City of Culver City, California
Municipal Bus Lines

(An Enterprise Fund of the City of Culver City)

Independent Auditors' Reports
and Financial Statements

For the Years Ended June 30, 2016 and 2015

THE
PUN GROUP
ACCOUNTANTS & ADVISORS

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
For the Years Ended June 30, 2016 and 2015

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Culver City Municipal Bus Lines (the "CCMBL") Enterprise Fund of the City of Culver City, California (the "City"), which comprise of the Statement of Net Position as of June 30, 2016, and the related Statements of Revenues, Expenses and Changes in Net Position, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 the 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the CCMBL's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CCMBL as of June 30, 2016, and the results of its operations and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As described in Note 1B, the financial statements present only the CCMBL and do not purport to, and do not, present the financial position of the City as of June 30, 2016 and 2015, the changes in its financial position, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Prior Period Adjustments

As part of our audit of the 2016 financial statements, we also audited the adjustments as described in Note 10 that were applied to restate the 2015 financial statements. In our opinion, such adjustments are appropriate and have been applied. We were not engaged to audit, review, or apply any procedures to the 2015 financial statements of the CCMBL other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance of the 2015 financial statements as a whole.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board ("GASB"), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America required that the Schedule of the Proportionate Share of Net Pension Liabilities and Related Ratios, the Schedule of Contributions – Pension, the Schedule of Net Other Postemployment Benefits ("OPEB") Liabilities and Related Ratios, and the Schedule of Contributions - OPEB on page 43 to 46 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the CCMBL's financial statements. The Schedule of Sources of Operating Revenues and Capital Grants, the Schedule of Farebox Recovery Ratio Calculation, the Schedule of 50% Expenditures Limitation Test for Article IV Funds, and the Schedule of PTMISEA Prop 1B Bond Funds for the year ended June 30, 2016 are presented for purposes of additional analysis and are not a required part of the 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 CCMBL's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the CCMBL's financial statements for the year ended June 30, 2016 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 Sources of Operating Revenues and Capital Grants, the Schedule of Farebox Recovery Ratio Calculation, the Schedule of the 50% Expenditures Limitation Test for Article IV Funds, and the PTMISEA Prop 1B Bond Funds are fairly stated, in all material respects, in relation to the CCMBL's financial statements as a whole for the year ended June 30, 2016.

2015 Financial Statements

The CCMBL's financial statements as of and for the year ended June 30, 2015, were audited by other auditors whose report thereon dated October 30, 2015, expressed an unmodified opinion on the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the related notes to the financial statements. The report of the other auditors dated October 30, 2015, stated that the Schedule of Sources of Operating Revenues and Capital Grants, the Schedule of 50% Expenditures Limitation Test for Article IV Funds, and the Schedule of PTMISEA Prop 1B Bond Funds for the year ended June 30, 2015 was subjected to the auditing procedures applied in the audit of the 2015 financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or the those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, were fairly stated in all material respects in relation to the financial statements as a whole for the year ended June 30, 2015.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016 on our consideration of the City's internal control over CCMBL's financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over CCMBL's 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* in considering the City's internal control over CCMBL's financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
December 16, 2016

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THE
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE (INCLUDING THOSE CONTAINED IN THE TRANSPORTATION DEVELOPMENT ACT STATUTES AND CALIFORNIA CODES OF REGULATIONS) AND OTHER MATTERS OF THE CULVER CITY MUNICIPAL BUS LINES BASED ON AN AUDIT OF THE CULVER CITY MNICIPAL BUS LINES' FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

To the Honorable Mayor and 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, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the standards for financial and compliance audits contained in the Transportation Development Act statutes and California Codes of Regulations, issued by California Department of Transportation, the financial statements of the Culver City Municipal Bus Lines (the "CCMBL") Enterprise Fund of the City of Culver City, California (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated December 16, 2016.

Internal Control over Financial Reporting

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

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 CCMBL'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCMBL's financial statements are free of material misstatement, we performed tests of the City's 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 the CCMBL's financial statement amounts. However, providing an opinion on compliance with these 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 over the CCMBL 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 over the CCMBL and compliance. Accordingly, this communication is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
December 16, 2016

THE PUN GROUP
ACCOUNTANTS & ADVISORS

REPORT ON COMPLIANCE FOR THE CULVER CITY MUNICIPAL BUS LINES AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE TRANSPORTATION DEVELOPMENT ACT

Independent Auditors' Report

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

Report on Compliance for the CCMBL

We have audited the City of Culver City, California's (the "City") compliance with the types of compliance requirements described in §6667 of the California Code of Regulation, Title 21, Division 3, Chapter 3, Article 5.5 that could have a direct and material effect on the CCMBL for the year ended June 30, 2016.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the CCMBL based on our audit of the 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 Transportation Development Act Guidebook – Statutes and California Codes of Regulations, April, 2013, issued by the California Department of Transportation Division of Mass Transportation. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the CCMBL 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 the CCMBL. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the CCMBL's Compliance

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the CCMBL for the year ended June 30, 2016.

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Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on the CCMBL to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the CCMBL and to test and report on internal control over compliance, 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 compliance requirement 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 compliance requirement 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 compliance requirement 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 on internal control over compliance and the results of that testing based on the requirements of §6667 of the California Codes of Regulation, Title 21, Division 3, Chapter 3, Article 5.5. Accordingly this report is not suitable for any other purpose.

The Pun Group, LLP

Santa Ana, California
December 16, 2016

FINANCIAL STATEMENTS

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City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statements of Net Position
June 30, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and investments	$ 13,973,463	$ 14,038,187
Investments held with fiscal agent	35	828,308
Accounts receivable, net	653,377	187,069
Interest receivable	31,837	32,778
Due from other governments (Note 3)	2,382,508	1,283,187
Total current assets	17,041,220	16,369,529
Noncurrent assets:		
Capital assets:		
Not being depreciated	1,545,698	1,450,214
Being depreciated	61,927,681	61,778,002
Less accumulated depreciation	(33,202,392)	(30,638,075)
Total noncurrent assets	30,270,987	32,590,141
Total assets	47,312,207	48,959,670
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	1,362,229	1,150,885
Other post-employment benefits related amounts	107,823	36,254
Total deferred outflows of resources	1,470,052	1,187,139
LIABILITIES		
Current liabilities:		
Accounts payable	221,557	286,034
Salaries and benefits payable	647,402	510,828
Interest payable	-	21,850
Unearned revenues	4,299,210	3,764,828
Certificates of participation payable, due within one year	-	760,000
Compensated absences, due within one year	215,452	160,767
Total current liabilities	5,383,621	5,504,307
Noncurrent liabilities:		
Compensated absences, due in more than one year	473,832	643,071
Net pension liabilities (Note 8)	14,330,705	12,986,467
Net other post-employment benefits liabilities (Note 9)	7,758,412	8,784,061
Total noncurrent liabilities	22,562,949	22,413,599
Total liabilities	27,946,570	27,917,906
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	1,054,144	2,465,459
Other post-employment benefits related amounts	783,905	-
Total deferred outflows of resources	1,838,049	2,465,459
NET POSITION		
Net investment in capital assets	30,270,987	31,830,141
Restricted for debt service	35	806,458
Unrestricted (deficit)	(11,273,382)	(12,873,155)
Total net position	$ 18,997,640	$ 19,763,444

See accompanying Notes to the Financial Statements.

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2016 and 2015

	2016	2015
OPERATING REVENUES:		
Charges for services	$ 3,582,271	$ 3,760,517
Total operating revenues	3,582,271	3,760,517
OPERATING EXPENSES:		
Salaries and benefits	12,741,910	12,136,805
Supplies	382,877	68,018
Repairs and maintenance	4,650,769	4,847,245
Insurance	237,261	18,362
Claims and settlements	211,214	467,614
Administrative services	1,495,753	1,498,308
Rent and lease expenses	9,555	8,085
Consulting and contractual services	681,118	502,725
Depreciation	2,647,774	2,637,643
Total operating expenses	23,058,231	22,184,805
OPERATING (LOSS)	(19,475,960)	(18,424,288)
NONOPERATING REVENUES (EXPENSES):		
Investment earnings	69,610	53,388
Intergovernmental revenue	14,128,165	13,761,834
Measure R sales tax	1,992,192	2,092,620
Gain (loss) on sale of assets	9,203	(75,772)
Other income	384,297	300,209
Interest expense	(21,850)	(64,400)
Total nonoperating revenues	16,561,617	16,067,879
(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,914,343)	(2,356,409)
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	1,211,325	729,378
Transfers in from the City of Culver City	1,237,214	1,219,357
Transfers out to the City of Culver City	(300,000)	(300,000)
Total contributions and transfers	2,148,539	1,648,735
Change in net position	(765,804)	(707,674)
NET POSITION:		
Beginning of year	19,763,444	20,471,118
End of year	$ 18,997,640	$ 19,763,444

See accompanying Notes to the Financial Statements.

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015 (As Restated, Note 10)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 3,115,963	$ 3,686,832
Cash payments to suppliers of goods and services	(6,237,271)	(7,342,604)
Cash payments to employees	(13,311,624)	(10,515,463)
Cash payments to administrative services	(1,495,753)	(1,498,308)
Net cash (used in) operating activities	(17,928,685)	(15,669,543)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from operating grants	15,555,418	17,273,852
Cash received from other noncapital financing activities	384,297	300,209
Transfers to the City of Culver City	(300,000)	(300,000)
Transfers from the City of Culver City	1,237,214	1,219,357
Net cash provided by noncapital financing activities	16,876,929	18,493,418
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	9,203	47,649
Principal paid on debt	(760,000)	(720,000)
Interest paid on debt	(43,700)	(85,100)
Cash received from capital grants	1,211,325	729,378
Acquisition of capital assets	(328,620)	(127,051)
Net cash provided by (used in) capital and related financing activities	88,208	(155,124)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	70,551	46,198
Net cash provided by investing activities	70,551	46,198
Net increase (decrease) in cash and cash equivalents	(892,997)	2,714,949
CASH AND CASH EQUIVALENTS:		
Beginning of year	14,866,495	12,151,546
End of year	$ 13,973,498	$ 14,866,495
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Cash and investments	$ 13,973,463	$ 14,038,187
Cash and investments held with fiscal agent	35	828,308
Total cash and investments - statement of net position	$ 13,973,498	$ 14,866,495

See accompanying Notes to the Financial Statements.

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2016 and 2015

	2016	2015 (As Restated, Note 10)
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:		
Operating (loss)	$ (19,475,960)	$ (18,424,288)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	2,647,774	2,637,643
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(466,308)	(73,685)
(Increase) decrease in deferred outflows of resources - pension	(211,344)	176,772
(Increase) decrease in deferred outflows of resources - OPEB	(71,569)	(36,254)
Increase (decrease) in accounts payable	(64,477)	67,753
Increase (decrease) in salaries and benefits payable	136,574	71,772
Increase (decrease) in compensated absences	(114,554)	255,192
Increase (decrease) in net other postemployment benefits liability	(1,025,649)	70,398
Increase (decrease) in net pension liabilities	1,344,238	(2,880,305)
Increase (decrease) in deferred inflows of resources - pension	(1,411,315)	2,465,459
Increase (decrease) in deferred inflows of resources - OPEB	783,905	-
Net cash (used in) operating activities	$ (17,928,685)	$ (15,669,543)

See accompanying Notes to the Financial Statements.

Note 1 – Summary of Significant Accounting Policies

A. *The Reporting Entity*

The Culver City Municipal Bus Lines (the "CCMBL") was created by the City of Culver City, California (the "City") in 1928 by resolution of the City Council. The CCMBL follows the uniform system of accounts and records prescribed by the Federal Transit Administration (the "FTA") and the California State Controller.

The CCMBL provides transportation services to the City and surrounding communities. These operations constitute part of the overall financial reporting entity of the City and are accounted for as an enterprise fund in accordance with generally accepted accounting principles within the City's comprehensive annual financial report. The accounting policies of the CCMBL conform to the accrual basis of accounting.

B. *Financial Statement Presentations, Measurement Focus, and Basis of Accounting*

The accompanying financial statements present only the CCMBL and are not intended to present the financial position, changes in financial position, or cash flows of the City in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The accounting policies of the CCMBL are in conformity with U.S. GAAP applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing accounting and financial reporting principles.

The financial statements are prepared using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

The CCMBL is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific activity. The activities of enterprise funds closely resemble those of ongoing businesses in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges. The CCMBL utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they are incurred.

The CCMBL distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with transportation operations. The principal operating revenues of the CCMBL are charges to customers for services. Operating expenses include cost of sales and services, general and administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the CCMBL considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. In addition, cash invested in the City's cash management pool and held by trustees are considered to be cash equivalents.

Note 1 – Summary of Significant Accounting Policies (Continued)

D. *Fair Value Measurements*

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, this statement establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the financial statements, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

- Level 1 – Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
- Level 2 – Inputs, other than quoted prices included in Level 1, that are observable for the assets or liabilities through corroboration with market data at the measurement date.
- Level 3 – Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the assets or liabilities at the measurement date.

E. *Grant Revenues and Receivables*

Grant revenues and receivables are recorded when earned on grants that have been approved and funded by the grantor. Grant sources include Federal Transit Administration, Transportation Development Act, Measure R, Proposition 1B, Proposition A, and Proposition C.

F. *Capital Assets*

The CCMBL's capital assets are capitalized at original acquisition cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. Capital assets acquired under capital leases are recorded at the net present value of the total lease payments. The CCMBL adopts the City's capitalization policy to capitalize assets over $5,000 with a useful life at least three years. Depreciation is charged to operations, using a straight-line method, based on the estimated useful life of the assets. The estimated useful lives of assets are as follows:

Buildings	50 years
Building improvements	10 to 20 years
Buses and other vehicles	5 to 12 years
Equipment	5 to 10 years
Furniture and fixtures	20 years

G. *Unearned Revenue*

Unearned revenue is reported for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues as prepaid charges for services; grants received but not yet earned.

H. *Compensated Absences*

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Compensated Absences (Continued)

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.

The City's employees earn vacation leave (vary depending on years of service) based on days of employed. Upon retirement or termination, payment of accumulated vacation may not exceed that which can be accumulated within two years of employees. Unused sick leave, based on days employed, may be accumulated up to certain limits. Upon retirement or termination, employees will be paid a maximum of 720 hours of sick pay.

I. Pension

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deduction from the plan's fiduciary net position net position have been determined on the same basis as they are reported by the plans (Note 8). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

	2016	2015
Valuation Date	June 30, 2014	June 30, 2013
Measurement Date	June 30, 2015	June 30, 2014
Measurement Period	July 1, 2014 to June 30, 2015	July 1, 2013 to June 30, 2014

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in the further pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. Other Post-Employment Benefits ("OPEB")

For the purpose of measuring the net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deduction from the plan's fiduciary net position net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Other Post-Employment Benefits ("OPEB") (Continued)

	2016	2015
Valuation Date	June 30, 2015	June 30, 2013
Measurement Date	June 30, 2016	June 30, 2015
Measurement Period	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

K. Net Position

Net Investment in Capital Assets – This component of net position capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

L. Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly actual results could differ from those estimates.

M. New Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application* -This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the CCMBL's financial statements for the years ended June 30, 2016 and 2015.

GASB Statement No. 73, *Accounting and Financial reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68* - This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans and Statement 68 for pension plans and pensions that are within their respective scopes. This statement became effective for periods beginning after June 15, 2015 and did not have a significant impact on the CCMBL's financial statements for the years ended June 30, 2016 and 2015.

Note 1 – Summary of Significant Accounting Policies (Continued)

M. New Accounting Pronouncements (Continued)

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*- This statement establishes standards relating to the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement became effective for periods beginning after June 15, 2015, and should be applied retroactively. This statement did not have a significant impact on the CCMBL's financial statements for the years ended June 30, 2016 and 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*- This statement establishes standards relating accounting and financial reporting for certain external investment pools and pool participants. This statement became effective for periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the CCMBL's financial statements for the years ended June 30, 2016 and 2015.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2016 and 2015 are reported in the accompanying financial statements as follows:

Statement of Net Position:	2016	2015
Cash and investments	$ 13,973,463	$ 14,038,187
Investments held with fiscal agent	35	828,308
Total cash and investments	$ 13,973,498	$ 14,866,495

The CCMBL's share of the City's cash and investments at June 30, 2016 and 2015 were $13,973,463 and $14,038,187, respectively.

Cash is deposited in the City's internal investment pool, which is reported at fair value. The CCMBL does not own specifically identifiable securities in the City's pool. Interest income is allocated based on average cash balances. Investment policies and associated risk factors applicable to the CCMBL are those of the City and are included in the City's basic financial statements.

For cash flow purposes, all cash and investments of the CCMBL are considered to be cash and cash equivalents.

Note 2 – Cash and Investments (Continued)

Investments Authorized by the California Government Code and the City of Culver 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, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds with fiscal agent 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.

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio *	*Maximum Investment in One Issuer
Local agency bonds	Yes	3-5 years	30%	5%
U.S. treasury obligations	Yes	5 years	N/A	No Limit
U.S. government sponsored enterprise securities	Yes	5 years	N/A	30%
Banker's acceptances	Yes	180 days	25%	5%
Commercial paper	Yes	270 days	25%	5%
Repurchase agreements	Yes	75 days	25%	No Limit
Reverse repurchase agreements	Yes	75 days	15%	No Limit
Corporate medium-term notes	Yes	3-5 years	30%	5%
Money market mutual funds	Yes	N/A	20%	10%
Local agency investment fund ("LAIF")	Yes	N/A	N/A	$50 million
Cal Trust money market funds and short-term funds	Yes	N/A	N/A	No Limit
Cal Trust medium-term funds	Yes	N/A	15%	No Limit

N/A - Not Applicable

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

Investments Authorized by Debt Agreements

Investment of debt proceeds with fiscal agent are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City of Culver City's investment policy. The table below identifies the investment types that are authorized for investments with fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. treasury obligations	None	None	None
U.S. government sponsored enterprise securities	None	None	None
Banker's acceptances	360 days	None	None
Commercial paper	270 days	None	None
Money market mutual funds	None	None	None
Repurchase agreements	180 days	None	None
Investment agreements	None	None	None

Note 2 – Cash and Investments (Continued)

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.

Information about the sensitivity of the fair values of the CCMBL's investments with fiscal agent to market interest rate fluctuations is provided by the following table that shows the distribution of the CCMBL's investments by maturity at June 30, 2016 and 2015, respectively.

	2016		2015	
		Remaining Maturity		Remaining Maturity
Investment type	Total	12 Month or Less	Total	12 Month or Less
Investments held with fiscal agent:				
Money market funds	$ 35	$ 35	$ 828,308	$ 828,308
Total	$ 35	$ 35	$ 828,308	$ 828,308

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

Following table shows the distribution of the CCMBL's investments by rating.

		2016		2015	
			Rating as of Year End		Rating as of Year End
Investment Type	Minimum Legal Rating	Total	AAA	Total	AAA
Investments held with fiscal agent:					
Money market funds	N/A	$ 35	$ 35	$ 828,308	$ 828,308
Total		$ 35	$ 35	$ 828,308	$ 828,308

Note 2 – Cash and Investments (Continued)

Disclosure Relating to Custodial Credit Risk

For investments identified herein as with fiscal agent, 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.

For further information regarding cash and investments refer to City's Comprehensive Annual Financial Report.

Note 3 – Due from Other Governments

Amounts due from other governments consist of the following at June 30, 2016 and 2015:

	2016	2015
Due from Federal Transit Agency	$ 833,333	$6,184
Due from City of Santa Monica	85,659	62,132
Due from Metropolitan Transit Agency	672,186	590,105
Due from State of California	383,531	34,529
Due from County of Los Angeles	407,799	590,237
Total	$ 2,382,508	$1,283,187

Note 4 – Capital Assets

Summary of changes in capital assets for the years ended June 30, 2016 and 2015 were as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers	Balance June 30, 2016
Capital asset, not being depreciated:					
Land	$ 1,450,214	$ -	$ -	$ -	$ 1,450,214
Construction in progress	-	95,484	-	-	95,484
Total nondepreciable assets	1,450,214	95,484	-	-	1,545,698
Capital asset, being depreciated:					
Machinery and equipment	33,309,362	209,806	(83,457)	-	33,435,711
Building improvements	28,021,702	23,330	-	-	28,045,032
Furniture and fixtures	446,938	-	-	-	446,938
Total capital assets, being depreciated	61,778,002	233,136	(83,457)	-	61,927,681
Less accumulated depreciation:					
Machinery and equipment	(20,091,532)	(1,870,357)	83,457	-	(21,878,432)
Building improvements	(10,150,449)	(770,923)	-	-	(10,921,372)
Furniture and fixtures	(396,094)	(6,494)	-	-	(402,588)
Total accumulated depreciation	(30,638,075)	(2,647,774)	83,457	-	(33,202,392)
Total capital assets, being depreciated, net	31,139,927	(2,414,638)	-	-	28,725,289
Total capital assets, net	$ 32,590,141	$ (2,319,154)	$ -	$ -	$ 30,270,987

	Balance July 1, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital asset, not being depreciated:					
Land	$ 1,450,214	$ -	$ -	$ -	$ 1,450,214
Construction in progress	2,248,942	-	-	(2,248,942)	-
Total nondepreciable assets	3,699,156	-	-	(2,248,942)	1,450,214
Capital asset, being depreciated:					
Machinery and equipment	32,464,430	107,440	(1,503,167)	2,240,659	33,309,362
Building improvements	28,182,478	19,611	(188,670)	8,283	28,021,702
Furniture and fixtures	446,938	-	-	-	446,938
Total capital assets, being depreciated	61,093,846	127,051	(1,691,837)	2,248,942	61,778,002
Less accumulated depreciation:					
Machinery and equipment	(19,742,283)	(1,852,416)	1,503,167	-	(20,091,532)
Building improvements	(9,436,964)	(778,734)	65,249	-	(10,150,449)
Furniture and fixtures	(389,601)	(6,493)	-	-	(396,094)
Total accumulated depreciation	(29,568,848)	(2,637,643)	1,568,416	-	(30,638,075)
Total capital assets, being depreciated, net	31,524,998	(2,510,592)	(123,421)	2,248,942	31,139,927
Total capital assets, net	$ 35,224,154	$ (2,510,592)	$ (123,421)	$ -	$ 32,590,141

Note 5 – Self-Insurance Program

The CCMBL is part of the City's self-insured program which covers workers' compensation, general automobile and public liability. The City pays all claims up to $1,000,000 per occurrence with excess insurance coverage up to statutory limits. The CCMBL also carries an additional policy for general liability covering claims between $250,000 and $10,000,000.

As of May 1, 1987, the CCMBL became self-insured for the first $250,000 of each general liability claim. The City has agreed to support CCMBL in the event it cannot pay its obligation of self-insured liabilities on a timely basis. Refer to the City's Comprehensive Annual Financial Report for information about outstanding claims payable at June 30, 2016 and 2015.

Note 6 – Transactions with the City of Culver City

The City provides administrative services and allocates certain administrative and overhead costs to the CCMBL based upon a cost allocation plan. Costs are allocated based on specific relevant measurable units associated with each department. Such allocated costs applicable to the CCMBL aggregated $1,495,753 and $1,498,308 for the years ended June 30, 2016 and 2015, respectively.

The City also transferred a portion of its Proposition "A" and "C" Local Return funds to CCMBL to assist in operations, in the amounts of $1,237,214 and $1,219,357 for the years ended June 30, 2016 and 2015, respectively.

The CCMBL transferred $300,000 to the City both years ended June 30, 2016 and 2015 for transferring eligible costs – offset overtime costs for the Police Department, portion of Emergency Preparedness Coordinator in the Fire Department.

Note 7 – Long-Term Liabilities

Summary of changes in long-term liabilities activity for the years ended June 30, 2016 and 2015 were as follows:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016	Due Within One Year	Due in More Than One Year
Certificate of participation	$ 760,000	$ -	$ (760,000)	$ -	$ -	$ -
Compensated absences	803,838	612,790	(727,344)	689,284	215,452	473,832
Net OPEB liabilities	8,787,061	864,225	(1,892,874)	7,758,412	-	7,758,412
Net pension liabilities	12,986,467	5,074,796	(3,730,558)	14,330,705	-	14,330,705
Total	$ 23,337,366	$ 6,551,811	$ (7,110,776)	$ 22,778,401	$ 215,452	$ 22,562,949

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015	Due Within One Year	Due in More Than One Year
Certificate of participation	$ 1,480,000	$ -	$ (720,000)	$ 760,000	$ 760,000	$ -
Compensated absences	548,646	851,385	(596,193)	803,838	160,767	643,071
Net OPEB liabilities	8,716,663	879,920	(809,522)	8,787,061	-	8,787,061
Net pension liabilities	15,866,772	4,499,867	(7,380,172)	12,986,467	-	12,986,467
Total	$ 26,612,081	$ 6,231,172	$ (9,505,887)	$ 23,337,366	$ 920,767	$ 22,416,599

Note 7 – Long-Term Liabilities (Continued)

Certificates of Participation

On June 1, 1996, the California Transit Finance Corporation issued certificates of participation totaling $9,660,000 for the purpose of upgrading and expanding the City's bus facilities.

The City makes debt service payments with respect to the certificates from amounts to be received under FTA Project Grants to the extent these funds are available. If funds from FTA Project Grants are insufficient, the shortfall will be made up from other revenues.

The certificates of participation are issued as term certificates with interest rates range from 3.60% to 5.75%.

The certificates were fully paid off during the year ended June 30, 2016.

Note 8 – California Public Employees' Retirement System - CalPERS

The following is summary of net pension liabilities, and related deferred outflows and inflows of resources at June 30, 2016 and 2015:

	2016	2015
Deferred outflows of resources:		
Pension contribution made after measurement date:	$ 1,362,229	$ 1,150,885
Total deferred outflows of resources	$ 1,362,229	$ 1,150,885
Net pension liabilities:		
CalPERS	$ 14,330,705	$ 12,986,467
Total net pension liabilities	$ 14,330,705	$ 12,986,467
Deferred inflows of Resources:		
Net difference in projected and actual earnings on pension investments	$ 289,940	$ 2,465,459
Change in assumptions	582,030	-
Difference in experience	182,174	-
Total deferred inflows of resources	$ 1,054,144	$ 2,465,459

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

General Information about the Pension Plan

Plan Description

The City contributes to CalPERS, an agent multiple-employer defined benefit pension plan for the CCMBL's employees in the miscellaneous plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by the state statue and City ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2014 and 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic tier I and II member becomes eligible for Service Retirement upon attainment of age 55 and 60, respectively with at least 5 years of credited service. PEPRA miscellaneous members become eligible for Service Retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic tier I and tier II employees are calculated as 2.5% and 3.0% of average final 12 and 36 months compensation, respectively. Retirement benefit for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service.

Industrial disability benefits are not offered to miscellaneous employees.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employees' accumulated contributions, where interest is currently credited at 7.65 or 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purpose of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death. Upon the death of a retiree, a one-time lump payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustment to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement, and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2014 and 2013, the valuation dates, the following employees were covered by the benefit terms under the City's miscellaneous plan:

	2014	2013
Active employees	108	105
Transferred and terminated employees	19	10
Retired Employees and Beneficiaries	44	41
Total	171	156

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement periods ended June 30, 2015 and 2014, respectively, the active classic miscellaneous tier I and Tier 2 employee contribution rate is 8% and 7%, respectively; the active PEPRA miscellaneous employee contribution rate were both 6.25% of annual pay; the employer's contribution rates were 19.063% and 17.089% for classic miscellaneous tier I and tier II employees, and the employer's contribution rates were both 6.25% of PEPRA miscellaneous employee annual payroll.

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

Net Pension Liability

Actuarial Methods and Assumption Used to Determined Total Pension Liability

For the measurement periods ended June 30, 2015 and 2014, the total pension liability was determined by rolling forward the June 30, 2014 and 2013 total pension liability, respectively. The June 30, 2015 and the June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.65% for June 30, 2015 measurement date 7.50% for June 30, 2014 measurement date
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment, includes Inflation for June 30, 2015 measurement date 7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation for June 30, 2014 measurement date
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2014 and 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the June 30, 2015 total pension liability was 7.65 percent and the discount rate used to measure the June 30, 2014 total pension liability was 7.50 percent, which is net of administrative expenses. An investment return excluding administrative expenses would have been 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation		Real Return Years 1 - 10[1]	Real Return Years 11+[1]
	June 30, 2015	June 30, 2014		
Global Equity	51.00%	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	6.00%	0.45%	3.36%
Private Equity	10.00%	12.00%	6.83%	6.95%
Real Estate	10.00%	11.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	3.00%	4.50%	5.09%
Liquidity	2.00%	2.00%	-0.55%	-1.05%
	100.00%	100.00%		

[1] An expected inflation of 2.5% and 3.0% used for Year 1-10 and Years 11^{+}, respectively.

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

Changes in the Net Pension Liability

Proportionate Share of Net Pension Liability

The CCMBL's proportionate share of net pension liability of the City's miscellaneous plan is determined by the City's CalPERS long term projected contribution made by the CCMBL over the total miscellaneous plan contribution. The following table shows the CCMBL's proportionate share of the City's miscellaneous plan net pension liability over the measurement period periods ended June 30, 2015 and 2014.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	$ 49,707,434	$ 36,720,967	$ 12,986,467
Balance at June 30, 2015 (Measurement Date)	51,978,893	37,648,188	14,330,705
Net Changes during 2014-2015	2,271,459	927,221	1,344,238

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	$ 47,439,068	$ 31,572,296	$ 15,866,772
Balance at June 30, 2014 (Measurement Date)	49,707,434	36,720,967	12,986,467
Net Changes during 2013-2014	2,268,366	5,148,671	(2,880,305)

The CCMBL's proportionate shares of the net pension liabilities are as follows:

	2016		2015
June 30, 2014	20.0000%	June 30, 2013	20.0000%
June 30, 2015	20.4400%	June 30, 2014	20.0000%
Change - Increase (Decrease)	0.4400%	Change - Increase (Decrease)	0.0000%

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date of June 30, 2015 and 2014, calculated using the discount rate of 7.65% and 7.5%, respectively, as well as what the net pension liability would be percentage-point higher (8.65% and 8.50% , respectively) than the current rate:

	Plan's Net Pension Liability		
Measurement Date	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
June 30, 2015	21,202,998	14,330,705	8,638,242

	Plan's Net Pension Liability		
Measurement Date	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
June 30, 2014	19,437,886	12,986,467	7,629,038

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report.

For the measurement periods ended June 30, 2015 and 2014, the CCMBL incurred pension expenses of $769,184 and $1,633,058.

As of measurement date of June 30, 2015 and 2014, the CCMBL has deferred outflows and deferred inflows of resources related to pensions as follows for the miscellaneous plan:

	2016		2015	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	$ 1,362,229	$ -	$ 1,150,885	$ -
Difference between expected and actual experience	-	(182,174)	-	-
Changes of assumptions	-	(582,030)	-	-
Net difference between projected and actual earning on pension plan investments	-	(289,940)	-	(2,465,459)
Total	$ 1,362,229	$ (1,054,144)	$ 1,150,885	$ (2,465,459)

The amounts above are net of outflows and inflows recognized in the 2014-2015 and 2013-2014 measurement period expense.

Note 8 – California Public Employees' Retirement System - CalPERS (Continued)

Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position (Continued)

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan for 2014-15 and 2013-14 measurement periods are both 2.8 years, which were obtained by dividing the total service years of 4,288 and 4,243 (the sum of remaining service lifetimes of the active employees) by 1,536 and 1,492 (the total of number of participants: active, inactive, and retired), respectively.

$1,362,229 and $1,150,885 reported as deferred outflows of resources related to pensions resulting from the CCMBL's portion of the City's contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the years ended June 30, 2017 and 2016, respectively. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources 2016	Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources 2015
2016	$ (654,524)	2015	$ (616,365)
2017	(569,612)	2016	(616,365)
2018	(229,966)	2017	(616,365)
2019	399,958	2018	(616,365)
2020	-	2019	-
Thereafter	-	Thereafter	-
	(1,054,144)		(2,465,459)

Note 9 – Other Post-Employment Benefits ("OPEB")

The following is summary of net OPEB liabilities, and related deferred outflows and inflows of resources at June 30, 2016 and 2015:

	2016	2015
Deferred outflows of resources:		
Difference in projected and actual earnings on pension investments:	$ 107,823	$ 36,254
Total deferred outflows of resources	$ 107,823	$ 36,254
Net OPEB obligations	$ 7,758,412	$ 8,784,061
Total net OPEB obligations	$ 7,758,412	$ 8,784,061
Deferred inflows of Resources:		
Change in assumptions	$ 49,458	$ -
Difference in experience	734,447	-
Total deferred inflows of resources	$ 783,905	$ -

General Information about the Pension Plan

Plan Description

In addition to the retirement plan described in Note 8, the CCMBL participates in the City's Retiree Health Insurance Program ("OPEB Plan") provides retiree healthcare benefits for eligible City employees and their spouses who retire with CalPERS pension benefits immediately upon termination of employment from the City. Benefit provisions are established and may be amended by the City Council.

Under the program, the City pays a portion of the premiums for retiree medical coverage as follows:

- Participants who retired before January 1, 2007 are eligible for a City contribution up to 100% of the average of Kaiser and PERS Care Premiums.
- Participants who retired between January 1, 2007 and December 31, 2011 are eligible for a City contribution up to 70% of the PERS Care premium or 95% of the premium for all other plans. Additionally, participants meeting the following additional criteria are also eligible for this benefit level (excluding members of the Culver City Police Officers Association):
  - Employed with the City as of July 1, 2011.
  - Earned a minimum of twenty years of CalPERS service credit (excluding additional retirement service credit purchased under California Government Code Section 20909, i.e., "Air-Time") as of December 31, 2011.
  - Earn twenty-five years of service with Culver City and retire from the City prior to January 1, 2022.

Note 9 – Other Post-Employment Benefits ("OPEB") (Continued)

General Information about the Pension Plan (Continued)

Plan Description (Continued)

- Participants employed by the City as of July 1, 2011 and retired after December 31, 2011 earning a minimum of five years of City service are eligible for the following benefit:
    - A monthly premium reimbursement of up to $542 for single coverage, increasing by up to 4% per year.
    - An additional monthly reimbursement of up to $473 for his or her enrolled spouse/domestic partner/dependent based on a vesting schedule. This additional reimbursement ends when a spouse or domestic partner becomes Medicare eligible, or when a dependent ages out. This amount is subject to an annual increase of up to 4%.
- Participants with at least twenty years of City service that were members of the Culver City Police Officers Association with more than one enrolled dependent are eligible for an additional $300 per month reimbursement.
- Employees hired after July 1, 2011 are not considered participants, and are only eligible for the legally required Public Employees' Medical and Hospital Care Act minimum, as stipulated by CalPERS.

Eligibility

Employees of the City are eligible for retiree health benefits if they are between 50-55 years of age as of the last day of work prior to retirement and are a vested member of CalPERS. Membership in the plan consisted of the following at June 30, 2015, the date of the latest actuarial valuation:

Active plan members	129
Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	2
Total	180

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. For the years ended June 30, 2016 and 2015, the City's average contribution rate were 21.6 and 20.6 percent of covered-employee payroll, respectively. Employees are not required to contribute to the plan.

Note 9 – Other Post-Employment Benefits ("OPEB") (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2016 and 2015, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2015 and 2013, respectively.

Actuarial assumptions

The total OPEB liability in the June 30, 2015 and 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2015	June 30, 2013
Discount Rate	7.00%	6.50%
Expected Long-Term Rate of Return	7.00%	6.50%
Municipal Bond Rate	N/A	N/A
Source of Municipal Bond Rate	N/A	N/A
General Inflation	3.00%	3.00%
Aggregate Payroll Increases	3.25%	3.25%
Merit Payroll Increases	CalPERS 1997-2011	CalPERS 1997-2007
PEMHCA Minimum Amount Increase	4.50%	4.50%
Ad Hoc Benefit Increases	N/A	N/A
Mortality, Termination, Disability	CalPERS 1997-2011	CalPERS 1997-2007
Mortality Improvement Scale	Modified MP-2014	Projection Scale AA

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2014 through June 30, 2015.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

2016

Asset Class	Long-Term Target Allocation	Investment Range	Expected Geometric Real Return
Growth Assets:			
Domestic Equity	44.00%	29%-59%	5.35%
International Equity	23.00%	8%-38%	5.35%
Other	0.00%	0%-10%	N/A
Income Assets:			
Fixed Income	33.00%	13%-53%	1.55%
Other	0.00%	0%-10%	N/A
Real Return	0.00%	0%-10%	N/A
Cash Equivalents	0.00%	0%-20%	N/A
	100.00%		

Note 9 – Other Post-Employment Benefits ("OPEB") (Continued)

Net OPEB Liability (Continued)

Actuarial assumptions (Continued)

2015

Asset Class	Short-Term Target Asset Allocation	Long-Term Target Asset Allocation	Expected Geometric Real Return
US stocks	38.00%	31.00%	5.35%
Foreign stocks	23.00%	19.00%	5.35%
Fixed income	33.00%	45.00%	1.55%
Real estate &TIPS	3.00%	2.50%	4.03%
Hedge Funds	3.00%	2.50%	1.53%
Cash	0.00%	0.00%	N/A
	100.00%	100.00%	

Discount rate

The discount rate used to measure the total OPEB liability for measurement periods ended June 30, 2016 and 2015 were 7.0 percent and 6.5 percent, respectively. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change in the Net OPEB Liability

Proportionate Share of Net OPEB Liability

The CCMBL's proportionate share of net pension liability of the City's miscellaneous plan is determined by the City's OPEB long term projected contribution made by the CCMBL over the total miscellaneous plan contribution. The following table shows the CCMBL's proportionate share of the City's miscellaneous plan net OPEB liability over the measurement periods ended June 30, 2016 and 2015.

	Increase		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2015 (Valuation Date)	$ 10,151,070	$ 1,367,009	$ 8,784,061
Balance at June 30, 2016 (Measurement Date)	9,574,058	1,815,646	7,758,412
Net Changes during July 1, 2015 to June 30, 2016	$ (577,012)	$ 448,637	$ (1,025,649)

Note 9 – Other Post-Employment Benefits ("OPEB") (Continued)

Change in the Net OPEB Liability (Continued)

<u>*Proportionate Share of Net OPEB Liability (Continued)*</u>

	Increase		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2014 (Valuation Date)	$ 9,712,589	$ 998,926	$ 8,713,663
Balance at June 30, 2015 (Measurement Date)	10,151,070	1,367,009	8,784,061
Net Changes during July 1, 2015 to June 30, 2016	$ 438,480	$ 368,083	$ 70,398

The CCMBL's proportionate shares of the net OPEB liabilities are as follows:

	2016		2015
June 30,2015	7.81326%	June 30,2014	7.81326%
June 30,2016	7.81326%	June 30,2015	7.81326%
Change - Increase (Decrease)	0.0000%	Change - Increase (Decrease)	0.0000%

<u>*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*</u>

The following presents the net OPEB liability of the Plan as of the measurement date of June 30, 2016 and 2015, calculated using the discount rate of 7.00% and 6.50%, respectively, as well as what the net OPEB liability would be if it were calculated using a discount rate that 1 percentage-point lower (6.00% and 5.50%, respectively) or 1 percentage-point higher (8.00% and 7.50%) than the current rate:

	Plan's Net OPEB Liability		
Measurement Date	**Discount Rate - 1% (6.00%)**	**Current Discount Rate (7.00%)**	**Discount Rate + 1% (8.00%)**
June 30, 2016	$ 9,042,287	$ 7,758,412	$ 6,706,200

	Plan's Net OPEB Liability		
Measurement Date	**Discount Rate - 1% (5.50%)**	**Current Discount Rate (6.50%)**	**Discount Rate + 1% (7.50%)**
June 30, 2015	$ 10,125,442	$ 8,784,061	$ 7,680,906

Note 9 – Other Post-Employment Benefits ("OPEB") (Continued)

Change in the Net OPEB Liability (Continued)

Sensitivity of the net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the CCMBL, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.2 percent decreasing to 4.0 percent) or 1-percentage-point higher (8.2 percent decreasing to 6.0 percent) than the current healthcare cost trend rates for the measurement period June 30, 2016:

	Plan's Net OPEB Liability		
	Discount Rate - 1%	Healthcare Cost Tread Rates	Discount Rate + 1%
Measurement Date	(6.2% decreasing to 4.0%)	(7.2% decreasing to 5.0%)	(8.2% decreasing to 6.0%)
June 30, 2016	$ 9,042,287	$ 7,758,412	$ 6,706,200

The following presents the net OPEB liability of the CCMBL, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.3 percent decreasing to 4.0 percent) or 1-percentage-point higher (9.3 percent decreasing to 6.0 percent) than the current healthcare cost trend rates for the measurement period June 30, 2015:

	Plan's Net OPEB Liability		
	Discount Rate - 1%	Healthcare Cost Tread Rates	Discount Rate + 1%
Measurement Date	(7.3% decreasing to 4.0%)	(8.3% decreasing to 5.0%)	(9.3% decreasing to 6.0%)
June 30, 2015	$ 7,508,858	$ 8,784,061	$ 10,352,417

OPEB Plan Fiduciary Net Position

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net positon is available in the separately issued plan financial report.

Note 9 – Other Post-Employment Benefits ("OPEB") (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the measurement periods ended June 30, 2016 and 2015, the CCMBL has incurred OPEB expenses of $566,696 and $804,922. At June 30, 2016 and 2015, the CCMBL reported deferred outflows of resources and inflows of resources related to OPEB as follows.

	2016		2015	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	$ -	$ (734,447)	$ -	$ -
Changes of assumptions	-	(49,459)	-	-
Net difference between projected and actual earning on OPEB plan investments	107,823	-	36,254	-
Total	$ 107,823	$ (783,905)	$ 36,254	$ -

Amount reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources 2016	Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources 2015
2017	$ (171,814)	2016	$ 9,063
2018	(171,814)	2017	9,063
2019	(171,814)	2018	9,063
2020	(160,642)	2019	9,063
2021	-	2020	-
Thereafter	-	Thereafter	-
	$ (676,082)		$ 36,254

Note 10 – Prior Period Adjustment

Net cash used in operating activities for the year ended June 30, 2015 were restated from $(15,596,364) to $(15,669,543) and cash and cash equivalent at June 30, 2015 were restated from $14,939,674 to $14,866,495 in the Statements of Cash Flows.

Note 11 – Deficit Net Position

The CCMBL had a deficit unrestricted net positon at June 30, 2016 and 2015 in the amount of $(11,273,382) and $(12,873,155), respectively. It was mainly due to the net pension liabilities and net other post-employment benefits liabilities. The net pension liabilities were $14,330,705 and $12,986,467 at June 30, 2016 and 2015, respectively. The net other post-employment benefits were $7,758,412 and $8,784,061 at June 30, 2016 and 2015, respectively.

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

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City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Required Supplementary Information (Unaudited)
For the Years Ended June 30, 2016 and 2015

Schedule of Proportionate Share of the Net Pension Liabilities and Related Ratios

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - CCMBL

Measurement Date	June 30, 2015	June 30, 2014[1]
CCMBL's Proportion of the Net Pension Liability	20.44000%	20.00000%
CCMBL's Proportionate Share of the net Pension Liability	$ 14,330,705	$ 12,986,467
CCMBL's Covered-Employee Payroll	$ 6,176,208	$ 5,640,100
CCMBL's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	232.03%	230.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	72.43%	73.87%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

Schedule of Contributions – Pension

Last Ten Fiscal Years

California Public Employees' Retirement System ("CalPERS") - CCMBL

	2015-16	2014-15	2013-14[1]
Actuarially determined contribution	$ 1,362,229	$ 1,150,885	$1,327,657
Contributions in relation to the actuarially determined contribution	(1,362,229)	(1,150,885)	(1,327,657)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll[2]	$ 6,854,973	$ 6,176,208	$5,640,100
Contributions as a percentage of covered-employee payroll	19.87%	18.63%	23.54%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

[2] Covered-Employee Payroll represented above is based on pensionable earnings provided by the City.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Required Supplementary Information (Unaudited) (Continued)
For the Years Ended June 30, 2016 and 2015

Schedule of Proportionate Share of the Net OPEB Liabilities and Related Ratios

Last Ten Fiscal Years

Other Post-employment Benefits (OPEB) - CCMBL

	June 30, 2016	June 30, 2015[1]
CCMBL's Proportion of the OPEB Liability	7.81326%	7.81326%
CCMBL's Proportionate Share of the OPEB Liability	$ 7,758,412	$ 8,784,061
CCMBL's Covered-Employee Payroll	$ 6,854,973	$ 6,176,208
CCMBL's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered-Employee Payroll	113.18%	142.22%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.96%	13.47%

[1] Historical information is required only for measurement periods for which GASB 68 is applicable.

Schedule of Contributions – OPEB

Last Ten Fiscal Years

Other Post-employment Benefits (OPEB) - CCMBL

	2015-16	2014-15	2013-14	2012-13	2011-12[1]
Actuarially determined contributions	$ 722,024	$ 770,778	$ 763,981	$ 673,581	$ 660,690
Contributions in relation to the actuarially determined contributions	(880,008)	(770,778)	(783,514)	(596,230)	(596,542)
Contribution deficiency (excess)	$ (157,984)	$ -	$ (19,533)	$ 77,351	$ 64,148
Covered-employee payroll	$ 6,854,973	$ 6,176,208	$ 5,640,100	$ 5,837,227	$5,527,398
Contributions as a percentage of covered-employee payroll	10.53%	12.48%	13.55%	11.54%	11.95%

[1] 1 GASB 75 requires this information for plans funding with OPEB trusts be reported in the employer's required Supplementary Information for 10 years or as many years as are available upon implementation. The plan was not funded with an OPEB trust prior to 6/30/12.

Notes to Schedule:

Valuation date:

June 30, 2015 for the year ended June 30, 2016

Changes of Assumptions: The discount rate was changed from 6.50 percent (net of administrative expense) to 7.00 percent.

SUPPLEMENTARY INFORMATION

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City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Supplementary Information
For the Years Ended June 30, 2016 and 2015

Schedule of Sources of Operating Revenues and Capital Grants

	2016	2015
The following is detail of the sources of operating revenues received:		
Passenger fares, TAP Card, EZ Pass, BruinGo	$ 3,582,271	$ 3,760,517
Operating Grants:		
Capital grant revenues used to fund operating expenses (FTA) (sec 9/5307)	2,500,000	2,079,368
Capital grant revenues used to fund interest expenses (FTA) (sec 9/5307)	781,850	784,344
Transportation Development Act-Article 4 (LTF)	4,893,591	5,145,474
State Transit Assistance (STA)	767,062	645,792
Proposition A Discretionary	3,244,101	3,255,542
Proposition C Transit Service Expansion	232,123	227,638
Proposition C BSIP Overcrowding	162,208	159,075
Proposition C Foothill Mitigation	147,273	144,761
Proposition C Discretionary Operating (security)	348,264	335,430
Proposition C Discretionary - MOSIP	674,197	600,000
Measure R - Sales Tax	1,992,192	2,092,620
Caltrans - LCTOP	-	34,529
Total operating grants	15,742,861	15,504,573
Other revenues:		
CNG excise tax credit	377,496	349,881
Interest earnings	69,610	53,388
Miscellaneous	384,297	300,209
Proposition C local return (transfer in)	350,197	369,196
Proposition A local return (transfer in)	714,704	686,592
Measure R (transfer in)	172,313	163,569
Total other revenues	2,068,617	1,922,835
Total operating and other revenues	21,393,749	21,187,925
Capital grants/revenues:		
Proposition C Discretionary - MOSIP	446,348	173,082
EIR Transit Mitigation	541,302	-
Federal Transit Administration Section 9 Grant (Sect 9/5307)	88,509	170,993
MTA projects	69,076	85,484
Proposition 1B Metro Bridge/Metro Bridge Transit Security	-	60,467
Proposition 1B Transit Security	66,090	239,352
Total capital grants	$ 1,211,325	$ 729,378

Schedule of Farebox Recovery Ratio Calculation

The CCMBL is subject to the provisions of TDA Section 99268.3 and must maintain a minimum fare ratio of 20%. In 2004, various regulatory changes (including the Salinas Act) were made to the components of this calculation.

For the year ended June 30, 2016, the CCMBL's Farebox recovery ratio of operating revenues to operating expenses was as follows:

	2016
Operating revenues:	
Passenger fares	$ 3,582,271
Local support:	
Bus Advertising and Rent/Concessions	353,422
Total operating revenues	$ 3,935,693
Operating expenses	$ 22,184,805
Less: Depreciation expense	(2,647,774)
Total operating expenses, excluding depreciation	$ 19,537,031
Farebox recovery ratio	20%

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Supplementary Information (Continued)
For the Years Ended June 30, 2016 and 2015

Schedule of 50% Expenditures Limitation Test Article IV Funds

		2016	2015
1	Total operating expenses before depreciation	$ 20,410,457	$ 19,547,162
2	Total depreciation	2,647,774	2,637,643
3	Total capital outlay	328,620	127,051
4	Debt service requirement (principal)	760,000	720,000
5	Total (lines 1, 2, 3, and 4)	24,146,851	23,031,856
6	Less federal grants expended	3,370,359	3,034,705
7	Less Local Transportation Fund capital intensive programs	-	-
8	Less State Transit Assistance Fund monies received	767,062	645,792
9	Total (lines 6, 7, and 8)	4,137,421	3,680,497
10	Total (lines5 less 9)	20,009,430	19,351,359
11	50% of line 10	10,004,715	9,675,680
12	Add amount of Local Transportation Funds claimed in excess of line 9 for match to federal operating grants	-	-
13	Add Local Transportation Funds Capital Intensive Programs	-	-
14	Total permissible Local Transportation Funds expenditures (Sum of lines 11, 12, and 13)	$ 10,004,715	$ 9,675,680

Schedule of PTMISEA Proposition 1B Bond Funds

Proposition 1B – The Public Transportation Modernization, Improvement and Service Enhancement Account (PTMISEA) Fund is a part of the State of California's Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 (Bond Act), approved by California voters as Proposition 1B on November 7, 2006. A total of $19.8 billion was deposited into the PTMISEA fund, $3.6 billion of which was made available to fund grants to project sponsors in California for approved eligible public transportation projects over a 10-year period. Proposition 1B funds can be used for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation or replacement.

The Proposition 1B activity for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Unspent Prop 1B funds, beginning	$ 2,514,497	$ 1,613,451
Proposition 1B funds allocated during fiscal year	-	892,558
Interest earned on unspent funds	17,224	8,488
Unexpended project allocations, ending	$ 2,531,721	$ 2,514,497