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, 2017 and 2016

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, 2017 and 2016

Table of Contents

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and the 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, 2017 and 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 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.

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, 2017 and 2016, and the results of its operations and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.com

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, 2017 and 2016, 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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis ("MD&A") 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 - CalPERS, the Schedule of Contributions – CalPERS, the Schedule of Net Other Postemployment Benefits ("OPEB") Liabilities and Related Ratios, and the Schedule of Contributions - OPEB on page 39 to 44 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, 2017 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, 2017 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, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2018 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
January 29, 2018

This page intentionally left blank.

THE PUN GROUP
ACCOUNTANTS & ADVISORS

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 the Members of City Council
of the City of Culver City
Culver City, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America, 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 statement 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated January 29, 2018.

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.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.com

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
January 29, 2018

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 the 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 applicable to the CCMBL's compliance as a Transit Operator for the year ended June 30, 2017.

Management's Responsibility

Compliance with requirements referred to above is the responsibility of CCMBL.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the CCMBL based on our audit.

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 and Transportation Development Act Guidebook – Statutes and California Codes of Regulations, April, 2013, issued by the California Department of Transportation Division of Mass Transportation 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 as a Transit Operator 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. However, our audit does not provide a legal determination of the City's compliance with these requirements.

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, 2017.

200 East Sandpointe Avenue, Suite 600, Santa Ana, California 92707
Tel: 949-777-8800 • Fax: 949-777-8850
www.pungroup.com

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, or material weakness in internal control over compliance. 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
January 29, 2018

FINANCIAL STATEMENTS

This page intentionally left blank.

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Statements of Net Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and investments	$ 9,973,882	$ 13,973,463
Investments held with fiscal agent	-	35
Accounts receivable, net	324,892	653,377
Interest receivable	22,169	31,837
Due from other governments (Note 3)	2,788,688	2,382,508
Total current assets	13,109,631	17,041,220
Noncurrent assets:		
Capital assets:		
Not being depreciated	2,752,376	1,545,698
Being depreciated	67,762,071	61,927,681
Less accumulated depreciation	(31,560,542)	(33,202,392)
Total noncurrent assets	38,953,905	30,270,987
Total assets	52,063,536	47,312,207
DEFERRED OUTFLOWS OF RESOURCES		
Pension related amounts	3,533,327	1,362,229
Other post-employment benefits related amounts	11,720	107,823
Total deferred outflows of resources	3,545,047	1,470,052
LIABILITIES		
Current liabilities:		
Accounts payable	167,513	221,557
Salaries and benefits payable	258,314	647,402
Unearned revenues	2,146,568	4,299,210
Compensated absences, due within one year	262,545	215,452
Total current liabilities	2,834,940	5,383,621
Noncurrent liabilities:		
Compensated absences, due in more than one year	603,582	473,832
Net pension liabilities (Note 8)	17,120,152	14,330,705
Net other post-employment benefits liabilities (Note 9)	7,492,215	7,758,412
Total noncurrent liabilities	25,215,949	22,562,949
Total liabilities	28,050,889	27,946,570
DEFERRED INFLOWS OF RESOURCES		
Pension related amounts	378,383	1,054,144
Other post-employment benefits related amounts	609,825	783,905
Total deferred inflows of resources	988,208	1,838,049
NET POSITION		
Investment in capital assets	38,953,905	30,270,987
Restricted for debt service	-	35
Unrestricted (deficit)	(12,384,419)	(11,273,382)
Total net position	$ 26,569,486	$ 18,997,640

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, 2017 and 2016

	2017	2016
OPERATING REVENUES:		
Charges for services	$ 3,188,558	$ 3,582,271
Total operating revenues	3,188,558	3,582,271
OPERATING EXPENSES:		
Salaries and benefits	13,699,280	12,741,910
Supplies	397,936	382,877
Repairs and maintenance	4,948,745	4,650,769
Insurance	343,630	237,261
Claims and settlements	(72,809)	211,214
Administrative services	1,509,566	1,495,753
Rent and lease expenses	-	9,555
Consulting and contractual services	429,738	681,118
Depreciation	2,986,231	2,647,774
Total operating expenses	24,242,317	23,058,231
OPERATING (LOSS)	(21,053,759)	(19,475,960)
NONOPERATING REVENUES (EXPENSES):		
Investment earnings (loss)	(12,621)	69,610
Intergovernmental revenue	23,742,716	14,128,165
Measure R sales tax	2,102,170	1,992,192
Gain (loss) on sale of assets	(333,520)	9,203
Other income	411,639	384,297
Interest expense	-	(21,850)
Total nonoperating revenues	25,910,384	16,561,617
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,856,625	(2,914,343)
CONTRIBUTIONS AND TRANSFERS:		
Capital contributions	1,621,358	1,211,325
Transfers in from the City of Culver City	1,393,863	1,237,214
Transfers out to the City of Culver City	(300,000)	(300,000)
Total contributions and transfers	2,715,221	2,148,539
Change in net position	7,571,846	(765,804)
NET POSITION:		
Beginning of year	18,997,640	19,763,444
End of year	$ 26,569,486	$ 18,997,640

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, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 3,517,043	$ 3,115,963
Cash payments to suppliers of goods and services	(33,499,844)	(6,237,271)
Cash payments to employees	13,085,449	(13,311,624)
Cash payments to administrative services	(1,509,566)	(1,495,753)
Other income received	411,639	384,297
Net cash (used in) operating activities	(17,995,279)	(17,544,388)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from operating grants	23,286,064	15,555,418
Transfers to the City of Culver City	(300,000)	(300,000)
Transfers from the City of Culver City	1,393,863	1,237,214
Net cash provided by noncapital financing activities	24,379,927	16,492,632
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from sale of capital assets	30,992	9,203
Principal paid on debt	-	(760,000)
Interest paid on debt	(2,953)	(43,700)
Cash received from capital grants	1,621,358	1,211,325
Acquisition of capital assets	(12,033,661)	(328,620)
Net cash provided by (used in) capital and related financing activities	(10,384,264)	88,208
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received (paid)	-	70,551
Net cash provided by (used in) investing activities	-	70,551
Net (decrease) in cash and cash equivalents	(3,999,616)	(892,997)
CASH AND CASH EQUIVALENTS:		
Beginning of year	13,973,498	14,866,495
End of year	$ 9,973,882	$ 13,973,498
RECONCILIATION TO THE STATEMENT OF NET POSITION		
Cash and investments	$ 9,973,882	$ 13,973,463
Cash and investments held with fiscal agent	-	35
Total cash and investments - statement of net positior	$ 9,973,882	$ 13,973,498

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, 2017 and 2016

	2017	2016
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES:		
Operating (loss)	$ (21,053,759)	$ (19,475,960)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation	2,986,231	2,647,774
Other income	411,639	384,297
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	328,485	(466,308)
(Increase) decrease in deferred outflows of resources - pension	(2,171,098)	(211,344)
(Increase) decrease in deferred outflows of resources - OPEB	96,103	(71,569)
Increase (decrease) in accounts payable	(54,044)	(64,477)
Increase (decrease) in salaries and benefits payable	(389,088)	136,574
Increase (decrease) in compensated absences	176,843	(114,554)
Increase (decrease) in net other postemployment benefits liability	(266,197)	(1,025,649)
Increase (decrease) in net pension liabilities	2,789,447	1,344,238
Increase (decrease) in deferred inflows of resources - pension	(675,761)	(1,411,315)
Increase (decrease) in deferred inflows of resources - OPEB	(174,080)	783,905
Net cash (used in) operating activities	$ (17,995,279)	$ (17,544,388)

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 present 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. 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.

E. 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

F. 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.

G. 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.

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.

Note 1 – Summary of Significant Accounting Policies (Continued)

H. 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 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:

CalPERS	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2015	June 30, 2014
Measurement Date	June 30, 2016	June 30, 2015
Measurement Period	July 1, 2015 to June 30, 2016	July 1, 2014 to June 30, 2015

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 on a straight-line basis over 5 years. All other amounts are amortized on a straight-line basis 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.

I. Other Postemployment 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 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.

	2017	2016
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2017	June 30, 2016
Measurement Period	July 1, 2016 to June 30, 2017	July 1, 2015 to June 30, 2016

Note 1 – Summary of Significant Accounting Policies (Continued)

J. *Net Position*

Net Investment in Capital Assets– This component of net position capital assets, net of accumulated depreciation, reduced by the outstanding balances of related 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.

K. *Use of Estimates*

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

L. *New Accounting Pronouncements*

GASB Statement No. 82, *Pension Issues* - The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement did not have a significant impact on the CCMBL's financial statements for the years ended June 30, 2017 and 2016.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2017 and 2016 are reported in the accompanying financial statements as follows:

Statement of Net Position:	2017	2016
Cash and investments	$ 9,973,882	$ 13,973,463
Investments held with fiscal agent	-	35
Total cash and investments	$ 9,973,882	$ 13,973,498

The CCMBL's share of the City's cash and investments at June 30, 2017 and 2016 were $9,973,882 and $13,973,498, respectively.

Note 2 – Cash and Investments (Continued)

Cash is deposited in the City's internal investment pool, which is reported at net asset 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.

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

Investments 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.

Note 2 – Cash and Investments (Continued)

Investments Authorized by Debt Agreements (Continued)

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

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, 2017 and 2016, respectively.

	2017		2016	
		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
Total	$ -	$ -	$ 35	$ 35

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.

Note 2 – Cash and Investments (Continued)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Minimum Legal Rating	2017 Total	2017 Rating as of Year End AAA	2016 Total	2016 Rating as of Year End AAA
Investments held with fiscal agent:					
Money market funds	N/A	$ -	$ -	$ 35	$ 35
Total		$ -	$ -	$ 35	$ 35

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 and Intergovernmental Revenue

Amounts due from other governments consist of the following at June 30, 2017 and 2016:

	2017	2016
Due from Federal Transit Agency	$ 566,302	$ 833,333
Due from City of Santa Monica	153,699	85,659
Due from Metropolitan Transit Agency	1,404,632	672,186
Due from State of California	233,582	383,531
Due from County of Los Angeles	430,473	407,799
Total	$ 2,788,688	$ 2,382,508

Intergovernmental revenue consists of the following at June 30, 2017 and 2016:

	2017	2016
State Transit Assistance (STA)	$ 414,727	$ 767,062
Transportation Development Act-Article 4 (LTF)	5,165,678	4,893,591
Caltrans - LCTOP	83,023	-
Proposition A Discretionary	3,326,445	3,244,101
Proposition C	1,172,097	1,564,065
Prop 1B PTIMSEA capital	1,483,631	-
Metro Call for Projects/Metro Prop 1B Bridge Funds	4,610,493	-
Federal Transit Administration Section 9 Grant (Sect 9/5307)	7,419,962	3,281,850
CNG Excise Tax Credit	-	377,496
AB 2766 Subvention for capital grants	66,660	-
Total	$ 23,742,716	$ 14,128,165

Note 4 – Capital Assets

Summary of changes in capital assets for the years ended June 30, 2017 and 2016 were as follows:

	Balance July 1, 2016	Additions	Deletions	Transfers	Balance June 30, 2017
Capital asset, not being depreciated:					
Land	$ 1,450,214	$ -	$ -	$ -	$ 1,450,214
Construction in progress	95,484	1,206,678	-	-	1,302,162
Total nondepreciable assets	1,545,698	1,206,678	-	-	2,752,376
Capital asset, being depreciated:					
Machinery and equipment	33,435,711	10,802,135	(4,473,750)	-	39,764,096
Building improvements	28,045,032	24,848	(518,843)	-	27,551,037
Furniture and fixtures	446,938	-	-	-	446,938
Total capital assets, being depreciated	61,927,681	10,826,983	(4,992,593)	-	67,762,071
Less accumulated depreciation:					
Machinery and equipment	(21,878,432)	(2,215,826)	4,396,567	-	(19,697,691)
Building improvements	(10,921,372)	(763,910)	231,514	-	(11,453,768)
Furniture and fixtures	(402,588)	(6,495)	-	-	(409,083)
Total accumulated depreciation	(33,202,392)	(2,986,231)	4,628,081	-	(31,560,542)
Total capital assets, being depreciated, net	28,725,289	7,840,752	(364,512)	-	36,201,529
Total capital assets, net	$ 30,270,987	$ 9,047,430	$ (364,512)	$ -	$ 38,953,905

	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

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, 2017 and 2016.

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 $1,509,566 and $1,495,753 for the years ended June 30, 2017 and 2016, respectively.

The City also transferred a portion of its Proposition "A" and "C" Local Return funds, as well as a portion of Measure R Local Return funds, to CCMBL to assist in operations, in the amounts of $1,393,863 and $1,237,214 for the years ended June 30, 2017 and 2016, respectively.

The CCMBL transferred $300,000 to the City both years ended June 30, 2017 and 2016 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, 2017 and 2016 were as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017	Due Within One Year	Due in More Than One Year
Compensated absences	$ 689,284	$ 936,518	$ (759,675)	$ 866,127	$ 262,545	$ 603,582
Net OPEB liabilities	7,758,412	867,507	(1,133,704)	7,492,215	-	7,492,215
Net pension liabilities	14,330,705	4,971,186	(2,181,739)	17,120,152	-	17,120,152
Total	$ 22,778,401	$ 6,775,211	$ (4,075,118)	$ 25,478,494	$ 262,545	$ 25,215,949

	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

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, 2017 and 2016:

	2017	2016
Deferred outflows of resources:		
Pension contribution made after measurement date:	$ 1,471,312	1,362,229
Net difference in projected and actual earnings on pension investments	2,062,015	-
Total deferred outflows of resources	$ 3,533,327	$ 1,362,229
Net pension liabilities:		
CalPERS	$ 17,120,152	$ 14,330,705
Total net pension liabilities	$ 17,120,152	$ 14,330,705
Deferred inflows of Resources:		
Net difference in projected and actual earnings on pension investments	$ -	$ 289,940
Change in assumptions	258,680	582,030
Difference in experience	119,703	182,174
Total deferred inflows of resources	$ 378,383	$ 1,054,144

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, 2015 and 2014 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.

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

General Information about the Pension Plan (Continued)

Benefit Provided (Continued)

Participant is eligible for non-industrial disability retirement if the participant 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 becomes deceased 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 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.

Employees Covered by Benefit Terms

At June 30, 2015 and 2014, the valuation dates, the following employees were covered by the benefit terms under the City's miscellaneous plan:

	2015	2014
Active employees	134	108
Transferred and terminated employees	13	19
Retired Employees and Beneficiaries	49	44
Total	196	171

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

General Information about the Pension Plan (Continued)

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, 2016 and 2015, respectively, the active classic miscellaneous tier I and Tier 2 employee contribution rate is 7% and 8%, respectively; the active PEPRA miscellaneous employee contribution rate were both 6.25% of annual pay; the employer's contribution rates were 20.628% and 19.063% 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.

Actuarial Methods and Assumption Used to Determined Total Pension Liability

For the measurement periods ended June 30, 2016 and 2015, the total pension liability was determined by rolling forward the June 30, 2015 and 2014 total pension liability, respectively. The June 30, 2016 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50%
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.

Net Pension Liability

All other actuarial assumptions used in the June 30, 2015 and 2014 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.

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

Net Pension Liability (Continued)

Discount Rate

The discount rate used to measure the June 30, 2016 and 2015 total pension liability was 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 ("PERF"). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all further years. 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.

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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the PERF asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 equal 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. Tile target allocation shown was adopted by the Board effective on July 1, 2015 and 2014.

Asset Class	New Strategic Allocation		Real Return Years 1 - 10[1]	Real Return Years 11+[1]
	June 30, 2016	June 30, 2015		
Global Equity	51.00%	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	6.00%	0.45%	3.36%
Private Equity	10.00%	10.00%	6.83%	6.95%
Real Estate	10.00%	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	2.00%	4.50%	5.09%
Liquidity	1.00%	2.00%	-0.55%	-1.05%
Total	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)

Net Pension Liability (Continued)

<u>*Proportionate Share of Net Pension Liability*</u>

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, 2016 and 2015.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2015 (Valuation Date)	$ 51,978,893	$ 37,648,188	$ 14,330,705
Balance at June 30, 2016 (Measurement Date)	54,455,918	37,335,766	17,120,152
Net Changes during 2015-2016	2,477,025	(312,422)	2,789,447

	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

Changes in the Net Pension Liability

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

	2017		2016
June 30, 2015	20.4400%	June 30, 2014	20.0000%
June 30, 2016	20.4400%	June 30, 2015	20.4400%
Change	0.0000%	Change - Increase	0.4400%

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, 2016 and 2015, calculated using the discount rate of 7.65%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.65%) or 1 percentage-point higher (8.65%) 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, 2016	24,269,998	17,120,152	11,191,807

	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

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website (www.calpers.ca.gov).

For the measurement periods ended June 30, 2016 and 2015, the CCMBL incurred pension expenses of $1,413,900and $769,184.

As of measurement date of June 30, 2016 and 2015, the CCMBL has deferred outflows and deferred inflows of resources related to pensions as follows for the miscellaneous plan:

	2017		2016	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	$ 1,471,312	$ -	$ 1,362,229	$ -
Difference between expected and actual experience	-	119,703	-	(182,174)
Changes of assumptions	-	258,680	-	(582,030)
Net difference between projected and actual earning on pension plan investments	2,062,015	-	-	(289,940)
Total	$ 3,533,327	$ 378,383	$ 1,362,229	$ (1,054,144)

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

Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position (Continued)

The amounts above are net of outflows and inflows recognized in the 2015-2016 and 2014-2015 measurement period expense.

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 2015-16 and 2014-15 measurement periods are both 2.8 years, which were obtained by dividing the total service years of 4,420 and 4,288 (the sum of remaining service lifetimes of the active employees) by 1,604 and 1,536 (the total of number of participants: active, inactive, and retired), respectively.

$3,533,327 and $1,362,229 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 2017	Measurement Period Ended June 30		Deferred Outflows/ (Inflows) of Resources 2016
2017	$	(60,635)	2016	$	(654,524)
2018		283,315	2017		(569,612)
2019		930,456	2018		(229,966)
2020		530,497	2019		399,958
2021		-	2020		-
Thereafter		-	Thereafter		-
Total	$	1,683,633	**Total**	$	(1,054,144)

CalPERS Discount Rate

At December 16, 2016, the CalPERS Board of Administration (the "Board") approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent over the next three years. This will increase the City's employer contribution costs beginning in fiscal year 2018-19. The phase in of the discount rate change approved by the Board for the next three fiscal year is as follows:

Valuation Date	Required Contribution Rate	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.250%
June 30, 2018	2020-21	7.000%

Lowering the discount rate means plans will see increases in both normal costs, the cost of pension benefits accruing in one year for active members and the accrued liabilities. These increases will result in higher required employer contribution. The actual impact cannot be determined but the required employer contribution is expected to be significant higher as well as the net pension liabilities.

Note 9 – Other Postemployment Benefits ("OPEB")

The following is summary of net OPEB liabilities, and related deferred outflows and inflows of resources at June 30, 2017 and 2016:

	2017	2016
Deferred outflows of resources:		
Difference in projected and actual earnings on pension investments:	$ 11,720	$ 107,823
Total deferred outflows of resources	$ 11,720	$ 107,823
Net OPEB obligations	$ 7,492,215	$ 7,758,412
Total net OPEB obligations	$ 7,492,215	$ 7,758,412
Deferred inflows of Resources:		
Change in assumptions	$ 36,800	$ 49,458
Difference in experience	573,025	734,447
Total deferred inflows of resources	$ 609,825	$ 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 Postemployment 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, 2017 and 2016, the City’s average contribution rates were 19.6 and 21.6 percent of covered payroll, respectively. Employees are not required to contribute to the plan.

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2017 and 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2015.

Actuarial assumptions

The total OPEB liability in the June 30, 2015 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
Discount Rate	7.00%
Expected Long-Term Rate of Return	7.00%
Municipal Bond Rate	N/A
Source of Municipal Bond Rate	N/A
General Inflation	3.00%
Aggregate Payroll Increases	3.25%
Merit Payroll Increases	CalPERS 1997-2011
PEMHCA Minimum Amount Increase	4.50%
Ad Hoc Benefit Increases	N/A
Mortality, Termination, Disability	CalPERS 1997-2011
Mortality Improvement Scale	Modified MP-2014

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:

2017

Asset Class	Long-Term Target Allocation	Expected Geometric Real Return
Growth Assets:		
Domestic Equity	44.00%	5.35%
Foreign Equity	23.00%	5.35%
Income Assets:		
Fixed Income	33.00%	1.55%
Total	100.00%	

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

Net OPEB Liability (Continued)

Actuarial assumptions (Continued)

2016

Asset Class	Long-Term Target Allocation	Expected Geometric Real Return
Growth Assets:		
Domestic Equity	44.00%	5.35%
Foreign Equity	23.00%	5.35%
Income Assets:		
Fixed Income	33.00%	1.55%
Total	100.00%	

Discount rate

The discount rate used to measure the total OPEB liability for measurement periods ended June 30, 2017 and 2016 was 7.00%. 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, 2017 and 2016.

	Increase		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2016 (Measurement Date)	$ 9,574,058	$ 1,815,646	$ 7,758,412
Balance at June 30, 2017 (Measurement Date)	9,963,080	2,470,865	7,492,215
Net Changes during July 1, 2016 to June 30, 2017	$ 389,022	$ 655,219	$ (266,197)

Note 9 – Other Postemployment Benefits ("OPEB") (Continued)

Change in the Net OPEB Liability (Continued)

Proportionate Share of Net OPEB Liability (Continued)

	Increase		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2015 (Measurement 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)

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

	2017		2016
June 30,2016	7.81326%	June 30,2015	7.81326%
June 30,2017	7.81326%	June 30,2016	7.81326%
Change	0.0000%	Change	0.0000%

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

The following presents the net OPEB liability of the Plan as of the measurement date of June 30, 2017 and 2016, calculated using the discount rate of 7.00%, 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%) or 1 percentage-point higher (8.00%) 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, 2017	$ 8,811,560	$ 7,492,215	$ 6,409,452

	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

Note 9 – Other Postemployment 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, 2017:

	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, 2017	$ 6,162,240	$ 7,492,215	$ 9,133,545

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

OPEB Plan Fiduciary Net Position

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

Note 9 – Other Postemployment 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, 2017 and 2016, the CCMBL has incurred OPEB expenses of $518,254 and $566,696. At June 30, 2017 and 2016, the CCMBL reported deferred outflows of resources and inflows of resources related to OPEB as follows.

	2017		2016	
	Deferred outflows of Resources	**Deferred inflows of Resources**	**Deferred outflows of Resources**	**Deferred inflows of Resources**
Difference between expected and actual experience	$ -	$ (573,025)	$ -	$ (734,446)
Changes of assumptions	-	(36,800)	-	(49,459)
Net difference between projected and actual earning on OPEB plan investments	11,720	-	107,823	-
Total	$ 11,720	$ (609,825)	$ 107,823	$ (783,905)

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 2017	Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources 2016
2018	$ (195,566)	2017	$ (171,814)
2019	(195,566)	2018	(171,814)
2020	(184,705)	2019	(171,814)
2021	(22,268)	2020	(160,642)
2022	-	2021	-
Thereafter	-	Thereafter	-
Total	$ (598,105)	**Total**	$ (676,082)

Note 10 – Deficit Net Position

The CCMBL had a deficit unrestricted net position at June 30, 2017 and 2016 in the amount of $(12,384,418) and $(11,273,382), respectively. It was mainly due to the net pension liabilities and net other post-employment benefits liabilities. The net pension liabilities were $17,120,152 and $14,330,705 at June 30, 2017 and 2016, respectively. The net other post-employment benefits were $7,492,214 and $7,758,412 at June 30, 2017 and 2016, respectively.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

This page intentionally left blank.

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, 2017 and 2016

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, 2016	June 30, 2015	June 30, 2014[1]
CCMBL's Proportion of the Net Pension Liability	20.44000%	20.44000%	20.00000%
CCMBL's Proportionate Share of the net Pension Liability	$ 17,120,152	$ 14,330,705	$ 12,986,467
CCMBL's Covered Payroll	$ 6,854,973	$ 6,176,208	$ 5,640,100
CCMBL's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	249.75%	232.03%	230.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	68.56%	72.43%	73.87%

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

Notes to Schedule:

Change in Benefit Terms: There were no changes in benefit terms.

Changes of Assumptions: There were no changes of assumptions.

Schedule of Contributions – Pension

Last Ten Fiscal Years

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

	2016-17	2015-16	2014-15	2013-14[1]
Actuarially determined contribution	$ 1,471,312	$ 1,362,229	$ 1,150,885	$ 1,327,657
Contributions in relation to the actuarially determined co	(1,471,312)	(1,362,229)	(1,150,885)	(1,327,657)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered payroll[2]	$ 7,413,221	$ 6,854,973	$ 6,176,208	$ 5,640,100
Contributions as a percentage of covered payroll	19.85%	19.87%	18.63%	23.54%

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

[2] Covered 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: There were no changes of assumptions.

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, 2017 and 2016

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

Last Ten Fiscal Years

Other Postemployment Benefits (OPEB) - CCMBL

	June 30, 2017	June 30, 2016	June 30, 2015[1]
CCMBL's Proportion of the OPEB Liability	7.81326%	7.81326%	7.81326%
CCMBL's Proportionate Share of the OPEB Liability	$ 7,492,215	$ 7,758,412	$ 8,784,061
CCMBL's Covered-employee Payroll	$ 7,413,221	$ 6,854,973	$ 6,176,208
CCMBL's Proportionate Share of the Net OPEB Liability as a Percentage of Its Covered-employee Payroll	101.07%	113.18%	142.22%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.80%	18.96%	13.47%

[1] Historical information is presented only for measurement periods for which GASB 75 information is available.

Schedule of Contributions – OPEB

Last Ten Fiscal Years

Other Postemployment Benefits (OPEB) - CCMBL

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12[1]
Actuarially determined contributions	$ 736,165	$ 722,023	$ 770,778	$ 763,981	$ 673,581	$ 660,690
Contributions in relation to the actuarially determined	(862,350)	(880,007)	(770,778)	(783,514)	(596,230)	(596,542)
Contribution deficiency (excess)	$ (126,184)	$ (157,984)	$ -	$ (19,533)	$ 77,351	$ 64,148
Covered-employee payroll	$ 7,413,221	$ 6,854,973	$ 6,176,208	$ 5,640,100	$ 5,837,227	$5,527,398
Contributions as a percentage of covered-employee payroll	9.93%	10.53%	12.48%	13.55%	11.54%	11.95%

[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, 2017

Changes of Assumptions: There were no changes of assumptions.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Supplementary Information
For the Years Ended June 30, 2017 and 2016

Schedule of Sources of Operating Revenues and Capital Grants

	2017	2016
The following is detail of the sources of operating revenues received:		
Passenger fares, TAP Card, EZ Pass, BruinGo	$ 3,188,558	$ 3,582,271
Operating Grants:		
Capital grant revenues used to fund operating expenses (FTA) (sec 9/5307)	2,500,000	2,500,000
Capital grant revenues used to fund interest expenses (FTA) (sec 9/5307)	-	781,850
Transportation Development Act-Article 4 (LTF)	5,165,678	4,893,591
State Transit Assistance (STA)	414,727	767,062
Proposition A Discretionary	3,326,445	3,244,101
Proposition C Transit Service Expansion	236,417	232,123
Proposition C BSIP Overcrowding	165,209	162,208
Proposition C Foothill Mitigation	150,655	147,273
Proposition C Discretionary Operating (security)	313,167	348,264
Proposition C Discretionary - MOSIP	306,649	674,197
Measure R - Sales Tax	2,102,170	1,992,192
Caltrans - LCTOP	83,023	-
Total operating grants	14,764,140	15,742,861
Other revenues:		
CNG excise tax credit	-	377,496
Interest earnings	(12,621)	69,610
Miscellaneous	411,639	384,297
Proposition C local return (transfer in)	421,735	350,197
Proposition A local return (transfer in)	741,499	714,704
Measure R (transfer in)	230,629	172,313
EIR Transit Mitigation	690,338	541,302
Total other revenues	2,483,219	2,609,919
Total passenger fares, operating grants and other revenues	$ 20,435,917	$ 21,935,051
Capital grants/revenues:		
Proposition C Discretionary - MOSIP	621,586	446,348
Federal Transit Administration Section 9 Grant (Sect 9/5307)	5,009,571	88,509
MTA projects	4,305,606	69,076
Proposition 1B Metro Bridge/Metro Bridge Transit Security	458,622	-
Proposition 1B Transit Security	66,090	66,090
Prop 1B PTIMSEA capital	1,483,631	-
AB 2766 Subvention for capital projects	66,660	-
Total capital grants/revenues	$ 12,011,766	$ 670,023

City of Culver City Municipal Bus Lines
(An Enterprise Fund of the City of Culver City)
Supplementary Information
For the Year Ended June 30, 2017 and 2016

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, 2017, the CCMBL's Farebox recovery ratio of operating revenues to operating expenses was as follows:

	2017	2016
Operating revenues:		
Passenger fares	$ 3,188,558	$ 3,582,271
Local support:		
Measure R Operating Revenues	676,487	146,398
Bus Advertising and Rent/Concessions	386,172	353,422
Total operating revenues	$ 4,251,217	$ 4,082,091
Operating expenses	$ 24,242,317	$ 23,058,231
Less: Depreciation expense	(2,986,231)	(2,647,774)
Total operating expenses, excluding depreciation	$ 21,256,086	$ 20,410,457
Farebox recovery ratio	20%	20%

Schedule of 50% Expenditures Limitation Test Article IV Funds

		2017	2016
1	Total operating expenses before depreciation	$ 21,256,086	$ 20,410,457
2	Total depreciation	2,986,231	2,647,774
3	Total capital outlay	12,033,661	328,620
4	Debt service requirement (principal)	-	760,000
5	Total (lines 1, 2, 3, and 4)	36,275,978	24,146,851
6	Less federal grants expended	7,509,571	3,370,359
7	Less Local Transportation Fund capital intensive programs	-	-
8	Less State Transit Assistance Fund monies received	414,727	767,062
9	Total (lines 6, 7, and 8)	7,924,298	4,137,421
10	Total (lines5 less 9)	28,351,680	20,009,430
11	50% of line 10	14,175,840	10,004,715
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)	$ 14,175,840	$ 10,004,715

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, 2017 and 2016 are as follows:

	2017	2016
Unspent Prop 1B funds, beginning	$ 2,531,721	$ 2,514,497
Proposition 1B funds allocated during fiscal year	-	-
Interest earned on unspent funds	14,945	17,224
Unexpended project allocations, ending	$ 2,546,666	$ 2,531,721