



# CITY OF CULVER CITY, CALIFORNIA

For the Year Ended June 30, 2024

SINGLE AUDIT REPORT

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on YOU



**CITY OF CULVER CITY, CALIFORNIA**

**Single Audit Report**

**For the Year Ended June 30, 2024**

CITY OF CULVER CITY, CALIFORNIA

Single Audit Report

For the Year Ended June 30, 2024

Table of Contents

	<u>Page Number</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	3
Schedule of Expenditures of Federal Awards for the Year Ended June 30, 2024.....	6
Notes to the Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs for the Year Ended June 30, 2024.....	8
Summary Schedule of Prior Year Findings and Questioned Costs for the Year Ended June 30, 2023.....	13



INDEPENDENT AUDITORS' 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  
City of 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 City of Culver City, California (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 2, 2025.

### Report on 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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a significant deficiency.

### Report on 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 other matters that are required to be reported under *Government Auditing Standards*. We consider the deficiency described in the accompanying schedule of findings and responses as item 2024-001 to be a material noncompliance.



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

### **City of Culver City, California's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

*LSL, LLP*

Irvine, California  
May 2, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Culver City, California (the "City")'s compliance with the types of compliance requirements identified as subject to audit 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, 2024. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

***Basis for Opinion on Each Major Federal Program***

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 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* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.



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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated May 2, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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 the 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 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 basic financial statements as a whole.

*LSL, LLP*

Irvine, California  
May 2, 2025

CITY OF CULVER CITY, CALIFORNIA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Total Federal Expenditures</i>
<b>CDBG - Entitlement Grants Cluster</b>			
Department of Housing and Urban Development Pass-Through Programs from:			
Los Angeles County Development Authority			
Community Development Block Grants/Entitlement Grants	14.218	E5ZNHHZJ8GX9	\$ 287,987
Total Department of Housing and Urban Development Programs			<u>287,987</u>
<b>Total CDBG - Entitlement Grants Cluster</b>			<u><b>287,987</b></u>
<b>Housing Voucher Cluster*</b>			
Department of Housing and Urban Development Direct Programs:			
Section 8 Housing Choice Vouchers*	14.871	N/A	1,540,968
Total Department of Housing and Urban Development Programs			<u>1,540,968</u>
<b>Total Housing Voucher Cluster*</b>			<u><b>1,540,968</b></u>
<b>Federal Transit Cluster</b>			
Department of Transportation Direct Programs:			
Federal Transit Capital and Operating Assistance Formula Grants	20.507	N/A	1,017,217
<b>Total Federal Transit Cluster</b>			<u><b>1,017,217</b></u>
<b>Highway Safety Cluster</b>			
Department of Transportation Pass-Through Programs from:			
State of California Office of Traffic Safety			
State and Community Highway Safety	20.600	XCA4E3XL2KY7	26,232
<b>Total Highway Safety Cluster</b>			<u><b>26,232</b></u>
<b>Other Programs</b>			
Department of Housing and Urban Development Direct Programs:			
Family Self-Sufficiency Program	14.896	N/A	75,375
Total Department of Housing and Urban Development Programs			<u>75,375</u>
Department of Transportation Direct Programs:			
Highway Planning and Construction	20.205	N/A	72,090
Department of Transportation Pass-Through Programs from:			
State of California Office of Traffic Safety			
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	XCA4E3XL2KY7	145,004
Total Department of Transportation Programs			<u>217,094</u>
Department of the Treasury Pass-Through Programs from:			
California Department of Housing and Community Development			
Coronavirus State and Local Fiscal Recovery Funds	21.027	L4JQPJ7N5NT4	117,089
Total Department of the Treasury Programs			<u>117,089</u>
Department of Homeland Security Direct Programs:			
Assistance to Firefighters Grant	97.044	N/A	156,303
Total Department of Homeland Security Direct Programs			<u>156,303</u>
Department of Homeland Security Pass-Through Programs from:			
City of Los Angeles			
Homeland Security Grant Program (HSGP)	97.067	RNA2HUB4ZBK4	21,981
California Governor's Office of Emergency Services			
Hazard Mitigation Grant Program (HMGP)	97.039	UTM3S7LKYQZ4	31,246
County of Los Angeles			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	DN3NGS58SMT9	39,782
Total Department of Homeland Security Pass-Through Programs			<u>93,009</u>
Total Department of Homeland Security Programs			<u>249,312</u>
Department of Justice Direct Programs:			
Equitable Sharing Program	16.922	N/A	58,965
Total Department of Justice Direct Programs			<u>58,965</u>
Department of Justice Pass-Through Programs from:			
California Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	J9PFKF2X88D1	6,058
Total Department of Justice Pass-Through Programs			<u>6,058</u>
Total Department of Justice Programs			<u>65,023</u>
<b>Total Other Programs</b>			<u><b>292,469</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 3,164,873</b></u>

\* Major Program

<sup>1</sup> There were no federal awards expended in the form of noncash assistance and insurance in effect during the year.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**CITY OF CULVER CITY, CALIFORNIA**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal financial assistance programs of the City of Culver City, California (the City). For purposes of this schedule, financial awards include federal awards received directly from a federal agency, as well as federal funds received indirectly by the City from a non-federal agency or other organization. Only the portions of program expenditures reimbursable with federal funds are reported in the SEFA. Program expenditures in excess of the maximum reimbursement authorized, if any, or the portion of the program expenditures that were funded with other state, local or other non-federal funds are excluded from the SEFA.

The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying SEFA is presented using the modified accrual basis of accounting for general fund, capital projects fund and special revenue funds and the accrual basis of accounting for the enterprise funds, which is described in Note 1 of the notes to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

**NOTE 3: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS**

Grant expenditure reports for the year ended June 30, 2024, which have been submitted to grantor agencies, will, in some cases, differ from the amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of the year-end accruals.

**NOTE 4: RELATIONSHIP TO ANNUAL COMPREHENSIVE FINANCIAL REPORT**

Amounts reported in the accompanying SEFA agree, in all material respects, to amounts reported within the City's Annual Comprehensive Financial Report.



**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Reference No.:** 2024-001 – Timeliness in Financial Reporting

**Evaluation of Finding:**

Significant deficiency/material noncompliance.

**Criteria:**

Financial reports are intended to meet the needs of decision makers, including the governing board, bondholders, Federal and State oversight agencies, and constituents. Accordingly, timeliness was identified as one of the characteristics of information in financial reporting in GASB Concepts Statement No. 1 of the Governmental Accounting Standards Board (GASB), Objectives of Financial Reporting. To accomplish this objective, financial reports must be available in time for informed decision making. Therefore, financial reports should be published as soon as possible after the end of the reporting period.

Sometimes the need for timeliness has to be balanced against the need for reliability, which also was identified as one of the characteristics of information in financial reporting identified in GASB Concepts Statement No. 1. While governments certainly should not sacrifice reliability for timeliness, minor gains in precision ought not to be purchased at the price of indefinite delay (e.g., accounting estimates).

Legislative deadlines for submitting financial statements should be viewed as a minimum standard rather than as an ideal objective. The same holds true for the submission deadlines used by various award programs such as the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. The additional cost of more timely financial reporting (e.g., additional staff and overtime) also needs to be considered.

**Condition:**

While conducting our audit, we noted that the City experienced difficulties and delays in accurately preparing the City's financial statements. Additionally, the City's financial statements were not ready to be issued by the required Single Audit Reporting Package deadline of March 31, 2025. As a result of these conditions, the financial statements were not available to meet the needs of decisions makers, including governing boards, bondholders, Federal and State oversight agencies, and constituents in a timely manner.

**Effect or Potential Effect of Condition:**

Untimely financial statement reporting can alter the value of those financial statements to the users, as well as jeopardize relationships with bondholders, and granting agencies.

**Recommendation:**

Management should establish a well-defined process for its annual financial reporting. The process and its key attributes (e.g., overall timing, methodology, communication with component units, segregation of duties, frequency of analyses and review by City management) should be formally documented, approved, and reviewed on a regular basis. In addition, the City should develop more resources capable of assisting in the preparation of its annual financial reporting package.

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**Management's Response and Corrective Action:**

The City understands the importance of timeliness in financial reporting and strives to not only meet but to exceed minimum standards for reporting. This year the City was challenged by the onboarding a new audit firm, the retirement of the City's long-time Assistant Chief Financial Officer and personnel shortages. These challenges were exacerbated by the federally declared disaster that occurred in Los Angeles County in January 2025. The City of Culver City is located within Los Angeles County and most City staff live within Los Angeles County. On January 7, 2025, multiple wildfires erupted throughout the County. The Eaton and Palisades Fires ultimately burned for several weeks, displaced hundreds of thousands of Los Angeles County residents and destroyed thousands of homes. Many City staff members were directly impacted by the fires. Many staff members were evacuated from their homes for extended periods of time, including key members of the Finance Team directly involved in the audit process. In addition, several of the City's management staff members lost their homes, including the City's Director of Housing and Human Services whose department oversees the City's Section 8 Voucher Program, the focus of the single audit.

The City could have addressed many of its internal challenges but for the fires. This unprecedented natural disaster significantly impacted the City's ability to complete its financial reporting in a timely manner. The City is committed to securing additional resources and establishing a more formal process for its annual financial reporting.

**CITY OF CULVER CITY, CALIFORNIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Reference No.:** 2024-001 – Timeliness in Financial Reporting

**Evaluation of Finding:**

Significant deficiency/material noncompliance.

<b><i>Assistance Listing Number</i></b>	<b><i>Program Title</i></b>	<b><i>Federal Agency</i></b>	<b><i>Pass-Through Entity</i></b>	<b><i>COVID-19 Program</i></b>
14.218	Community Development Block Grants/Entitlement Grants	U.S. Department of Housing and Urban Development	Los Angeles County Development Authority	No
14.871	Section 8 Housing Choice Vouchers	U.S. Department of Housing and Urban Development	N/A	No
20.507	Federal Transit Capital and Operating Assistance Formula Grants	U.S. Department of Transportation	N/A	No
20.600	State and Community Highway Safety	U.S. Department of Transportation	State of California Office of Traffic Safety	No
14.896	Family Self-Sufficiency Program	U.S. Department of Housing and Urban Development	N/A	No
20.205	Highway Planning and Construction	U.S. Department of Transportation	N/A	No
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	U.S. Department of Transportation	State of California Office of Traffic Safety	No
21.027	Coronavirus State and Local Fiscal Recovery Funds	U.S. Department of Treasury	California Department of Housing and Community Development	Yes
97.044	Assistance to Firefighters Grant	U.S. Department of Homeland Security	N/A	No

**CITY OF CULVER CITY, CALIFORNIA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)**

97.067	Homeland Security Grant Program	U.S. Department of Homeland Security	City of Los Angeles	No
97.039	Hazard Mitigation Grant Program	U.S. Department of Homeland Security	California Governor's Office of Emergency Services	No
97.083	Staffing for Adequate Fire and Emergency Response	U.S. Department of Homeland Security	County of Los Angeles	No
16.922	Equitable Sharing Program	U.S. Department of Justice	N/A	No
16.607	Bulletproof Vest Partnership Program	U.S. Department of Justice	California Bureau of Justice Assistance	No

**Condition:**

Refer to Finding 2024-001 in Section II above.

**Criteria:**

Refer to Finding 2024-001 in Section II above.

**Cause of Condition:**

Refer to Finding 2024-001 in Section II above.

**Effect or Potential Effect of Condition:**

Refer to Finding 2024-001 in Section II above.

**Questioned Costs:**

None

**Context:**

Refer to Finding 2024-001 in Section II above.

**Recommendation:**

Refer to Finding 2024-001 in Section II above.

**Management's Response and Corrective Action:**

Refer to Finding 2024-001 in Section II above.

**CITY OF CULVER CITY, CALIFORNIA**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

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No matters were reported.