

City of Culver City Other Postemployment Benefit Plan

Culver City, California

Independent Auditors' Report and Financial Statements

For the Year Ended June 30, 2016



City of Culver City
Other Postemployment Benefit Plan
For the Year Ended June 30, 2016

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of City of Culver City Other Postemployment Benefit Plan (the "Plan"), which comprise the Statements of Fiduciary Net Position as of June 30, 2016, and the related Statement of Changes in Fiduciary Net Position 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's judgment, including the assessment of the risks 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 entity's preparation and fair presentation of the 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant 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 and appropriate to provide a basis for our audit opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the Plan's fiduciary net position as of June 30, 2016, and the respective changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2A, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the City of Culver City, California, as of June 30, 2016, or the changes in its net position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of City Contributions, and the Schedule of Investment Returns on pages 15 through 17 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, 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.

Management has omitted management 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 who considers it to be an essential part of the 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.

The PwC Group, LLP

Santa Ana, California
December 16, 2016

City of Culver City
Other Postemployment Benefit Plan
Statement of Fiduciary Net Position
June 30, 2016

ASSETS

Investments, at fair value:

Money market funds	\$ 56,669
Mutual funds - Equity	15,062,056
Mutual funds - Fixed Income	<u>8,119,004</u>
Total investments	<u>23,237,729</u>
Accrued interest	<u>25</u>
Total assets	<u><u>23,237,754</u></u>

FIDUCIARY NET POSITION

Held in trust for other postemployment benefits	<u><u>\$ 23,237,754</u></u>
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City of Culver City
Other Postemployment Benefit Plan
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2016

ADDITIONS

Employer contributions	\$ 11,264,641
Investment earnings:	
Net (depreciation) in fair value of investments, net of investment expenses	(156,887)
Interests	39
Dividends	475,864
	319,016
Total investment earnings, net	319,016
Total additions	11,583,657

DEDUCTIONS

Benefits paid to participants	5,760,181
Administrative expenses	81,222
	5,841,403
Total deductions	5,841,403
Net increase in fiduciary net position	5,742,254

FIDUCIARY NET POSITION

Beginning of year	17,495,500
End of year	\$ 23,237,754

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1 – Plan Description

The City of Culver City, California (the “City”) provides other postemployment benefits (“OPEB”), such as healthcare benefits to eligible retirees and their dependents through the City of Culver City Other Post-Employment Benefits Plan (the “Plan”). Benefit levels are established through agreements and memorandums of understanding between the City and employees or bargaining groups. The City also established the irrevocable Post-Employment Welfare Benefits Program Trust (the “Trust”). The Trust is intended to provide for funding of OPEB for employees who meet the age and service requirements outlined in the City’s plan documents as further discussed below. The California Public Employment Retirement System (“CalPERS”) administers the City’s OPEB Plan, a single-employer defined benefit plan. The Plan’s board of trustees consists of the members of the City Council. Benefit provisions are established and may be amended by the City Council.

Membership of the Plan consisted of the following at June 30, 2015, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	517
Inactive plan members entitled to but not yet receiving benefit payments	68
Active plan members	629
Total	1,214

Benefit Provisions and Eligibility

Under the Plan, 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 CalPERS Care Premiums.

Participants who retired between January 1, 2007 and December 31, 2011 are eligible for a City contribution up to 70% of the CalPERS 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.

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 \$563 for single coverage, increasing by up to 4% per year.
- An additional monthly reimbursement of up to \$492 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%.

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 1 – Plan Description (Continued)

Benefit Provisions and Eligibility (Continued)

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.

Contributions

The obligation of the City to contribute to the Plan is established and may be amended by the City Council. Employees are not required to contribute to the Plan. The actuarially determined contribution ("ADC") of the employer is an amount actuarially determined in accordance with the parameters of GASB Statements 43 and 45. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ADC for the year ended June 30, 2016 was \$9,241,000 or 17.7% of estimated covered payroll. Administrative costs are financed through investment earnings.

Note 2 – Summary of Significant Accounting Policies

A. *Measurement Focus, Basis of Accounting, and Basis of Presentation*

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

The accompanying financial statements are prepared in accordance with U.S. GAAP as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing accounting and financial reporting principles.

The Trust established under the Plan is reported as Fiduciary Fund. It is accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Fiduciary Position. The Statement of Changes in Fiduciary Net Position presents increases (addition) and decreases (deduction) in total fiduciary net position. Contributions to the Trust are recognized in the period in which the contributions are due. Benefits are recognized when due and payable in accordance with the terms of the Plan.

B. *Investment*

Investments are reported at fair value, except for money market mutual funds, which are reported at amortized costs, which approximate fair value. The City has appointed the Administrative Committee (the "Committee") to oversee certain policies and procedures related to the operating and administration of the Trust, including implementation of the investment policy.

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Fair Value Measurement

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.

D. Investment Expenses

Investment expenses are included in the net appreciation (depreciation) of fair value of investments.

E. 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.

F. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rates, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the Statements of Fiduciary Net Position.

The total OPEB liabilities and net OPEB liabilities disclosed in the Notes to the Financial Statements are measured based on certain assumptions, including the long-term rate of return on OPEB investments, inflation rates, employee demographics and health care cost trend rates. Due to uncertainties inherent in the estimation and assumptions in the near term would be material to the financial statements.

G. Administrative Expenses

Administrative expenses include professional fees, contractor administrator fees, investment advisor fees and trust fees.

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

H. New Accounting Standards

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 measurement impact on the Plan’s investment portfolio, except for additional disclosure regarding to the measurement input for the year ended June 30, 2016.

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 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 Plan’s financial statements for the year ended June 30, 2016.

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 Plan’s financial statements for the year ended June 30, 2016.

Note 3 – Investments

A. Investment Policy

The Plan’s policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. It is the policy of the City Council to enhance the economic status of the Plan while protecting funds under management.

The following is the Council’s adopted asset allocation policy adopted on February 18, 2016:

Asset Class	Long-Term Expected Real Rate of Return	Investment Range
Growth Assets:		
Domestic Equity	44%	29% - 59%
International Equity	23%	8% - 38%
Other	0%	0% - 10%
Income Assets:		
Fixed Income	33%	13% - 53%
Other	0%	0% - 10%
Real Return	0%	0% - 10%
Cash Equivalent	0%	0% - 20%

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Investments (Continued)

B. Fair Value Measurement

At June 30, 2016, investments are reported at fair value. The following table presents the fair value measurements of investments on a recurring basis and the levels with GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2016:

Investment Type	Measurement Input		Total
	Level 1	N/A	
Money market funds	\$ -	\$ 56,669	\$ 56,669
Mutual funds - Equity	15,062,056	-	15,062,056
Mutual funds - Fixed Income	8,119,004	-	8,119,004
Total Investments	<u>\$ 23,181,060</u>	<u>\$ 56,669</u>	<u>\$ 23,237,729</u>

C. Risk Disclosures

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 is subjected to the changes in market interest rates.

The following table shows the maturity date of the Plan's investments at June 30, 2016:

Investment Type	Fair Value	Investment Maturity
		Less than 1 Year
Money market funds	\$ 56,669	\$ 56,669
Mutual funds - Equity	15,062,056	15,062,056
Mutual funds - Fixed Income	8,119,004	8,119,004
Total Investments	<u>\$ 23,237,729</u>	<u>\$ 23,237,729</u>

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.

The following table shows the distribution of the Plan's investments by rating at June 30, 2016:

Investment Type	Fair Value	AA	Not Rated
Money market funds	\$ 56,669	\$ -	\$ 56,669
Mutual funds - Equity	15,062,056	-	15,062,056
Mutual funds - Fixed Income	8,119,004	8,119,004	8,119,004
Total Investments	<u>\$ 23,237,729</u>	<u>\$ 8,119,004</u>	<u>\$ 23,237,729</u>

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 3 – Investments (Continued)

C. Risk Disclosures (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty (e.g., broker-dealer), the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan investments are held by US Bank, the trustee for the Plan investments.

Investment Concentration

The following table shows the fair value of investments representing 5% or more of the Plan's fiduciary net position at June 30, 2016:

Investments	Fair Value	% of Investments over Fiduciary Net Position
Mutual funds - Equity:		
Vanguard Dividend Growth Fund IV	\$ 2,907,047	13%
Vanguard REIT Index Admiral	1,777,760	8%
Vanguard Total Stock Market Index Admiral	7,556,010	33%
Mutual funds - Fixed Income:		
Baird Core Plus Bond Fund Institutional	2,828,246	12%
Metropolitan West Treasury Bond	2,077,502	9%
Vanguard Intermediate Term Investment-Grade	2,802,384	12%

D. Annual Money-Weighted Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on investments, net of investment expense, was 2.82 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 4 – Net OPEB Liability of the City

The components of the net OPEB liability of the City at June 30, 2016, were as follows:

Total OPEB Liability	\$ 122,536,000
Plan fiduciary net position	23,238,000
Net OPEB liability	<u>\$ 99,298,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>19.0%</u>

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Net OPEB Liability of the City (Continued)

A. Actuarial Assumptions

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

Discount rate	7.00%
Expected long-term rate of return	7.00%
General inflation	3.00%
Aggregate payroll increases	3.25%
Merit payroll increase	CalPER 1997-2011
PEMHCA minimum amount increases	4.50%
Ad Hoc benefit increases	N/A
Mortality, termination, disability	CalPER 1997-2011
Mortality improvement scale	Modified MP-2014 to coverage to ultimate mortality improvement rates in 2022.
Healthcare cost trend rates	Initial 7.0% Non-Medicare and 7.2% Medicare, decreasing 0.5% per year to an ultimate rate of 5%
PPACA high cost plan excise tax ("Cadillac Tax")	2% load on cash subsidy

The actuarial assumption used in the June 30, 2015 valuation and were rolled forward to the June 30, 2016 measurement date.

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:

Asset Class	Long-Term Expected Real Rate of Return	Investment Range	Expected Geometric Real Return
Growth Assets:			
Domestic Equity	44%	29% - 59%	5.35%
International Equity	23%	8% - 38%	5.35%
Other	0%	0% - 10%	N/A
Income Assets:			
Fixed Income	33%	13% - 53%	1.55%
Other	0%	0% - 10%	N/A
Real Return	0%	0% - 10%	N/A
Cash Equivalent	0%	0% - 20%	N/A
		Assumed long-term rate of return	3.00%
		Assumed long-term investment expenses	0.30%
		Expected long-term net rate of return	7.19%

City of Culver City
Other Postemployment Benefit Plan
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2016

Note 4 – Net OPEB Liability of the City (Continued)

B. Discount Rate

The discount rate used to measure the total OPEB liability was 7.0 percent. 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.

C. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current discount rate:

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
Net OPEB Liability	\$ 115,730,000	\$ 99,298,000	\$ 85,831,000

D. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, 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:

	1% Decrease (6.2% decreasing to 4.0%)	Healthcare Cost Trend Rates (7.2% decreasing to 5.0%)	1% Increase (8.2% decreasing to 6.0%)
Net OPEB Liability	\$ 115,730,000	\$ 99,298,000	\$ 85,831,000

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Culver City
Other Postemployment Benefit Plan
Required Supplementary Information (Unaudited)
Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2016

Last 10 Fiscal Years*
(Dollar amounts in thousands)

	2016	2015
Total OPEB liability		
Service cost	\$ 2,722	\$ 3,094
Interest	8,258	7,905
Changes of benefit terms	(5,759)	(5,387)
Differences between expected and actual experience	(11,811)	-
Changes of assumptions	(795)	-
Benefit payments	-	-
	(7,385)	5,612
Net change in total OPEB liability		
Total OPEB liability-beginning	129,921	124,309
Total OPEB liability-ending (a)	\$ 122,536	\$ 129,921
Total OPEB liability		
Contributions - employer	\$ 11,263	\$ 9,865
Net investment income	319	289
Benefit payments	(5,759)	(5,387)
Administrative expense	(81)	(56)
	5,742	4,711
Net change in plan fiduciary net position		
Plan fiduciary net position-beginning	17,496	12,785
Plan fiduciary net position-ending (b)	\$ 23,238	\$ 17,496
City's net OPEB liability-ending (a) - (b)	\$ 99,298	\$ 112,425
Plan fiduciary net position as a percentage of the total OPEB liability	18.96%	13.47%
Covered-employee payroll	\$ 52,215	\$ 47,105
City's OPEB liability as a percentage of covered-employee payroll	190.17%	238.67%

*Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

City of Culver City
Other Postemployment Benefit Plan
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2016

Last 10 Fiscal Years*
(Dollar amounts in thousands)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarially determined contribution	\$ 9,241	\$ 9,945	\$ 9,778	\$ 8,621	\$ 8,456
Contributions in relation to the actuarially determined contribution	11,263	9,865	10,028	7,631	7,635
Contribution deficiency (excess)	<u>(2,022)</u>	<u>80</u>	<u>(250)</u>	<u>990</u>	<u>821</u>
Covered-employee payroll	\$ 52,215	\$ 47,105	N/A	\$ 46,399	N/A
Contributions as a percentage of covered-employee payroll	21.57%	20.94%	N/A	16.45%	N/A

Notes to Schedule:

Valuation date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost
Amortization method	Level percentage of payroll, closed
Amortization period	26 years
Asset valuation method	5-year rolling
Inflation	3.00%
Investment rate of return	7.00%
Aggregate payroll increase	3.25% and inflation plus 0.25%
Merit payroll increases	CalPERS 1997-2011 experience study
CalPERS Service	CalPERS demographic tables which are based on total CalPERS services
Healthcare cost trend rates	7.2% initial, decreasing 0.5 percent per year to an ultimate rate of 5.0%
PEMHCA minimum increase	4.50%
PPACA high cost plan excise tax	2% load on cash subsidy
Mortality, termination and disability	CalPERS 1997-2011 experience study Mortality improvement scale MP-2014 modified to converge to ultimate mortality improvement rates in 2022

* The plan was established on March 28, 2012.

City of Culver City
Other Postemployment Benefit Plan
Required Supplementary Information (Unaudited)
Schedule of Annual Money-Weighted Rate of Return on OPEB Plan Investments
For the Year Ended June 30, 2016

Last 10 Fiscal Years*
(Dollar amounts in thousands)

	2016	2015
Annual money-weighted rate of return, net of investment expense	2.82%**	2.20%

*Fiscal year 2015 was the first year of implementation, therefore only two years are shown.

**This does not include management fee, trustee fee and custodial fee.