to the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 of the Education Code) and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting – Appendix B*, issued by the California Education Audit Appeals Panel, but not for the purpose of expressing an opinion of the effectiveness of the District's internal controls. Accordingly, we do not express an opinion on the effectiveness of the District's internal controls. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The results of our tests indicated that the District expended School Facilities Program funds in accordance with Education Code Section 41024 for a LEA agency that receives any funds, commencing April 1, 2017, pursuant to the Leroy F. Greene School Facilities Act of 1998 (Chapter 12.5 (commencing with Section 17070.10) of Part 10 of Division 1 of Title 1 of the Education Code) and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting – Appendix B*, issued by the California Education Audit Appeals Panel.

Christy White, Inc.

San Diego, California
December 3, 2019

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On November 8, 2016, California voters approved Proposition 51, the California Public School Facility Bonds Initiative, which authorizes $9 billion in general obligation bonds to fund construction and improvement of K-12 and community college facilities. The measure designates $7 billion for K-12 projects falling under four types of projects (new construction, modernization, career technical education facilities, and charter school facilities), and $2 billion for any facility project for community colleges.

AUDIT OBJECTIVE

Determine whether funds identified by the District on its detailed list of expenditures have been expended in accordance with the requirements of the Leroy F. Greene School Facilities Act of 1998 associated regulations, grant agreements and the *2018-19 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting – Appendix B*.

AUDIT SCOPE

Our performance audit will be carried out in accordance with standards generally accepted in the United States of America and *Government Auditing Standards*. The scope of our performance audit includes all expenditures reported on the final form SAB 50-06 and Detailed Listing of Project Expenditures (DLOPE) for the close-out audit.

AUDIT METHODOLOGY

We obtained the Detailed Listing of Project Expenditures (DLOPE) for the closeout audit and the District's corresponding general ledger for the Non-Financial Hardship Project Number 57/64444-00-009. We performed the following procedures:

- Verify the District has maintained over the course of the project a general ledger that reflects expenditures at a Project-specific level that includes fund, resource, project year, goal, function, and object codes for all expenditures for the Project. Verify the final Detailed Listing of Project Expenditures (DLOPE) grand total for the project reconciles back to the District's general ledger grand total for the project.

- Verify any statutorily required District matching funds have been deposited in the County School Facility Fund or expended by the District from the matching funding source prior to the "Notice of Completion" by inspecting the SAB's project approval document for the applicable project and supporting accounting records provided by the District.

- Determine whether expenditures have been expended in accordance with the laws and regulations governing the SFP and were made within an eligible time frame by selecting a representative sample of project expenditures reported on the final form SAB 50-06 and DLOPE in order to agree and trace expenditures to supporting documentation.

- For construction contracts sampled, including change order amounts, inspect documentation substantiating compliance with provisions of the Public Contract Code concerning competitive bidding.

- Inspect supporting documentation for any transfers of SFP funds out of Fund 35 (School Facility Fund) to other LEA funds and determine if they are allowable.

AUDIT METHODOLOGY (continued)

- Agree and trace any interest reported on the final Form SAB 50-06 to amounts recorded in the general ledger and other interest documentation.

- Verify the LEA has established and funded a "Restricted Maintenance Account" for the exclusive purpose of providing ongoing and major maintenance of school buildings and has developed an ongoing major maintenance plan.

CONCLUSION

The results of our tests indicated that, in all significant respects, the Culver City Unified School District has properly accounted for the expenditures related to Non-Financial Hardship Project No. 57/64444-00-009 and that such expenditures were made for authorized purposes. However, we noted one exception (Finding #1) which is described in the accompanying Schedule of School Facility Program Summary of Audit Findings.

CULVER CITY UNIFIED SCHOOL DISTRICT
CULVER CITY MIDDLE SCHOOL
HARD CONSTRUCTION COST RATIO
PROJECT NO. 57/64444-00-009

	Amount		Percentage
Total Project Costs	$	3,592,286.00	100.00%
60% of Total Grant	$	2,155,371.60	60.00%
Reported Hard Costs & Percentage	$	3,361,749.00	93.58%
Audited Hard Costs & Percentage	$	3,361,749.00	93.58%
Difference	$	-	0.00%

CULVER CITY UNIFIED SCHOOL DISTRICT
CULVER CITY MIDDLE SCHOOL
SCHEDULE OF SCHOOL FACILITY PROGRAM SUMMARY OF FINAL PROJECT FUNDING
PROJECT NO. 57/64444-00-009

"SCHEDULE OF SCHOOL FACILITY PROGRAM (SFP) SUMMARY OF FINAL PROJECT FUNDING (For Non-Financial Hardship Closeout Audits and Financial Hardship Closeout Audit)				
	District: CULVER CITY UNIFIED SCHOOL DISTRICT			
	Project Number: 57/64444-00-009			
	School Name: CULVER CITY MIDDLE SCHOOL			
		Non- Hardship	Hardship	Dept.
A.	State Share: Grants Received (do not include site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	$ 2,127,431.00	$ 0.00	
B.	Plus District Contribution	$ 896,707.00	$ 0.00	
C.	Plus Financial Hardship Apportionment	N/A	$ 0.00	
D.	District Share (B + C = D)	$ 896,707.00	$ 0.00	
E.	Plus Audited Interest Earned on State Funds	$ 29,730.00	$ 0.00	
F.	**Total Project Financing** (A + D + E = F)	$ 3,053,868.00	$ 0.00	
G.	Reported Expenditures to Office of Public School Construction (do not include expenditures related to site purchase, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	$ 3,592,286.00	$ 0.00	
H.	Amount Overspent (if reported expenditures more than project financing) (G - F = H)	$ 538,418.00	$ 0.00	
I.	**Amount of Audited Savings** (if reported expenditures less than project financing) (F - G = I; also Audited Savings amount on SFP Project Savings Schedule)	$ 0.00	$ 0.00	**OPSC**
J.	**Ineligible Expenditures –** Audit Findings from SFP Summary of Audit Findings	$ 0.00	$ 0.00	**CDE**
K.	**Financial Hardship Grant Adjustment -** Expenditures Prior to Fund Release that exceeded District Contribution – Audit Finding from SFP Summary of Audit Findings	N/A	$ 0.00	**OPSC**
L.	**Site Grant Adjustments –** from Schedule of Site Grant Adjustments Summary	$ 0.00	$ 0.00	**OPSC**
M.	**Total Amount to be returned to the State** (**Non-Financial Hardship** For Audit Findings and Site Grant Adjustments)(J + K + L= M)	$ 0.00	**N/A**	
N.	**Total Amount to be returned to the State - Financial Hardship District** (I + J+K+L = N)	N/A	$ 0.00	

CULVER CITY UNIFIED SCHOOL DISTRICT
CULVER CITY MIDDLE SCHOOL
SCHEDULE OF SCHOOL FACILITY PROGRAM DETERMINATION OF PROJECT SAVINGS
PROJECT NO. 57/64444-00-009

"SCHEDULE OF SCHOOL FACILITY PROGRAM (SFP) DETERMINATION OF PROJECT SAVINGS" (LEA to report with SAB 50-06 for each SFP project)				
	District: CULVER CITY UNIFIED SCHOOL DISTRICT			
	Project Number: 57/64444-00-009			
	School Name: CULVER MIDDLE HIGH SCHOOL			
		Reported	**Audited**	**Difference**
A.	State Share: Grant Amount (do not include site acquisition, relocation assistance, hazardous waste removal, or DTSC grants in this figure)	$ 2,127,431.00	$ 2,127,431.00	$ 0.00
B.	Plus District Contribution	$ 896,707.00	$ 896,707.00	$ 0.00
C.	Plus Financial Hardship Apportionment	$ 0.00	$ 0.00	$ 0.00
D.	District Share: (B + C)	$ 896,707.00	$ 896,707.00	$ 0.00
E.	Plus Interest Earned on State Funds	$ 29,730.00	$ 29,730.00	$ 0.00
F.	**Amounts Financed** (A+D+E=F)	$ 3,053,868.00	$ 3,053,868.00	$ 0.00
G.	Reported Expenditures to Office of Public School Construction (do not include expenditures related to site acquisition, relocation assistance, hazardous waste removal, or DTSC grants in this figure):	$ 3,592,286.00	$ 3,592,286.00	$ 0.00
H.	Amount Overspent (if reported expenditures more than amounts financed) (G-F=H)	$ 538,418.00	$ 538,418.00	$ 0.00
I.	**Amount of Savings** (if reported expenditures less than amounts financed) (F-G=I)	$ 0.00	$ 0.00	$ 0.00

SCHEDULE OF SCHOOL FACILITY PROGRAM SITE GRANT ADJUSTMENTS SUMMARY

The Schedule of School Facility Program Site Grant Adjustments Summary is not applicable to the project as it relates to modernization and not new construction.

District: CULVER CITY UNIFIED SCHOOL DISTRICT					
Project Number: 57/64444-00-009					
School Name: CULVER CITY MIDDLE SCHOOL					
Section	Procedure	Objective	Finding/Outcome	Site Related Action (OPSC Action)	All Other Ineligible Expenditures (CDE Action)
IIA	#1, #5	Verify the Grantee has maintained over the course of the project a general ledger that reflects expenditures at a Project-specific level that includes fund, resource, project year, goal, function, and object codes for all expenditures for the Project. Verify the final Detailed Listing of Project Expenditures (DLOPE) grand total for the project reconciles back to the district's general ledger grand total for the project.	LEA's general ledger was not setup to track expenditures at a project specific level in order to reconcile the final DLOPE to the general ledger. (Finding #1)	N/A	N/A

<u>Finding #1 – Project-Specific General Ledger</u>

Finding: The LEA's general ledger was not setup to track expenditures at a project-specific level in order to reconcile the final Detailed Listing of Project Expenditures grand total to the District's general ledger in total.

Views of Responsible Officials: Our current practice is to track expenditures at the project-specific level denoted in our Standardized Account Code Structure (SACS) and we will continue to do so for any capital project expenditures going forward.

7/22/2020

REVISION

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board
Culver City Unified School District
Culver City, California

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Christy White, Inc.

San Diego, California
December 3, 2019

BETTY T. YEE
California State Controller

December 8, 2020

Superintendent
Culver City Unified
4034 Irving Place
Culver City, CA 90232-2848

Re: Certification Letter for Culver City Unified, Culver City Middle School, Modernization No. 57/64444-00-009

The State Controller's Office (SCO) has completed its desk review of the referenced entity's audit report dated December 8, 2019. As a result of the review, we certify that the audit report conforms to the reporting standards contained in the audit guide, *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, Appendix B, prescribed in Title 5, California Code of Regulations, section 19810.

If you have any questions regarding this letter, please contact a member of my LEA staff by telephone at (916) 324-6442, or by email at sfpaudits@sco.ca.gov.

Sincerely,

JOEL JAMES, Chief
Financial Audits Bureau
Division of Audits

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