



City of Cerritos, California

Comprehensive Annual Financial Report

for the Fiscal Year ended June 30, 2019



CITY OF CERRITOS, CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2019

Prepared by:

Administrative Services Department

Ryan Carey, Finance Manager

City of Cerritos
Comprehensive Annual Financial Report
For the Year Ended June 30, 2019

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CITY OF CERRITOSSM

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P.O. BOX 3130 • CERRITOS, CALIFORNIA 90703-3130
PHONE: (562) 860-0311 • WWW.CERRITOS.US



December 5, 2019

Honorable Mayor, Members of the City Council, and Citizens of the City of Cerritos

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Cerritos (the City) for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the City of Cerritos. Management assumes the responsibility for the accuracy of the presented data, the completeness and fairness of the presentation and all disclosures. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the costs of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements.

The City's financial statements have been audited by the Pun Group, a firm of certified public accountants that was selected via a competitive bid process. The auditors have issued an unqualified opinion on these financial statements. Such an opinion states that the auditors feel the City followed all applicable accounting rules and principles appropriately and that the financial reports are an accurate representation of the City's financial condition. Their report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

As a recipient of federal, state and county grants, the City of Cerritos is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to such grant programs. This internal control structure is subject to periodic evaluation by management.

If over \$750,000 is expended on Federal financial grant programs, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the United States Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. For the year ended June 30, 2019, the City expended less than \$750,000 on Federal financial assistance programs; and therefore, no single audit was required.

Profile of the City of Cerritos

The City of Cerritos is located approximately 20 miles southeast of downtown Los Angeles along the border of Orange County. Beginning as an unincorporated area known for its strawberry farms and dairy operations, the City transitioned into a more urban environment beginning in the late 1960s. In 1973 the City Council adopted a unique and innovative General Plan which has guided development within the City in a master planned fashion to create a park-like community with balanced development. Today the City is a progressive, affluent community with a highly educated and ethnically diverse population.

The City is home to over 50,000 residents and several large business organizations. Cerritos supports a robust commercial business environment that generates substantial amounts of sales tax revenue which, in turn, is utilized to support the City's varied operations.

The City, incorporated in 1956 as a charter city under the laws of the State of California, encompasses an area of 8.9 square miles. Under the City's Council-Manager form of government, City Council members are elected at large for four-year staggered terms, and the Mayor is chosen among the elected Council members to serve a one-year term. The City Council appoints the City Manager, who is responsible for the day-to-day administration and management of City business within all City departments.

A commitment to strategic planning and progressive, forward-thinking leadership, combined with a tradition of careful fiscal stewardship, has helped to place the City in a strong fiscal position. From this position of fiscal strength, the City has been able to provide residents and businesses with outstanding infrastructure, facilities, services and programs that have earned the City the well-earned reputation as an attractive place to live, work and play. However, the City is aware that its enviable fiscal position can be maintained only by managing its available resources wisely and monitoring its operating expenditures carefully.

The City provides a full range of municipal services, including community development, public works, recreational activities, state-of-the-art library services, a performing arts center, water, sewer and electric utility services, and general administrative and support services. The City provides police and fire services through contracts with the County of Los Angeles. The City's Sheriff Station serves as the operational headquarters for all County Sheriff's Department personnel assigned to Cerritos, and the Station acts as a stand-alone full-service safety facility for the community. The building's status as an "independent station" has enabled the Sheriff's Department to achieve progressively lower response times in Cerritos, thereby creating an atmosphere of enhanced safety and security for the community.

The annual budget serves as the foundation for the City's financial planning and control. The City Council holds public hearings and adopts an annual budget resolution for all funds. Adoption of the annual budget must occur prior to the conclusion of the fiscal year. The City Manager is authorized to make changes in departmental operating budget totals as he may from time-to-time deem necessary in order to meet the City's needs. In past years, resources have been allocated to departments based on their work program objectives. Continuing allocations are justified by measurable outputs and the ongoing need for the services provided.

Economic Outlook and Major Initiatives

A continued focus on the reinvention of the City through an aggressive program of economic development has come to define the City's ongoing community development efforts and has been a critical driver in helping to maintain the City's success in providing jobs, generating sales tax revenue and increasing property values. The past several years have been remarkable in terms of the growth the City has experienced, both in terms of commercial and residential development. That growth affirms that Cerritos continues to remain a highly desirable location for the private development community within the extremely competitive Southern California retail market.

Over the last year, the City has remained keenly focused on supporting continued economic development and in aggressively seeking opportunities for sales tax growth. As part of that effort, the City was proud to help facilitate the renovation and expansion of a number of regional commercial centers, including multiple dealerships in the Cerritos Auto Square, the Lincoln Station shopping center and the Cerritos Sheraton Hotel. In addition, the City was pleased to welcome several new restaurants to the community, including Eureka! Restaurant at Plaza 183 and Tous Les Jours Bakery. With the continuation of its aggressive economic development efforts, the City continues to evolve to meet the changing dynamics of the consumer retail market and place itself in a position of strength to attract and retain patrons from throughout the region.

As one of the City's primary sales tax generators, the Cerritos Auto Square continues to produce a tremendous volume of sales as part of its prolonged recovery from the Great Recession. The continued marketing and development efforts of the Auto Square and its dealers helped produce total sales of 54,402 cars in 2018, and 2019 sales data indicate that vehicle sales are on track to exceed that high mark.

Despite an encouraging economic outlook, the City continues to take a very conservative approach to the allocation of its expenditures in order to ensure its continued capacity to meet rising service level demands. Management is concerned that the cyclical nature of a sales tax based revenue budget can leave the City exposed to potential revenue fluctuations that could place the City in a position where the use of reserve funds is required in order to offset budgetary revenue shortfalls. In an effort to mitigate this concern, the City remains committed to maintaining an austere approach to expenditures and to the identification of alternative revenue sources.

Short-Term and Long-Term Financial Planning

The City of Cerritos has a long history of measured stewardship and management of the community's financial resources, a history that, when combined with a visionary, proactive approach to long-term economic development has placed the City in a position of fiscal security. This same fiscal management strategy has provided the funding that has allowed the City to provide its residents and businesses with outstanding facilities, programs and services.

Despite the City's commitment to a conservative fiscal strategy, a series of external factors and events over the past 10 years have presented significant challenges to the City's ability to maintain existing programming and service levels. The challenges faced by the City began with the onset of a major global economic recession in 2008 and were compounded by the dissolution of redevelopment in California beginning in 2011. In addition, the budget has had to incorporate continued and unabated increases for costs that are necessary for

the continued operation of the City. These costs include everything from personnel and contract services expenditures to increases in the costs of insurance, goods and materials.

To meet the demands imposed by the external factors affecting the budget, the City has continued to critically evaluate the annual budget in an effort to identify opportunities for cost savings through a streamlining of operations and increases in organizational efficiency. These efforts have significantly reduced discretionary spending and have helped the City realize significant cost savings across all budget cost centers.

The City's efforts to maintain program and service levels within the context of concentrated cost-containment have not been without consequence. The financial impacts associated with the recession, coupled with the loss of redevelopment, have placed the City in a position where revenues needed for the ongoing operation of the City have struggled to keep pace with expenditures. That reality has required the City to offset the revenue shortfall with reserve funds, while it continues to seek out alternative revenue generation sources. It remains imperative that the City continue to seek to diversify and expand its revenue streams while continuing to identify ways to further reduce costs and minimize expenditures.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cerritos for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. The Certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. The report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement from the GFOA is valid for a period of one year. We believe that this 2018-19 CAFR continues to conform to the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Finance Division within the Administrative Services Department and the City's independent auditors, The Pun Group. We would like to express our appreciation to all staff members who assisted and contributed to the preparation of this report.

The City Council has continued to extend their support to City staff in the planning of responsible and progressive financial operations. We would like to thank the Mayor and City Council for their continued support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Art Gallucci
City Manager

CITY OF CERRITOS

City Council/Successor Agency

Naresh Solanki, Mayor/Chair
Frank Aurelio Yokoyama, Mayor Pro Tem/Vice Chair
Jim Edwards, Council/Agency member
Grace Hu, Council/Agency member
Mark E. Pulido, Council/Agency member

Economic Development Commission

Richard Alegria
Robert Buell
Brian Hews
Carmelita Lampino
Riaz Surti

Fine Arts and Historical Commission

Janet Beach
Nora T. Benzon
Mei Pan
Anna Titus
Karen Wilson

Parks and Recreation Commission

Joseph M. Frontino
Richard Martinez
Diana Needham
Ashok "Pat" Patnaik
Catherine "Kit" Snider

Planning Commission

Tatiana Yokoyama Bui
James Giordano
Jennifer Hong
Deepak "DJ" Jhaveri
Milo "Larry" Sagert

Property Preservation Commission

John Dawson
Levi Javier
Chan-Yong Kim
Mansour Meisami
Celia Spitzer

Appointed Officials

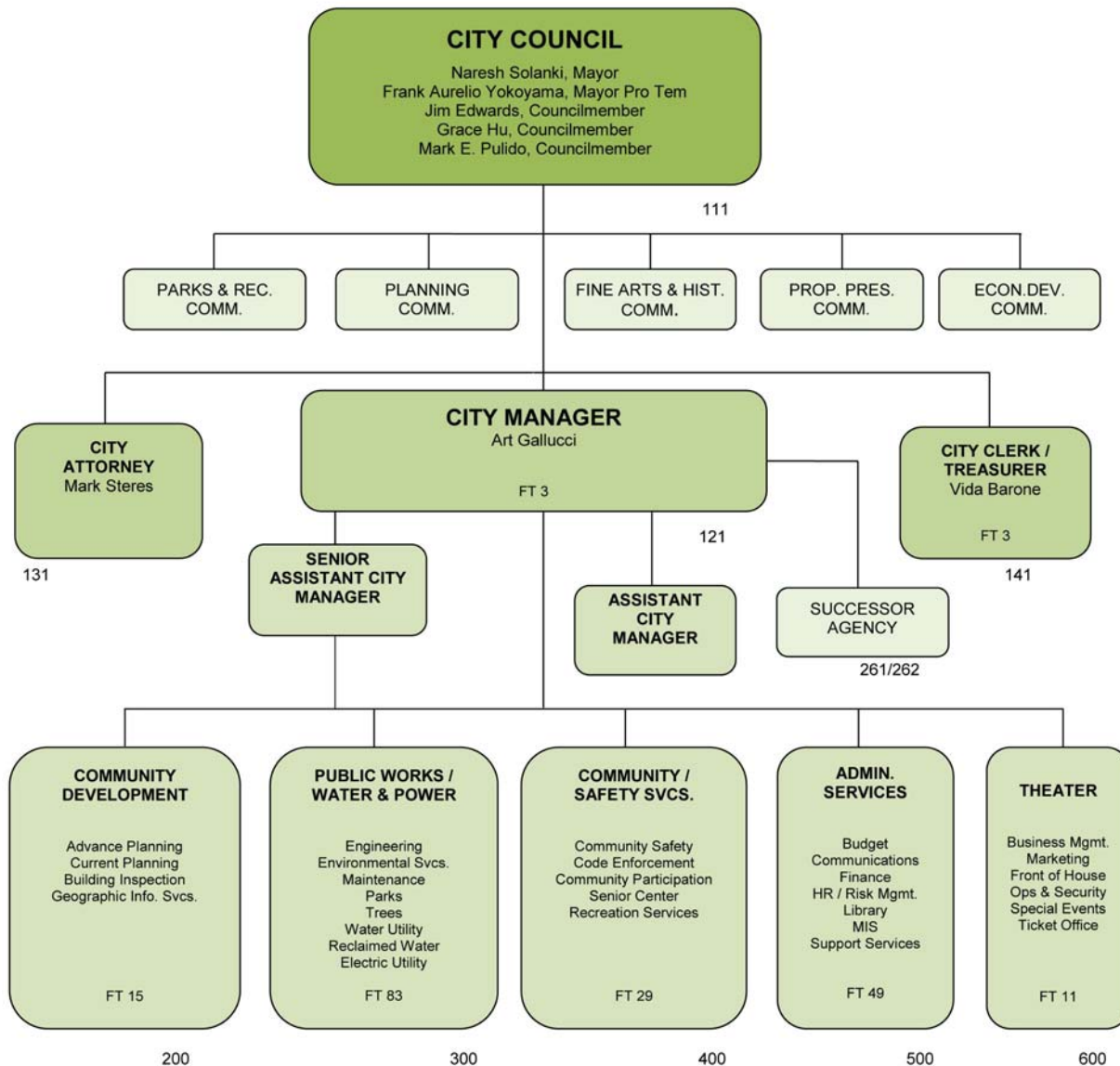
Art Gallucci, City Manager
Mark Steres, City Attorney
Vida Barone, City Clerk/City Treasurer

DEPARTMENTAL ORGANIZATION CHART

City of Cerritos

and

Successor Agency to the Cerritos Redevelopment Agency





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Cerritos
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cerritos, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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.

Auditors' Responsibility

Our responsibility is to express opinions 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 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 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 City'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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Revision of the Measurement Date for the OPEB and PARS plans

As discussed in Note 16 to the basic financial statements, in 2019, the City implemented a revision of the measurement date used in the actuarial valuations of the OPEB plan and the PARS pension plan. The City has implemented the revised measurement dates due to the delayed timing in the delivery of the completed actuarial valuation reports for each plan. The adoption of the different measurement dates requires retrospective application of previously reported net position at July 1, 2018 as described in Note 16 to the basic financial statements. 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 Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund, Budgetary Comparison Schedule – Housing Assets Special Revenue Fund, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions - Pensions, Schedule of Changes in the Net OPEB Liability and Related Ratios and Schedule of Contributions - OPEB on pages 5 through 14 and 96 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Financial Statements, Budgetary Comparison Schedules, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Supplementary Information

The Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Nonmajor Fund Financial Statements and the Budgetary Comparison Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council
of the City of Cerritos
Cerritos, California
Page 3

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2019 on our consideration of the City's internal control over 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 financial reporting and compliance.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 5, 2019

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City of Cerritos
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2019

As Management of the City of Cerritos, California ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal at the front of this report, and the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2019 by \$375.2 million, which is referred to as the net position of the City. Of this amount, \$268.0 million is net investment in capital assets, \$25.4 million is restricted, and \$81.8 million is unrestricted. The unrestricted amount may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net position increased \$828 thousand.
- Governmental funds for the City reported combined fund balances of \$197.2 million. Of this amount, \$94.1 million is non-spendable, \$26.1 million is restricted by external parties, \$18.9 million has been assigned by City management, and \$58.0 million is unassigned fund balance which is available for future appropriation.
- For the year ended June 30, 2019, General Fund expenditures were \$62.8 million, which represent 108% of the unassigned fund balance.
- As of June 30, 2019, the cash and investments of the General Fund were \$75.8 million, which represents 44.7% of the total fund balance for the Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused employee leaves).

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Cerritos include legislative and administration, community development, public works, water and power, community and safety services, administrative services and the theater (Cerritos Center for the Performing Arts). The business-type activities of the City include water and sewer operations, reclaimed water, and electric utility.

The government-wide financial statements include the City of Cerritos itself (known as the primary government) only.

The Successor Agency is presented as a Fiduciary Fund in the financial statements and is considered a separate operating entity from the City of Cerritos.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Cerritos, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

- **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Cerritos maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and Housing Assets Special Revenue Fund. The other fifteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Cerritos adopts an annual appropriated budget for the General Fund and all Special Revenue Funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with these budgets.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- **Proprietary Funds**

The City of Cerritos maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer, reclaimed water, and electric utility activities. *Internal service funds* are accounting devices used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its equipment maintenance and replacement activities. Because the internal service fund provides services that predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Electric Utility, and Reclaimed Water Funds. The internal service fund is shown as a separate reporting category on the Proprietary Funds statements.

- **Fiduciary Funds**

The City maintains one Fiduciary Fund, a Private Purpose Trust Fund, which depicts the Successor Agency's activities.

Fiduciary funds provide the same type of information as the government-wide financial statements, only in more detail. The fiduciary fund financial statements provide separate information for the Successor Agency.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

The combining statements, referred to earlier in connection with other governmental funds and the internal service fund are presented in Supplementary Information.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table summarizes the Statement of Net Position for fiscal years ending June 30, 2019 and June 30, 2018.

City of Cerritos Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Cash and investments	\$ 101.7	\$ 93.6	\$ 4.3	\$ 1.1	\$ 106.0	\$ 94.7
Other Assets	115.4	113.2	(40.0)	(38.0)	75.4	75.2
Capital Assets	241.2	246.5	37.2	38.9	278.4	285.4
Total Assets	<u>458.3</u>	<u>453.3</u>	<u>1.5</u>	<u>2.0</u>	<u>459.8</u>	<u>455.3</u>
Deferred Outflows	<u>14.5</u>	<u>21.8</u>	<u>1.4</u>	<u>2.1</u>	<u>15.9</u>	<u>23.9</u>
Other Liabilities	10.4	11.1	5.2	2.4	15.6	13.5
Long term liabilities outstanding	<u>64.7</u>	<u>69.7</u>	<u>15.9</u>	<u>16.9</u>	<u>80.6</u>	<u>86.6</u>
Total Liabilities	<u>75.1</u>	<u>80.8</u>	<u>21.1</u>	<u>19.3</u>	<u>96.2</u>	<u>100.1</u>
Deferred Inflows	<u>3.9</u>	<u>4.3</u>	<u>0.4</u>	<u>0.4</u>	<u>4.3</u>	<u>4.7</u>
Net Position						
Net investment in capital assets	241.2	246.5	26.8	28.2	268.0	274.7
Restricted	25.4	25.4	0.0	0.0	25.4	25.4
Unrestricted	<u>127.2</u>	<u>118.1</u>	<u>(45.4)</u>	<u>(43.8)</u>	<u>81.8</u>	<u>74.3</u>
Total Net Position	<u>\$ 393.8</u>	<u>\$ 390.0</u>	<u>\$ (18.6)</u>	<u>\$ (15.6)</u>	<u>\$ 375.2</u>	<u>\$ 374.4</u>

As noted earlier, the City's net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cerritos, net position was \$375.2 million as of June 30, 2019. The net position increased \$828 thousand, or 0.2%, during fiscal year 2018-19.

The largest portion of the City's net position at June 30, 2019 (\$268.0 million, or 71.4% of total net position) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The decrease in governmental activities and enterprise investment in capital assets is attributable to normal depreciation of existing capital assets. The restricted portion of the City's net position of \$25.4 million or 6.8% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$81.8 million may be used to meet the government's ongoing obligations to citizens and creditors.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Cerritos Change in Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 11.7	\$ 11.6	\$ 15.8	\$ 16.3	\$ 27.5	\$ 27.9
Operating grants and contributions	6.0	6.1	-	-	6.0	6.1
Capital grants and contributions	0.2	0.2	0.1	0.1	0.3	0.3
General revenues:						
Taxes	52.2	50.8	-	-	52.2	50.8
Investment income	13.1	10.2	0.1	-	13.2	10.2
Miscellaneous	0.1	(1.7)	-	-	0.1	(1.7)
Total revenues	<u>83.3</u>	<u>77.2</u>	<u>16.0</u>	<u>16.4</u>	<u>99.3</u>	<u>93.6</u>
Expenses:						
Legislative and administration	2.7	2.5	-	-	2.7	2.5
Community development	6.1	5.9	-	-	6.1	5.9
Public works	19.1	21.7	-	-	19.1	21.7
Water and power	-	-	-	-	-	-
Community and safety services	26.8	26.2	-	-	26.8	26.2
Administrative services	14.0	13.6	-	-	14.0	13.6
Cerritos Center for the Performing Arts	9.0	9.1	-	-	9.0	9.1
Unallocated infrastructure depreciation	0.9	0.9	-	-	0.9	0.9
Interest expense	-	-	-	-	-	-
Water and Sewer	-	-	12.8	12.7	12.8	12.7
Reclaimed water	-	-	1.2	1.3	1.2	1.3
Electric Utility	-	-	5.9	6.6	5.9	6.6
Total expenses	<u>78.6</u>	<u>79.9</u>	<u>19.9</u>	<u>20.6</u>	<u>98.5</u>	<u>100.5</u>
Change in net position						
before special item and extraordinary loss and transfers	4.7	(2.7)	(3.9)	(4.2)	0.8	(6.9)
Transfers	(0.9)	-	0.9	-	-	-
Speical Items	<u>-</u>	<u>7.7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7.7</u>
Change in net position	3.8	5.0	(3.0)	(4.2)	0.8	0.8
Net position, beginning of year (as restated)	<u>390.0</u>	<u>385.0</u>	<u>(15.6)</u>	<u>(11.4)</u>	<u>374.4</u>	<u>373.6</u>
Net position, end of year	<u>\$ 393.8</u>	<u>\$ 390.0</u>	<u>\$ (18.6)</u>	<u>\$ (15.6)</u>	<u>\$ 375.2</u>	<u>\$ 374.4</u>

The City's total revenues were \$99.3 million in fiscal year 2018-2019, while the total cost of all programs and services was \$98.5 million. Revenues increased by \$5.7 million from the prior year, primarily due to \$1.1 million more in sales tax and higher interest income due to higher rates combined with a decline in rates at the end of the fiscal year. The decline in interest rates caused the value of investments to increase at year end. Miscellaneous revenue increased because the prior year had a \$1.7 million loss on disposal of assets.

Expenses decreased \$2.0 million, or 2.0% when compared to fiscal year 2017-18. The City reduced expenses citywide, but there were modest increases in Public Safety and Library expenses.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

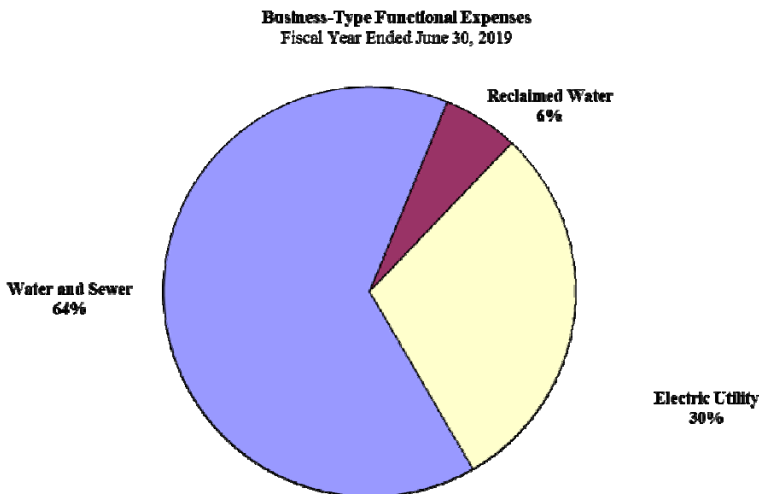
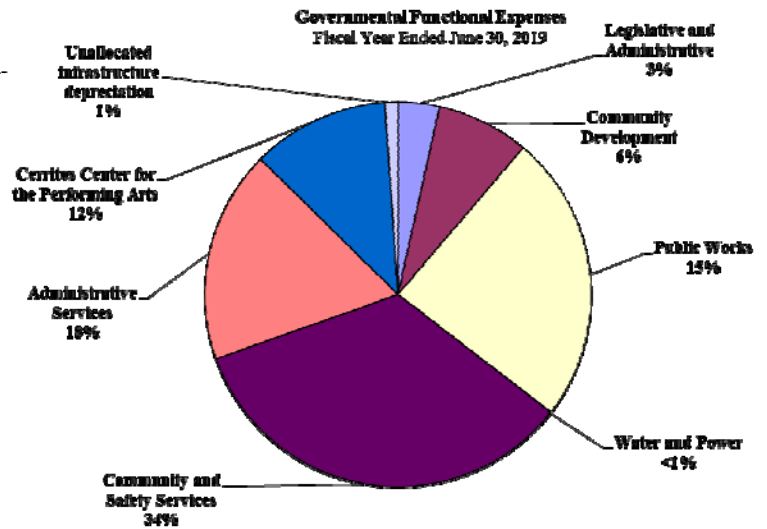
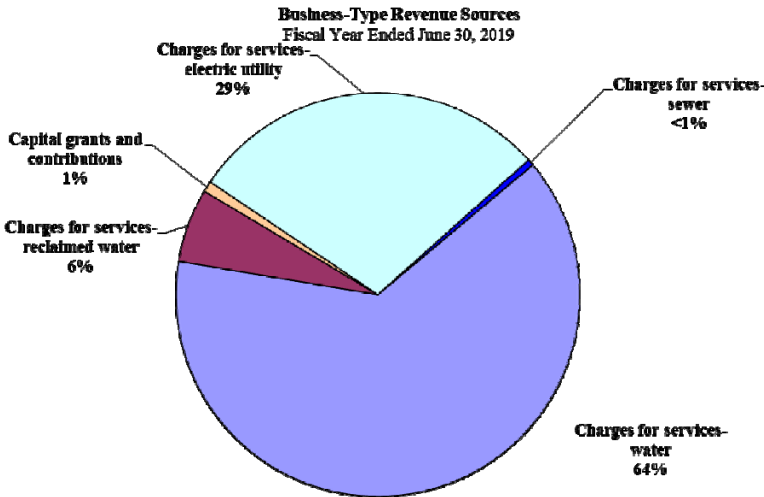
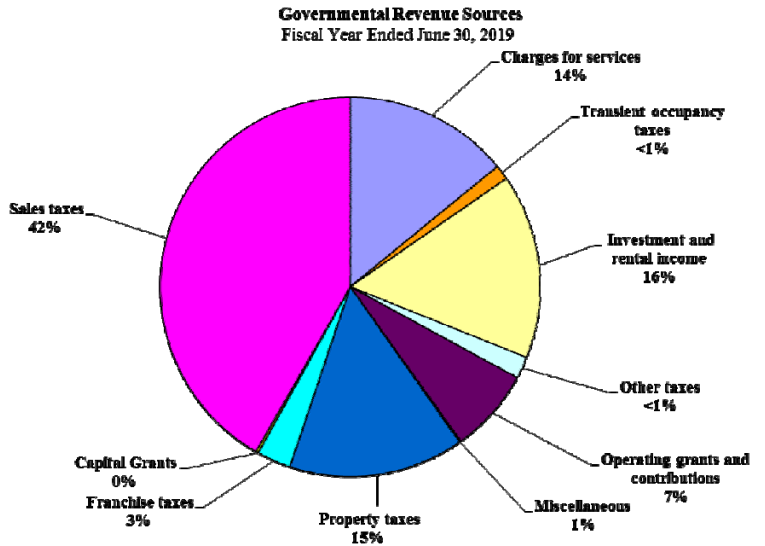
GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

As noted in the previous table (see the previous page), the City's net position increased by \$800 thousand during the current fiscal year.

Governmental Activities

Revenues associated with governmental activities for fiscal year 2018-19 were \$6.1 million higher than the prior year. Sales tax increased by \$1.1 million, and interest income was \$2.9 million higher due to higher interest rates combined with a decline in rates at the end of the fiscal year. Miscellaneous revenue was up because the prior year included a \$1.7 million loss on sale of capital assets.

Expenses associated with governmental activities decreased \$1.3 million when compared to the previous year. The City reduced expenses citywide, but there were modest increases in Public Safety and Library expenses.



Business-Type Activities

Business-type activities decreased the City's net position by \$3.0 million when compared to fiscal year 2017-18. The decrease is attributable to the operating deficits in the Water and Sewer fund and the Electric Utility fund.

During fiscal year 2018-19, the Electric Utility had lower revenues and expenses because the Magnolia Power plant was offline for a month for maintenance. The Electric Utility also reduced costs by obtaining low cost CNG purchased prior to the beginning of the year.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Cerritos uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$197.2 million, representing an increase of \$10.5 million from the prior fiscal year. Non-spendable fund balances total \$94.1 million, most of which is for long-term receivables (\$90.6 million) from the Cerritos Auto Dealers Association, Successor Agency, Electric Utility, and Water and Sewer Funds. Restricted fund balances, legally restricted by external parties, total \$26.1 million. An additional \$18.9 million in fund balances have been assigned by City management for such items as art center programs, asset replacement, self-insurance, and advance loan repayment. The remaining fund balances are categorized as unassigned.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$58.1 million, which represents 34.2% of the total fund balance. The remaining fund balance for the General Fund includes \$93.9 million in non-spendable funds, \$250 thousand of restricted funds, and \$17.4 million in assigned funds.

The City's General Fund balance increased \$9.7 million. Revenues were higher including \$1.1 million increase in Sales Tax and \$2.7 million increase in interest. Expenditures were lower in virtually all areas except for modest increases in Public Safety and the Library.

As a result of the passage of the State of California Assembly Bill 1484 in June 2012, the Housing Assets Special Revenue Fund is considered a governmental fund of the City. The fund consists of advances made to the Successor Agency along with cash and investments that are restricted for the purpose of low- and moderate-income housing projects.

Proprietary Funds

The City's major proprietary funds are the Water and Sewer, Electric Utility and Reclaimed Water funds. Net position of these funds at the end of the fiscal year totaled (\$18.6) million. The total change in net position for these funds was a decrease of \$3.0 million. The Electric Utility fund had an operating deficit of \$116,000.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Fiduciary Funds

The City's fiduciary fund provides the same type of information found in the government-wide financial statements, but in more detail.

The City presents one fiduciary fund which is the Private Purpose Trust Fund. At June 30, 2019, the net position maintained a deficit balance in the amount of \$91.8 million.

Operating additions exceeded deductions which resulted in an increase of net position. The major components of the additions were the Successor Agency's share of property taxes from the Redevelopment Property Tax Trust Fund.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, additional budget appropriations of \$100,000 were made due to various departmental adjustments. Additionally, for the eighth consecutive year, all line items were reviewed with special emphasis on necessary expenditures, while items such as travel, training, and supplies were reduced.

General Fund revenues during the current fiscal year were close to the amount budgeted. The largest budget reduction was due to the cancellation of a \$3.3 million land sale which was anticipated for 2018-19. Sales taxes increased by \$1.1 million over the prior year. Sales tax was below the initial budget, but it came in higher than the revised budget. Investment income was up \$2.9 million over the prior year due to the higher interest rates for most of the year combined with the declining interest rates at the end of the fiscal year.

General Fund Expenditures, as noted in the final budget, when compared with actual expenses resulted in a positive variance in the amount of \$6.0 million. The variance is attributed to reductions in all departments except for modest increases for Public Safety and the Library (the library is part of Administrative Services).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City of Cerritos investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$278.4 million (net of accumulated depreciation) which is a decrease of \$7.0 million from the prior fiscal year. This investment in capital assets includes land, streets, water, sewer and storm drain systems, buildings and improvements, machinery and equipment, vehicles, public works of art, parking structures, water rights and electric rights.

The following table presents the capital assets of the City of Cerritos at June 30, 2019.

City of Cerritos Capital Assets

	(in millions)					
	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 78.0	\$ 78.0	\$ -	\$ -	\$ 78.0	\$ 78.0
Parking structure rights	3.8	3.8	-	-	3.8	3.8
Right-of-way	49.1	49.1	-	-	49.1	49.1
Public art	4.9	4.9	-	-	4.9	4.9
Trees	1.4	1.4	-	-	1.4	1.4
Construction in progress	-	-	-	-	-	-
Buildings and structures	82.6	87.4	2.7	2.8	85.3	90.2
Improvements other than buildings	6.0	6.0	-	-	6.0	6.0
Infrastructure/water mains and lines/sewer mains	13.7	14.1	24.4	25.2	38.1	39.3
Water rights	-	-	1.2	1.3	1.2	1.3
Electric Rights	-	-	7.5	8.0	7.5	8.0
Furniture and equipment	1.8	1.9	1.4	1.6	3.2	3.5
Total	\$ 241.2	\$ 246.5	\$ 37.2	\$ 38.9	\$ 278.4	\$ 285.4

The capital assets declined because of \$8.2 million of annual depreciation with about \$1.2 million of capital additions. Detailed information relating to capital assets can be found in Note 6 to the basic financial statements.

City of Cerritos
Management’s Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Debt

As a result of the dissolution of the City’s Redevelopment Agency on February 1, 2012, the City transferred the debt issued by the Cerritos Public Financing Authority to the Successor Agency.

At the end of the current fiscal year, the Successor Agency had total debt outstanding of \$69.8 million.

Successor Agency Long-Term Debt		
(in millions)		
	2019	2018
Los Cerritos Revenue Bonds	\$ 8.1	\$ 11.8
Los Coyotes Revenue Bonds	60.5	68.8
Add Deferred Amounts	1.2	1.5
Total Long-Term Debt	<u>\$ 69.8</u>	<u>\$ 82.1</u>

At the end of the current fiscal year, the City had total debt outstanding of \$10.4 million which consisted of bonds issued for the development of the Magnolia Power Project. Detailed information relating to long-term debt can be found in Note 8 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City has emerged from a prolonged period of economic challenges brought about by the impacts of both the Great Recession and the dissolution of redevelopment throughout California well-positioned to sustain the high level of services and programming that have been a hallmark for Cerritos – while continuing to operate from a position of fiscal security. This bright fiscal outlook is a testament to the City’s commitment to fostering economic development through investment in the community and the City’s dedicated pursuit of a diversified pool of revenue sources.

The City’s past success has been defined by innovative and impactful economic development. Moving into the 2019-2020 fiscal year, the City will again rely on the foresight and guidance of the City Council to define the City’s community development priorities and maintain the economic development efforts that have led to the City’s success in providing jobs, generating critical sales tax revenue and supporting the growth of property values.

Over the past several years the City has experienced remarkable growth throughout both its residential and commercial communities. That growth has been critical in providing the City with the benefit of new high-quality tenants, increased employment opportunities and a means for generating additional sales tax revenue. Significant private investment at many of the City’s major retail outlets, including Los Cerritos Center, Cerritos Auto Square, Plaza 183, Cerritos Towne Center, College Square and Lincoln Station serve to affirm that Cerritos continues to remain a highly desirable location for the private development community within the extremely competitive Southern California retail market.

Despite an encouraging economic outlook, the City continues to take a very conservative approach to the allocation of its expenditures in order to ensure its continued capacity to keep pace with the escalation of operations and infrastructure maintenance expenses. As the City continues to provide residents with a high level of services and programs, the referenced expenses have increased at a pace that has challenged the City to identify alternative revenue sources to offset the increase in expenditures. Management remains concerned that increasing costs, combined with the cyclical nature of a sales tax-based revenue budget, could place the City in a position where the use of reserve funds is required in order to offset budgetary revenue shortfalls. In an effort to mitigate this concern, the City remains committed to maintaining an austere approach to expenditures and to the identification of alternative revenue sources.

City of Cerritos
Management's Discussion and Analysis (Unaudited) (Continued)
For the Year Ended June 30, 2019

The 2019-2020 budget and economic outlook for Cerritos remains focused on the City's tradition of careful stewardship of the community's finances while continuing to expand upon the City's reputation for innovative and progressive community development. The overriding and continuing focus of the City's budget program is on maintaining the City's commitment to its residents, both in terms of providing outstanding programming and events, and in maintaining a high-caliber community infrastructure through the prudent investment of finite economic resources.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City of Cerritos citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to illustrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City's Finance Division at the City of Cerritos, 18125 Bloomfield Avenue, Cerritos, CA 90703, or call (562) 860-0311 or visit our website at www.cerritos.us.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Cerritos
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 101,727,291	\$ 4,304,465	\$ 106,031,756
Accounts receivable	8,712,810	2,255,231	10,968,041
Interest receivable	321,913	-	321,913
Internal balances	42,794,452	(42,794,452)	-
Notes receivable	1,095,000	-	1,095,000
Prepaid items	2,362,921	538,922	2,901,843
Inventories	204,616	-	204,616
Advances to Fiduciary Funds (Note 5)	59,772,885	-	59,772,885
Capital assets:			
Nondepreciable	137,219,330	-	137,219,330
Depreciable, net	104,013,844	37,191,009	141,204,853
Total capital assets, net	241,233,174	37,191,009	278,424,183
Total assets	458,225,062	1,495,175	459,720,237
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflows of resources (Note 10)	12,885,766	1,197,038	14,082,804
OPEB related deferred outflows of resources (Note 11)	1,645,899	152,897	1,798,796
Total deferred outflows of resources	14,531,665	1,349,935	15,881,600
LIABILITIES			
Accounts payable and accrued liabilities	5,719,467	2,325,705	8,045,172
Accrued salaries and benefits	1,095,785	163,912	1,259,697
Unearned revenue	2,225,556	2,227,130	4,452,686
Deposits payable	733,318	45,290	778,608
Settlement payable	222,260	-	222,260
Compensated absences:			
Due within one year	648,072	40,876	688,948
Due in more than one year	1,944,215	122,626	2,066,841
Long-term debt:			
Due within one year	-	350,000	350,000
Due in more than one year	-	10,000,000	10,000,000
Noncurrent liabilities due in more than one year:			
Aggregate net pension liabilities (Note 10)	62,054,275	5,764,605	67,818,880
Net OPEB liability (Note 11)	448,967	41,707	490,674
Total liabilities	75,091,915	21,081,851	96,173,766
DEFERRED INFLOWS OF RESOURCES			
Pension related deferred inflows of resources (Note 10)	3,905,106	362,770	4,267,876
Total deferred inflows of resources	3,905,106	362,770	4,267,876
NET POSITION			
Net investment in capital assets	241,233,174	26,841,009	268,074,183
Restricted for:			
Housing assets	22,765,009	-	22,765,009
Street improvements	87,816	-	87,816
Transportation	1,063,684	-	1,063,684
Municipal improvements	589,480	-	589,480
Miscellaneous grants	816,046	-	816,046
Unrestricted (deficit)	127,204,497	(45,440,520)	81,763,977
Total net position	\$ 393,759,706	\$ (18,599,511)	\$ 375,160,195

City of Cerritos
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Legislative and Administration	\$ 2,713,829	\$ 4,207	\$ 157,233	\$ -
Community Development	6,097,709	2,742,819	2,099,742	187,606
Public Works	19,110,998	269,137	3,175,710	-
Water and Power	19,465	-	-	-
Community and Safety Services	26,799,680	2,358,219	174,564	-
Administrative Services	14,048,665	270,528	15,228	-
Cerritos Center for the Performing Arts	9,041,953	6,088,635	360,843	-
Unallocated infrastructure depreciation	861,393	-	-	-
Total Governmental Activities	<u>78,693,692</u>	<u>11,733,545</u>	<u>5,983,320</u>	<u>187,606</u>
Business-Type Activities:				
Water and Sewer	12,778,281	10,190,126	-	139,161
Reclaimed Water	1,178,977	945,186	-	-
Electric Utility	5,857,811	4,627,162	-	-
Total Business-Type Activities	<u>19,815,069</u>	<u>15,762,474</u>	<u>-</u>	<u>139,161</u>
Total	<u><u>\$ 98,508,761</u></u>	<u><u>\$ 27,496,019</u></u>	<u><u>\$ 5,983,320</u></u>	<u><u>\$ 326,767</u></u>

City of Cerritos
Statement of Activities (Continued)
For the Year Ended June 30, 2019

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
Legislative and Administration	\$ (2,552,389)	\$ -	\$ (2,552,389)
Community Development	(1,067,542)	-	(1,067,542)
Public Works	(15,666,151)	-	(15,666,151)
Water and Power	(19,465)	-	(19,465)
Community and Safety Services	(24,266,897)	-	(24,266,897)
Administrative Services	(13,762,909)	-	(13,762,909)
Cerritos Center for the Performing Arts	(2,592,475)	-	(2,592,475)
Unallocated infrastructure depreciation	(861,393)	-	(861,393)
Total Governmental Activities	(60,789,221)	-	(60,789,221)
Business-Type Activities:			
Water and Sewer	-	(2,448,994)	(2,448,994)
Reclaimed Water	-	(233,791)	(233,791)
Electric Utility	-	(1,230,649)	(1,230,649)
Total Business-Type Activities	-	(3,913,434)	(3,913,434)
Total	(60,789,221)	(3,913,434)	(64,702,655)
 General Revenues and Transfers:			
Taxes:			
Sales taxes	34,780,357	-	34,780,357
Property taxes	12,419,886	-	12,419,886
Franchise taxes	2,410,064	-	2,410,064
Transient occupancy taxes	1,045,417	-	1,045,417
Other taxes	1,566,031	-	1,566,031
Investment and rental income	13,120,657	80,570	13,201,227
Miscellaneous	108,425	-	108,425
Transfers	(858,370)	858,370	-
Total General Revenues	64,592,467	938,940	65,531,407
Changes in Net Position	3,803,246	(2,974,494)	828,752
Net Position - Beginning of Year, as restated (Note 16)	389,956,461	(15,625,017)	374,331,444
Net Position - End of Year	\$ 393,759,706	\$ (18,599,511)	\$ 375,160,195

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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City of Cerritos
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Total Governmental Funds
	General	Housing Assets Special Revenue	Nonmajor Governmental Funds	
ASSETS				
Cash and investments	\$ 75,763,858	\$ 10,639,709	\$ 5,304,285	\$ 91,707,852
Receivables:				
Accounts	7,911,583	-	801,227	8,712,810
Interest	321,913	-	-	321,913
Notes	1,095,000	-	-	1,095,000
Prepaid items	2,185,187	-	167,794	2,352,981
Inventories	33,877	170,739	-	204,616
Due from other funds	123,725	-	-	123,725
Advances to other funds	42,794,452	-	-	42,794,452
Advances to fiduciary funds	47,818,308	11,954,577	-	59,772,885
Total Assets	\$ 178,047,903	\$ 22,765,025	\$ 6,273,306	\$ 207,086,234
LIABILITIES				
Accounts payable and accrued liabilities	\$ 4,473,936	\$ 16	\$ 1,242,845	\$ 5,716,797
Accrued salaries and benefits	1,023,424	-	72,361	1,095,785
Deposits payable	733,318	-	-	733,318
Settlement payable - current portion	1,035	-	-	1,035
Unearned revenue	2,180,926	-	44,630	2,225,556
Due to other funds	-	-	123,725	123,725
Total liabilities	8,412,639	16	1,483,561	9,896,216
FUND BALANCES				
Nonspendable	93,926,824	-	167,794	94,094,618
Restricted	249,694	22,765,009	3,109,768	26,124,471
Assigned	17,378,130	-	1,549,967	18,928,097
Unassigned (deficit)	58,080,616	-	(37,784)	58,042,832
Total fund balances	169,635,264	22,765,009	4,789,745	197,190,018
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 178,047,903	\$ 22,765,025	\$ 6,273,306	\$ 207,086,234

City of Cerritos
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

Total Fund Balances - Total Governmental Funds \$ 197,190,018

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. Internal service funds' capital assets are already accounted for in the reconciling item below for total assets and liabilities of the internal service funds.

Amount reported in Government-Wide Statement of Net Position	\$ 241,233,174	
Less: amount reported in Internal Service Funds	<u>(1,417,057)</u>	239,816,117

Internal service funds are used by management to charge the costs of various city activities to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position. 11,443,766

Long-term liabilities applicable to the City governmental activities, excluding net pension liabilities, are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:

Settlement payable	\$ (221,225)	
Compensated absences payable	<u>(2,592,287)</u>	(2,813,512)

Aggregate net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds. (62,054,275)

Net OPEB liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds. (448,967)

Deferred outflows of resources related to OPEB and Pensions are not available for current period and, therefore, are deferred and not recorded. in the governmental funds.

Pensions related deferred outflows of resources	\$ 12,885,766	
OPEB related deferred outflows of resources	<u>1,645,899</u>	14,531,665

Deferred inflows of resources related to Pensions are not available for current period and, therefore, are deferred and not recorded. in the governmental funds.

Pensions related deferred inflows of resources	\$ <u>(3,905,106)</u>	(3,905,106)
--	-----------------------	-------------

Net Position of Governmental Activities \$ 393,759,706

City of Cerritos
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	General	Housing Assets Special Revenue		
REVENUES:				
Property, sales, and other taxes	\$ 48,597,758	\$ -	\$ -	\$ 48,597,758
Franchise	2,410,064	-	84,000	2,494,064
Licenses and permits	2,934,132	-	-	2,934,132
Fines and forfeitures	530,924	-	-	530,924
Investment and rental income	14,226,041	406,743	370,555	15,003,339
Revenues from other agencies	132,699	-	5,844,933	5,977,632
Current fees and services	7,119,061	-	68,081	7,187,142
Other revenues	621,282	-	-	621,282
Total Revenues	76,571,961	406,743	6,367,569	83,346,273
EXPENDITURES:				
Current:				
Legislative and Administration	1,753,920	-	148,479	1,902,399
Community Development	4,128,750	1,115	1,808,099	5,937,964
Public Works	12,780,552	-	5,899,428	18,679,980
Community and Safety Services	24,790,812	-	-	24,790,812
Administrative Services	11,743,921	-	577,222	12,321,143
Cerritos Center for the Performing Arts	7,316,611	-	-	7,316,611
Capital outlay	248,034	-	812,810	1,060,844
Total Expenditures	62,762,600	1,115	9,246,038	72,009,753
REVENUES OVER (UNDER) EXPENDITURES	13,809,361	405,628	(2,878,469)	11,336,520
OTHER FINANCING SOURCES (USES):				
Transfers in	167,031	-	4,077,479	4,244,510
Transfers out	(4,274,710)	-	(828,170)	(5,102,880)
Total Other Financing Sources (Uses)	(4,107,679)	-	3,249,309	(858,370)
Net change in fund balances	9,701,682	405,628	370,840	10,478,150
FUND BALANCES:				
Beginning of Year	159,933,582	22,359,381	4,418,905	186,711,868
End of Year	<u>\$ 169,635,264</u>	<u>\$ 22,765,009</u>	<u>\$ 4,789,745</u>	<u>\$ 197,190,018</u>

City of Cerritos
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds: \$ 10,478,150

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay (net of \$248,034 in Internal Service Funds)	\$ 812,810	
Depreciation expense (net of \$248,476 in Internal Service Funds)	<u>(6,091,016)</u>	(5,278,206)

The net effect of transactions involving capital assets was as follows (Note 6):

Loss on sale of capital assets		<u>(6,687)</u>
--------------------------------	--	----------------

Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement and inventory usage fees to individual funds. The change in net position of internal service funds is reported within governmental activities.

(353,519)

Changes in the net pension liability and related deferred outflows and inflows of resources reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

(843,684)

Changes in the settlement payable reported in the Statement of Activities was an expenditure in the governmental funds but lowered the liability recorded on the Statement of Activities.

9,035

Changes in the net OPEB liability and related deferred outflows and inflows of resources reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.

(66,197)

The issuance of long-term liabilities provides current financial resources to governmental funds, while the repayment of the principal of long-term liabilities consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Change in compensated absences payable		<u>(135,646)</u>
--	--	------------------

Change in Net Position of Governmental Activities \$ 3,803,246

PROPRIETARY FUND FINANCIAL STATEMENTS

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City of Cerritos
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds		Non-Major Reclaimed Water	Total Enterprise Funds	
	Water and Sewer	Electric Utility			
ASSETS					
Current Assets:					
Cash and investments	\$ 2,003,490	\$ 402,923	\$ 1,898,052	\$ 4,304,465	\$ 10,019,439
Accounts receivable	1,375,186	573,792	306,253	2,255,231	-
Prepaid items	460,149	3,806	74,967	538,922	9,940
Total current assets	3,838,825	980,521	2,279,272	7,098,618	10,029,379
Noncurrent Assets:					
Capital assets:					
Building and structures	5,707,673	-	1,315,000	7,022,673	-
Water mains and lines	29,632,518	-	15,629,236	45,261,754	-
Equipment	5,855,742	-	120,278	5,976,020	2,275,345
Water rights acquired	2,259,378	-	-	2,259,378	-
Electric utility rights acquired	-	14,105,000	-	14,105,000	-
Sewer mains	11,760,205	-	-	11,760,205	-
Accumulated depreciation	(32,888,454)	(6,582,333)	(9,723,234)	(49,194,021)	(858,288)
Total noncurrent assets	22,327,062	7,522,667	7,341,280	37,191,009	1,417,057
Total assets	26,165,887	8,503,188	9,620,552	44,289,627	11,446,436
DEFERRED OUTFLOWS OF RESOURCES					
Pension related deferred outflows of resources	1,197,038	-	-	1,197,038	-
OPEB related deferred outflows of resources	152,897	-	-	152,897	-
Total deferred outflows of resources	1,349,935	-	-	1,349,935	-
LIABILITIES					
Current Liabilities:					
Accounts payable	1,374,555	262,208	688,942	2,325,705	2,670
Accrued salaries and benefits	142,245	12,310	9,357	163,912	-
Deposits payable	45,290	-	-	45,290	-
Unearned revenue	2,227,130	-	-	2,227,130	-
Long-term debt - due within one year	-	350,000	-	350,000	-
Compensated absences - due within one year	40,876	-	-	40,876	-
Total current liabilities	3,830,096	624,518	698,299	5,152,913	2,670
Noncurrent Liabilities:					
Advances from other funds	18,551,013	24,243,439	-	42,794,452	-
Net pension liabilities (Note 10)	5,764,605	-	-	5,764,605	-
Net OPEB liabilities	41,707	-	-	41,707	-
Long-term debt - due in more than one year	-	10,000,000	-	10,000,000	-
Compensated absences - due in more than one year	122,626	-	-	122,626	-
Total noncurrent liabilities	24,479,951	34,243,439	-	58,723,390	-
Total liabilities	28,310,047	34,867,957	698,299	63,876,303	2,670
DEFERRED INFLOWS OF RESOURCES					
Pension related deferred inflows of resources	362,770	-	-	362,770	-
Total deferred inflows of resources	362,770	-	-	362,770	-
NET POSITION					
Net investment in capital assets	22,327,062	(2,827,333)	7,341,280	26,841,009	1,417,057
Unrestricted (deficit)	(23,484,057)	(23,537,436)	1,580,973	(45,440,520)	10,026,709
Total Net Position (Deficit)	\$ (1,156,995)	\$ (26,364,769)	\$ 8,922,253	\$ (18,599,511)	\$ 11,443,766

See accompanying Notes to the Basic Financial Statements.

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City of Cerritos
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds			Governmental Activities - Equipment Replacement Internal Service Fund	
	Major Funds		Non-Major Reclaimed Water		Total Enterprise Funds
	Water and Sewer	Electric Utility			
OPERATING REVENUES:					
Sales of water:					
Regular	\$ 8,256,635	\$ -	\$ 945,186	\$ 9,201,821	\$ -
Wholesale	1,329,992	-	-	1,329,992	-
Sales of electricity:					
Regular	-	4,622,585	-	4,622,585	-
Fire lines	410,906	-	-	410,906	-
Charges for services	75,590	-	-	75,590	-
Other agency contribution	117,003	-	-	117,003	-
Other revenues	-	4,577	-	4,577	-
Total Operating Revenues	10,190,126	4,627,162	945,186	15,762,474	-
OPERATING EXPENSES:					
Management	3,963,998	242,519	341,740	4,548,257	-
Production and distribution	5,084,365	-	52,022	5,136,387	-
Operations	1,575,625	4,030,453	447,406	6,053,484	288,335
Inspections	330,821	-	36,758	367,579	-
Billings and collection	315,815	-	-	315,815	-
Depreciation	1,080,578	470,167	301,051	1,851,796	248,476
Total Operating Expenses	12,351,202	4,743,139	1,178,977	18,273,318	536,811
OPERATING (LOSS)	(2,161,076)	(115,977)	(233,791)	(2,510,844)	(536,811)
NONOPERATING REVENUES (EXPENSES):					
Investment income/(loss)	29,308	16,813	34,449	80,570	183,292
Interest expense - debt service	-	(523,369)	-	(523,369)	-
Interest expense - advances	(427,079)	(591,303)	-	(1,018,382)	-
Total Nonoperating Revenues (Expenses)	(397,771)	(1,097,859)	34,449	(1,461,181)	183,292
(LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(2,558,847)	(1,213,836)	(199,342)	(3,972,025)	(353,519)
CAPITAL CONTRIBUTIONS AND TRANSFERS:					
Capital contributions	139,161	-	-	139,161	-
Transfers in	-	858,370	-	858,370	-
CHANGES IN NET POSITION	(2,419,686)	(355,466)	(199,342)	(2,974,494)	(353,519)
NET POSITION:					
Beginning of the Year, as restated	1,262,691	(26,009,303)	9,121,595	(15,625,017)	11,797,285
End of the Year	<u>\$ (1,156,995)</u>	<u>\$ (26,364,769)</u>	<u>\$ 8,922,253</u>	<u>\$ (18,599,511)</u>	<u>\$ 11,443,766</u>

City of Cerritos
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental
	Major Funds				Activities -
	Water and Sewer	Electric Utility	Reclaimed Water	Total Enterprise Funds	Equipment Replacement Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 11,896,645	\$ 4,584,712	\$ 1,016,433	\$ 17,497,790	\$ -
Cash paid to suppliers of goods or services	(6,790,203)	(3,993,683)	125,526	(10,658,360)	(441,730)
Cash paid to employees	(4,011,385)	(241,993)	(346,649)	(4,600,027)	-
Cash paid to other funds	(122,457)	-	-	(122,457)	-
Cash received from other revenues	-	4,577	-	4,577	-
Net Cash Provided by (Used in) Operating Activities	972,600	353,613	795,310	2,121,523	(441,730)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash advances from other funds	1,467,839	591,303	-	2,059,142	-
Transfers in	-	858,370	-	858,370	-
Net Cash Provided by Noncapital Financing Activities	1,467,839	1,449,673	-	2,917,512	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(39,178)	-	-	(39,178)	(248,033)
Principal paid on debt	-	(335,000)	-	(335,000)	-
Interest paid on debt	(427,079)	(1,114,672)	-	(1,541,751)	-
Net Cash (Used in) Capital and Related Financing Activities	(466,257)	(1,449,672)	-	(1,915,929)	(248,033)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income received	29,308	16,813	34,449	80,570	183,292
Net Cash Provided by Investing Activities	29,308	16,813	34,449	80,570	183,292
Net Increase (Decrease) in Cash and Cash Equivalents	2,003,490	370,427	829,759	3,203,676	(506,471)
CASH AND CASH EQUIVALENTS:					
Beginning of Year	-	32,496	1,068,293	1,100,789	10,525,910
End of Year	<u>\$ 2,003,490</u>	<u>\$ 402,923</u>	<u>\$ 1,898,052</u>	<u>\$ 4,304,465</u>	<u>\$ 10,019,439</u>

City of Cerritos
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds			Total Enterprise Funds	
	Water and Sewer	Electric Utility	Reclaimed Water		
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating (loss)	\$ (2,161,076)	\$ (115,977)	\$ (233,791)	\$ (2,510,844)	\$ (536,811)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,080,578	470,167	301,051	1,851,796	248,476
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
(Increase) decrease in accounts receivable	(34,998)	(37,873)	71,247	(1,624)	-
(Increase) decrease in prepaid items	22,470	78,052	(8,699)	91,823	(9,940)
(Increase) decrease pension deferred outflows	477,403	-	-	477,403	-
(Increase) decrease OPEB deferred outflows	196,949	-	-	196,949	-
Increase (decrease) in accounts payable	493,953	(41,282)	670,411	1,123,082	(143,455)
Increase (decrease) in accrued salaries and benefits	(96,996)	526	(4,909)	(101,379)	-
Increase (decrease) in due to other funds	(122,457)	-	-	(122,457)	-
Increase (decrease) in deposits payable	2,626	-	-	2,626	-
Increase (decrease) in unearned revenue	1,738,891	-	-	1,738,891	-
Increase (decrease) in compensated absences	(34,917)	-	-	(34,917)	-
Increase (decrease) in net OPEB liability	(190,499)	-	-	(190,499)	-
Increase (decrease) in net pension liabilities	(367,425)	-	-	(367,425)	-
Increase (decrease) in pension deferred inflows	(31,902)	-	-	(31,902)	-
Net Cash Provided by (Used in) Operating Activities	<u>972,600</u>	<u>\$ 353,613</u>	<u>\$ 795,310</u>	<u>\$ 2,121,523</u>	<u>\$ (441,730)</u>
NON-CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Contribution of capital assets	<u>\$ 139,161</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,161</u>	<u>\$ -</u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

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City of Cerritos
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Successor Agency to the Cerritos Redevelopment Agency
ASSETS	
Cash and investments	\$ 20,138,987
Cash and investments with fiscal agents	17,503,556
Accounts receivable	322
Interest receivable	74,732
Total assets	<u>37,717,597</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of debt, net	567,131
Total deferred outflow of resources	<u>567,131</u>
LIABILITIES	
Current liabilities:	
Interest payable	539,548
Long-term debt - due within one year	12,780,000
Total current liabilities	<u>13,319,548</u>
Noncurrent liabilities:	
Advances from City of Cerritos (Note 5)	59,772,885
Long-term debt - due in more than one year	56,985,307
Total noncurrent liabilities	<u>116,758,192</u>
Total liabilities	<u>130,077,740</u>
NET POSITION	
Unrestricted (deficit)	<u>(91,793,012)</u>
Total Net Position (Deficit)	<u>\$ (91,793,012)</u>

City of Cerritos
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2019

	Successor Agency to the Cerritos Redevelopment Agency
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 19,937,695
Investment income	757,262
Total additions	<u>20,694,957</u>
DEDUCTIONS:	
Administrative expenses	35,000
Interest on long-term debt	4,788,893
Fiscal charges	10,000
Total deductions	<u>4,833,893</u>
Change in net position	15,861,064
NET POSITION (DEFICIT):	
Beginning of Year	<u>(107,654,076)</u>
End of Year	<u><u>\$ (91,793,012)</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

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City of Cerritos
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For the Year Ended June 30, 2019

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City of Cerritos
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For the Year Ended June 30, 2019

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City of Cerritos
Notes to the Basic Financial Statements
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of the City of Cerritos, California, (the “City”) have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) as applied to governmental agencies. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the significant policies:

A. Financial Reporting Entity

The City was incorporated on April 26, 1956 as a charter city under the laws of the State of California and enjoys all the rights and privileges allowed by its charter. The City is governed by an elected five-member council.

Component units are legally separate entities that meet any one of the following tests:

- The City appoints the voting majority of the board of the potential component unit and:
 - is able to impose its will on the component unit and/or
 - is in a relationship of financial benefit or burden with the potential component unit.
- The potential component unit is fiscally dependent upon the City.
- The financial statements of the City would be misleading if data from the potential component units were omitted.

The City had no blended or discretely presented component units.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as revenue until that time.

Government-Wide Financial Statements

The government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, while expenses are recognized in the period in which the liability is incurred. Fiduciary activities are not included in these statements.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Advances to and from other funds
- Transfers in and out

Governmental Fund Financial Statements

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recognized as soon as they are both "*measurable*" and "*available*". Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, taxpayer-assessed tax revenues (transient occupancy taxes, franchise taxes, etc.), certain grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliations of the fund financial statements to the government-wide financial statements are provided to explain the differences.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts not allocated by law or contractual agreement to other funds are accounted for in this fund. Expenditures of this fund include general operating costs not paid through other funds.

The Housing Assets Special Revenue Fund is used to account for activities of the former Redevelopment Agency Low and Moderate Income Housing Fund. These funds are restricted for administrative costs and projects related to low and moderate income housing.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

The Water and Sewer Enterprise Fund is used to account for the provision of water and sewer to the residents and businesses of the City and to account for monies received from sewer connection and maintenance fees. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, construction, and financing.

The Electric Utility Enterprise Fund is used to account for retail electricity provided by the City. Initially, major accounts for both the City and the ABC Unified School District were served. Additional accounts have been added since inception to utilize the full output of the Magnolia plant allocated to Cerritos. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations, maintenance, construction financing and related debt service.

Additionally, the City reports the following fund:

The Equipment Replacement Fund, an Internal Service Fund, is used to account for the regular maintenance and replacement of the City's capital equipment and office equipment inventory and to accumulate funds necessary for equipment replacement.

Fiduciary Fund Financial Statements

The Fiduciary funds are reported using the accrual basis of accounting.

The City reports the following fiduciary fund:

The Successor Agency to the Cerritos Redevelopment Agency Fund is a private purpose trust fund used to account for non-housing activities of the Successor Agency to the Cerritos Redevelopment Agency ("Successor Agency").

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Cash and Cash Equivalents

A substantial portion of the City's investments are in short-term liquid instruments, with original maturities of three months or less (excluding fiscal agent investments). The Enterprise and Internal Service Funds participate in the pooling of City-wide cash and investments. Amounts from the pool are available to these funds on demand. The fair value of the position in the pool is the same as the value of the pool shares. As a result, the cash and investments of the Enterprise and Internal Service Funds are considered to be cash and cash equivalents for statement of cash flow purposes.

D. Investments

Investments are stated at fair value (quoted market price or best available estimate thereof).

E. Fair Value Measurement

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position/Balance Sheet, 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, which 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.

F. Inventories

Inventories are valued at weighted average cost. Inventories in the Governmental Funds are recorded based on the consumption (capitalization) method and are offset by a nonspendable fund balance.

G. Prepaids

Prepaid items are payments made to vendors for services that will benefit periods beyond the fiscal year ended using the consumption method.

H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if purchased or constructed. Contributed capital assets are valued at their acquisition value at the date of contribution. Generally, capital asset purchases in excess of \$10,000 are capitalized if they have an expected useful life of 1 year or more.

Capital assets include additions to public domain (infrastructure), certain improvements including pavement, curb and gutter, sidewalks, traffic control devices, street lights, sewers, water lines, bridges and right-of-way corridors within the City.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

H. Capital Assets (Continued)

For infrastructure systems, the City elected to use the “Basic Approach” and depreciate over its estimated useful life. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets used in operations are depreciated over their estimated useful lives using the straight-line method. The lives used for depreciation purposes of each capital asset class are:

Buildings	40 years
Improvements other than buildings	10 to 40 years
Water mains and lines	65 years
Water rights	40 years
Electricity rights	30 years
Vehicles	5 to 15 years
Machinery and equipment	5 to 15 years
Office furniture, computers and equipmen	3 to 15 years
Leased property	5 to 10 years
Infrastructure	20 to 75 years

I. Compensated Absences Payable

In governmental funds, vacation and sick leave are recorded as expenditures in the year paid. Accordingly, the entire unpaid liability for the governmental funds is recorded as a long-term obligation in the government-wide financial statements only.

Unpaid compensated absences in proprietary funds are recorded as a liability in those funds as the vested benefits accrue to the employees.

J. Claims and Judgments

When it is probable that a claim or judgment liability has been incurred at year end, and the amount of the loss can be reasonably estimated, the City records the estimated loss, net of any insurance coverage. The City is a member of the California Joint Powers Insurance Authority (“CJPIA”). The City believes that its deposits with the CJPIA are adequate to cover all claims, including claims incurred by not reported.

K. Pensions

For purposes 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/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). 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.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

K. Pensions (Continued)

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

PARS

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

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 future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

L. Other Postemployment Benefits (“OPEB”)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s Retiree Benefits Plan (“OPEB Plan”) and additions to/deductions from OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for OPEB reporting:

OPEB

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five 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) at the beginning of the measurement period.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

M. Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, with the County, and are then allocated to the cities based on complex formulas. The following are annual dates pertaining to property taxes:

Lien Date	January 1
Levy Date	June 30
Due Dates	November 1 and February 1
Delinquency Dates	December 10 and April 10

N. Fund Balances and Net Position

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable Fund Balance – This amount indicates the portion of funds balances which cannot be spent because they are either not in spendable form, such as prepaid items, inventories or loans receivable, or legally or contractually required to be maintained intact, such as the principal portion of an endowment.

Restricted Fund Balance – This amount indicates the portion of fund balances which has been restricted a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This amount indicates the portion of fund balances which can only be used for specific purposes pursuant to formal resolution of the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally. The City Council is considered the highest authority for the City. Adoption of a resolution by the City Council is required to commit resources or to rescind the commitment.

Assigned Fund Balance – This amount indicates the portion of fund balances which is constrained by the City's intent to be used for specific purpose, but is neither restricted nor committed. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council adopts a resolution contained within the annual budget that delegates the authority to the City Manager to assign fund balance amounts in the annual financial statements.

Unassigned Fund Balance – Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or designated as nonspendable. If expenditures incurred for specific purposes exceed amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in a fund.

When expenses are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to apply restricted fund balances first, then unrestricted fund balances as they are needed.

When expenditures are incurred for purposes where only unrestricted fund balances are available, the City uses the unrestricted resources in the following order: committed, assigned, and unassigned.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 1 – Summary of Significant Accounting Policies (Continued)

N. Fund Balances and Net Position (Continued)

In the government-wide financial statements and proprietary fund financial statements, net position is classified as follows:

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

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

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

When expenses are incurred for purposes for which both restricted and unrestricted components of net position are available, the City's policy is to apply the restricted component of net position first, then the unrestricted component of net position as needed.

O. Estimates

The preparation of the basic financial statements in conformity 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.

P. Accounting Changes

GASB Statement No. 83

GASB Statement No. 83, *Certain Asset Retirement Obligations (GASB 83)*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 88

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. The City has the following cash and investments at June 30, 2019:

	Government-Wide Statement of Net Position			Fiduciary Fund	Total
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	
Cash and investments	\$ 101,727,291	\$ 4,304,465	\$ 106,031,756	\$ 20,138,987	\$ 126,170,743
Restricted cash and investments:					
Investments with fiscal agents	-	-	-	17,503,556	17,503,556
Total cash and investments	\$ 101,727,291	\$ 4,304,465	\$ 106,031,756	\$ 37,642,543	\$ 143,674,299

The City's cash and investments at June 30, 2019 in more detail:

Cash and cash equivalents:	
Petty cash	\$ 10,470
Demand deposits	3,658,679
Total cash and cash equivalents	<u>3,669,149</u>
Investments:	
Local Agency Investment Fund	41,934,123
U.S. Government Sponsored Enterprise Securities	69,739,910
Certificates of Deposit	10,827,561
Investment Contracts	3,206,533
Money Market Mutual Funds	14,297,023
Total investments	<u>140,005,150</u>
Total cash and investments	<u>\$ 143,674,299</u>

At June 30, 2019, cash and investments, excluding restricted cash and investments held by fiscal agent, are reported at fair value based on quoted market prices. The following table represents the fair value measurements of investments recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2019:

Investment Type	Total as of June 30, 2019	Percentage of Investments	Measurement Input
LAIF	\$ 41,934,123	29.95%	Uncategorized
FHLB	18,901,580	13.50%	Level 2
FNMA	11,944,870	8.53%	Level 2
FHLMC	18,950,380	13.54%	Level 2
FFCB	19,943,080	14.24%	Level 2
Certificates of Deposits	10,827,561	7.73%	Level 2
Investment Contracts	3,206,533	2.29%	Level 2
Money Market Mutual Funds	14,297,023	10.21%	Uncategorized
Total	<u>\$ 140,005,150</u>		

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

A. Deposits

The carrying amounts of the City's demand deposits were \$3,658,679 at June 30, 2019. Bank balances were \$4,142,451 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). The City, however, has not waived the collateralization requirements.

B. Investments

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees 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.

Authorized Investment Type	Maximum Maturity *	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
United States Treasury Obligations	5 years	No Limit	No Limit
U.S. Government Sponsored Enterprise Securities	5 years	No Limit	No Limit
Corporate Medium-Term Notes	5 years	40%	10%
Banker's Acceptances	180 days	40%	10%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Investment-grade obligations of state, local government and public authorities	5 years	No Limit	No Limit
Repurchase Agreements	1 year	No Limit	No Limit
Money Market Mutual Funds	N/A	20%	No Limit
Local Agency Investment Fund ("LAIF")	N/A	No Limit	No Limit

N/A - Not Applicable

* Excluding amounts held by bond trustees that are not subject to California Government Code restrictions.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

C. Investments Authorized by Debt Agreements

Investment of debt proceeds held by a bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City’s investment policy. Investments authorized for funds held by the bond trustee include U.S. Treasury Obligations, U.S. Government Sponsored Enterprise Securities, Money Market Mutual Funds and Investment Contracts. There are no limitations on the maximum amount that can be invested in one issuer, maximum percentage allowed or the maximum maturity of an investment.

D. Risk Disclosures

Interest Rate Risk – The City’s investment policy manages exposure to interest rate risk 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. The policy limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuating interest rates. Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments at maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 60 Months	Greater than 60 Months	
Local Agency Investment Fund (LAIF)	\$ 41,934,123	\$ -	\$ -	\$ 41,934,123
Federal Home Loan Bank (FHLB)	3,979,900	14,921,680	-	18,901,580
Federal National Mortgage Association (FNMA)	4,981,180	6,963,690	-	11,944,870
Federal Home Loan Mortgage Corporation (FHLMC)	1,989,300	16,961,080	-	18,950,380
Federal Farm Credit Bank (FFCB)	4,977,230	14,965,850	-	19,943,080
Certificates of Deposit	1,190,770	9,636,791	-	10,827,561
Investment Contracts	-	3,206,533	-	3,206,533
Money Market Mutual Funds	14,297,023	-	-	14,297,023
Total	\$ 73,349,526	\$ 66,655,624	\$ -	\$ 140,005,150

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’s investment policy, or debt agreements, and the actual rating at time of purchase for each investment type:

Investment Type	Total as of June 30, 2019	Minimum Legal Rating	Not Required to be Rated		
			Aaa	Unrated	
LAIF	\$ 41,934,123	N/A	\$ -	\$ -	\$ 41,934,123
FHLB	18,901,580	N/A	18,901,580	-	-
FNMA	11,944,870	N/A	11,944,870	-	-
FHLMC	18,950,380	N/A	18,950,380	-	-
FFCB	19,943,080	N/A	19,943,080	-	-
Certificates of Deposits	10,827,561	N/A	-	10,827,561	-
Investment Contracts	3,206,533	N/A	3,206,533	-	-
Money Market Mutual Funds	14,297,023	N/A	-	14,297,023	-
Total	\$ 140,005,150		\$ 72,946,443	\$ 25,124,583	\$ 41,934,123

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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 City’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits stated in Note 2A. At June 30, 2019, City’s deposits with financial institutions are fully insured by FDIC.

E. Investments in State Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2019, included a portion of pool funds invested in Structured Notes and Asset-Backed Securities:

Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2019, the City had \$41,934,123 invested in LAIF, which had invested 1.77% of the pool investment funds in Structured Notes and Asset-Backed securities. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investment in LAIF. The book value of LAIF is the same as the value of the City’s share of the pool. The carrying amount is the proportionate share of the market value of the underlying investments held by LAIF.

Note 3 –Loans and Notes Receivable

A. Loans Receivable

At June 30, 2019, the outstanding balance of loans receivable was as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Auto Square Loan	\$ 83,353	\$ -	(83,353)	\$ -
Total	\$ 83,353	\$ -	\$ (83,353)	\$ -

In November 2013, the City approved funding for the renovation and improvement to the Cerritos Auto Square Freeway Sign (“Sign”). Upon completion of the Sign, the City provided funds to the Cerritos Auto Square Dealer’s Association (“Association”) for the total cost of the Sign in the amount of \$927,761. The Association entered into a loan agreement with the City for 50 percent of the Sign’s cost, which amounted to \$463,881 payable monthly over 60 months at an annual rate of 3%. Payments towards the loan receivable commenced on June 1, 2014 and are due monthly until May 1, 2019. Payments received during the fiscal year for principal and interest totaled \$84,714. This loan was fully repaid during the fiscal year and at June 30, 2019, the outstanding principal balance on the loan was \$0.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 3 –Loans and Notes Receivable (Continued)

B. Residential Assistance and Loan Program

At June 30, 2019, the outstanding balances of the Residential Assistance and Loan Programs are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Residential Assistance Program	\$ 2,040,000	\$ -	\$ -	\$ 2,040,000
Residential Loan Program	139,237	-	-	139,237
Subtotal	2,179,237	\$ -	\$ -	2,179,237
Less: Allowance for uncollectible	(2,179,237)			(2,179,237)
Total	\$ -			\$ -

The receivables are not included in the accompanying basic financial statements due to the contingent nature of the repayment schedule of these loans.

C. Notes Receivable

At June 30, 2019, the outstanding balances of the notes receivable are as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Deferred payment note	\$ 1,095,000	\$ -	\$ -	\$ 1,095,000
Total	\$ 1,095,000	\$ -	\$ -	\$ 1,095,000

In May 2015, the City sold land with a book value of \$8,910,509 (the “RE/MAX property”) for \$2,750,000 cash, \$3,325,000 worth of land (the “GST Building” site, and a deferred payment note receivable for \$1,095,000. The outstanding principal balance of the note bears interest at the Local Agency Investment Fund (“LAIF”) rate provided that, so long as no event of default has occurred, it does not exceed 5%. Simple interest accrues until maturity and shall be paid upon the maturity date. The note is due on May 4, 2028.

Note 4 – Interfund Transactions

A. Government-Wide Financial Statements

At June 30, 2019, the City had the following internal receivable and payable:

Internal Payable	Internal Receivable
Business-Type Activities	Governmental Activities
	\$ 42,794,452

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Interfund Transactions (Continued)

B. Fund Financial Statements

Advances To/From Other Funds - At June 30, 2019, the City had the following advances to/from other funds:

	Advances to Other Funds
Advances from Other Funds	Governmental Funds
	General Fund
Enterprise Funds:	
Water and Sewer Fund:	
Sewer - Operations	\$ 8,863,228
Water - Operations	9,687,785
Subtotal	18,551,013
Electric Utility Enterprise Fund:	
Operations	21,799,328
Debt service	2,444,111
Subtotal	24,243,439
	\$ 42,794,452

Advances were made to the Water and Sewer Enterprise Fund from the General Fund during fiscal years 2016-2017, 2017-2018 and 2018-2019. The advances were used for water and sewer operations. Interest on the outstanding balance on advances payable is charged at an annual rate of 2.50% to the Water and Sewer Enterprise Fund. For the year ended June 30, 2019, interest of \$427,079 was incurred and added to the outstanding loan balance while an additional \$1,040,759 was borrowed. At June 30, 2019, the outstanding balance was \$18,551,013.

Advances were made to the Electric Utility Enterprise Fund from the General Fund were used for initial working capital. Prior to July 1, 2012, interest on the outstanding balance on advances payable was charged at an annual rate of 12% to the Electric Utility Enterprise Fund. On June 28, 2012, the City adopted Resolution No. 2012-17 authorizing the interest rate to be reduced from 12% to 2.5% after June 30, 2012. For the year ended June 30, 2019, interest of \$591,303 was incurred and added to the outstanding loan balance. At June 30, 2019, the outstanding balance was \$24,243,439.

Due To/From Other Funds - At June 30, 2019, the City had the following balances due to/from other funds:

	Due from Other Funds
Due to Other Funds	Governmental Funds
	General Fund
Governmental Funds:	
Nonmajor Governmental Funds	\$ 123,725
	\$ 123,725

The General Fund provided short-term loads to select Nonmajor Governmental Funds in order to cover negative cash balances.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 4 – Interfund Transactions (Continued)

B. Fund Financial Statements (Continued)

Transfers – At June 30, 2019, the City had the following transfers in/out:

Transfers Out	Transfers In				Total
	Governmental Funds		Proprietary Fund		
	General Fund	Nonmajor Governmental Funds	Water and Sewer Fund		
Governmental Funds:					
General Fund	\$ -	\$ 3,416,340	\$ 858,370		\$ 4,274,710
Nonmajor Governmental Funds	167,031	661,139	-		828,170
Total	\$ 167,031	\$ 4,077,479	\$ 858,370		\$ 5,102,880

The transfers of \$3,416,340 from the General Fund to the Nonmajor Governmental Funds relate to capital projects costs and administrative costs within the Street Improvements, Drainage, Los Coyotes Lighting City, and Municipal Improvement Funds.

The transfers of \$167,032 from the Nonmajor Governmental Funds to the General Fund relate to the repayment to the General Fund for grant expenditures which had been covered by the General Fund until reimbursements were received by the Nonmajor funds.

The transfers of \$661,139 from the Nonmajor Governmental Funds to the other Nonmajor Governmental Funds relate to the funding of various programs and capital projects.

The transfers of \$858,369 from the General Fund to the Water and Sewer Fund relate to debt service expenditures.

Note 5 – Advances to Fiduciary Funds

The balance of Advances to Fiduciary Funds at June 30, 2019 is \$59,772,885. Advances from the General Fund to the Successor Agency to the Cerritos Redevelopment Agency Fiduciary Fund were provided to fund capital improvements and land purchases in both the Los Cerritos and Los Coyotes project areas. The State Department of Finance (DOF) approved the City loans, and the loans accrue interest at 4% using simple interest. The loan balance of the General Fund, including accrued interest, is \$47,818,308 at June 30, 2019. The loan balance of the Housing Assets Fund, including accrued interest, is \$11,954,577 at June 30, 2019.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Capital Assets

A. Governmental Activities

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 77,962,622	\$ -	\$ -	\$ 77,962,622
Parking structure rights	3,760,000	-	-	3,760,000
Right-of-way	49,184,583	-	-	49,184,583
Public art	4,910,417	-	-	4,910,417
Trees	1,355,909	-	-	1,355,909
Construction in progress	45,799	-	-	45,799
Total capital assets, not being depreciated	<u>137,219,330</u>	<u>-</u>	<u>-</u>	<u>137,219,330</u>
Capital assets, being depreciated:				
Buildings	190,114,028	-	-	190,114,028
Improvements other than buildings	8,746,950	341,244	(35,749)	9,052,445
Furniture and equipment	25,485,644	248,034	(128,897)	25,604,781
Infrastructure	37,913,985	471,566	(5,614)	38,379,937
Total capital assets, being depreciated	<u>262,260,607</u>	<u>1,060,844</u>	<u>(170,260)</u>	<u>263,151,191</u>
Less accumulated depreciation for:				
Buildings	(102,783,883)	(4,708,982)	-	(107,492,865)
Improvements other than buildings	(2,755,532)	(394,305)	29,249	(3,120,588)
Furniture and equipment	(23,603,315)	(374,816)	128,710	(23,849,421)
Infrastructure	(23,818,694)	(861,393)	5,614	(24,674,473)
Total accumulated depreciation	<u>(152,961,424)</u>	<u>(6,339,496)</u>	<u>163,573</u>	<u>(159,137,347)</u>
Total capital assets, being depreciated, net	<u>109,299,183</u>	<u>(5,278,652)</u>	<u>(6,687)</u>	<u>104,013,844</u>
Governmental activities capital assets, net	<u>\$ 246,518,513</u>	<u>\$ (5,278,652)</u>	<u>\$ (6,687)</u>	<u>\$ 241,233,174</u>

Depreciation expense was charged to the functions/programs of governmental activities for the year ended June 30, 2019 as follows:

Legislative and Administrative	\$ 522,766
Community Development	71,141
Public Works	117,098
Community and Safety Services	1,479,463
Administrative Services	1,474,884
Cerritos Center for the Performing Arts	1,564,275
Equipment Replacement Internal Service Fund	248,476
Unallocated infrastructure depreciation	861,393
Total depreciation expense	<u><u>\$ 6,339,496</u></u>

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 6 – Capital Assets (Continued)

A. Business-Type Activities

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2019:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, being depreciated:				
Buildings and structures	\$ 7,022,673	\$ -	\$ -	\$ 7,022,673
Water mains and lines	45,104,223	195,245	(37,714)	45,261,754
Equipment	5,966,622	9,398	-	5,976,020
Water rights acquired	2,259,378	-	-	2,259,378
Electric utility rights acquired	14,105,000	-	-	14,105,000
Sewer mains	11,760,205	-	-	11,760,205
Total capital assets, being depreciated	<u>86,218,101</u>	<u>204,643</u>	<u>(37,714)</u>	<u>86,385,030</u>
Less accumulated depreciation for:				
Buildings and structures	(4,164,715)	(141,222)	-	(4,305,937)
Water mains and lines	(24,627,247)	(788,615)	11,410	(25,404,452)
Equipment	(4,411,101)	(238,542)	-	(4,649,643)
Water rights acquired	(903,750)	(56,484)	-	(960,234)
Electric utility rights acquired	(6,112,169)	(470,167)	-	(6,582,336)
Sewer mains	(7,134,653)	(156,766)	-	(7,291,419)
Total accumulated depreciation	<u>(47,353,635)</u>	<u>(1,851,796)</u>	<u>11,410</u>	<u>(49,194,021)</u>
Total capital assets, being depreciated, net	<u>38,864,466</u>	<u>(1,647,153)</u>	<u>(26,304)</u>	<u>37,191,009</u>
Business-type activities capital assets, net	<u>\$ 38,864,466</u>	<u>\$ (1,647,153)</u>	<u>\$ (26,304)</u>	<u>\$ 37,191,009</u>

Depreciation expense for business-type activities for the year June 30, 2019 was charged as follows:

Water and Sewer	\$ 1,080,578
Electric Utility	470,167
Reclaimed Water	<u>301,051</u>
Total depreciation expense	<u>\$ 1,851,796</u>

Note 7 – Compensated Absences

This liability represents the total unpaid vacation and compensatory time earned by employees of the City. Since this amount is paid to the employee upon termination of employment, there is no fixed payment schedule for earned but unpaid compensated absences. The compensated absences are predominately associated with the General Fund and Water and Sewer Fund for the governmental and business-type activities, respectively.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 7 – Compensated Absences (Continued)

A. Governmental Activities

A summary of changes in compensated absences for governmental activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Compensated absences	\$ 2,456,641	\$ 1,734,372	\$ (1,598,726)	\$ 2,592,287	\$ 648,072	\$ 1,944,215
Total	\$ 2,456,641	\$ 1,734,372	\$ (1,598,726)	\$ 2,592,287	\$ 648,072	\$ 1,944,215

B. Business-Type Activities

A summary of changes in compensated absences for business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Compensated absences - Water and Sewer Fund	\$ 198,419	\$ 136,062	\$ (170,979)	\$ 163,502	\$ 40,876	\$ 122,626
Total	\$ 198,419	\$ 136,062	\$ (170,979)	\$ 163,502	\$ 40,876	\$ 122,626

Note 8 – Long-Term Debt

A. Governmental Activities

There was no long-term debt for the governmental activities at June 30, 2019.

B. Business-Type Activities

A summary of changes in long-term debt for the business-type activities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Southern California Public Power Authority, Magnolia Project Los Cerritos Revenue Bonds:						
2003 Issue, Series B, \$3,526,250	\$ 2,671,250	\$ -	\$ (83,750)	\$ 2,587,500	\$ 87,500	\$ 2,500,000
Southern California Public Power Authority, Magnolia Project Los Coyotes Revenue Bonds:						
2003 Issue, Series B, \$10,578,750	8,013,750	-	(251,250)	7,762,500	262,500	7,500,000
Total Revenue Bonds	10,685,000	-	(335,000)	10,350,000	350,000	10,000,000
Total long-term liabilities	\$ 10,685,000	\$ -	\$ (335,000)	\$ 10,350,000	\$ 350,000	\$ 10,000,000

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

B. Business-Type Activities (Continued)

SCPPA - Magnolia Power Project B, Series 2003 Revenue Bonds

The Southern California Public Power Authority (“SCPPA”) was created in 1980 under a joint exercise of powers agreement. It was formed for the acquisition and construction of facilities to supply electric energy within the boundaries of its members. Complete financial statements for SCPPA may be obtained at their administrative office located at 225 S. Lake Avenue, Suite 1250, Pasadena, CA 91101.

In 2001, SCPPA entered into an agreement with the Cities of Anaheim, Burbank, Cerritos, Colton, Glendale, and Pasadena to construct a generation facility with a capacity of 242 megawatts to be located on the existing Magnolia generating site in Burbank, California.

SCPPA issued \$14,105,000 of lease revenue bonds to finance a portion of the project costs for the facility that was collateralized by the parking structure at City Hall. The City has leased back the parking structure from SCPPA. SCPPA will provide for the payment of a portion of the costs of operation of the Project through the sale of a portion of the capacity and energy of the Project of the member cities pursuant to the Power Sales Agreement. On March 1, 2003, the City entered into this sales agreement with SCPPA, entitling the City to a 4.2% share of the plant output.

The payments are due in annual installments on January 1 and July 1 of each year. The first payment was made January 2006, and the final payment is due at maturity on July 1, 2036.

The debt is payable from the sales of electricity. A loan from the General Fund has been established to cover any shortfall to pay the debt (See Note 4B). Principal and interest paid for the current year amounted to \$857,469.

Bonds outstanding at June 30, 2019 amounted to \$2,587,500 for Los Cerritos and \$7,762,500 for Los Coyotes, respectively. Future debt service requirements on the bonds are as follows:

Year Ending June 30,	Los Cerritos			Los Coyotes		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 87,500	\$ 127,283	\$ 214,783	\$ 262,500	\$ 381,848	\$ 644,348
2021	91,250	123,455	214,705	273,750	370,364	644,114
2022	95,000	119,463	214,463	285,000	358,388	643,388
2023	100,000	115,188	215,188	300,000	345,563	645,563
2024-2028	573,750	498,877	1,072,627	1,721,250	1,496,627	3,217,877
2029-2033	733,750	340,188	1,073,938	2,201,250	1,020,563	3,221,813
2034-2036	906,250	110,188	1,016,438	2,718,750	330,563	3,049,313
TOTAL	\$ 2,587,500	\$ 1,434,642	\$ 4,022,142	\$ 7,762,500	\$ 4,303,916	\$ 12,066,416

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

C. Fiduciary Fund

A summary of changes in long-term debt for the Successor Agency to the Cerritos Redevelopment Agency Fiduciary Fund for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019	Due within One Year	Due in more than One Year
Los Cerritos Redevelopment						
Project Revenue Bonds:						
2002 Issue, Series A, \$31,550,000	\$ 10,175,000	\$ -	\$ (3,225,000)	\$ 6,950,000	\$ 3,390,000	\$ 3,560,000
2002 Issue, Series B, \$7,550,000	1,660,000	-	(530,000)	1,130,000	550,000	580,000
Los Coyotes Redevelopment						
Project Revenue Bonds:						
1993 Issue, Series A, \$42,155,000	8,000,000	-	-	8,000,000	-	8,000,000
1993 Issue, Series B, \$63,765,000	6,815,000	-	(5,565,000)	1,250,000	1,250,000	-
2002 Issue, Series A, \$64,710,000	46,250,000	-	(1,780,000)	44,470,000	6,605,000	37,865,000
2002 Issue, Series B, \$12,225,000	7,680,000	-	(940,000)	6,740,000	985,000	5,755,000
Subtotal	80,580,000	-	(12,040,000)	68,540,000	12,780,000	55,760,000
Add (less) deferred amounts:						
Bond premium	1,840,181	-	(306,699)	1,533,482	-	1,533,482
Bond discount	(369,810)	-	61,635	(308,175)	-	(308,175)
Total Revenue Bonds	82,050,371	-	(12,285,064)	69,765,307	12,780,000	56,985,307
Total long-term liabilities	\$ 82,050,371	\$ -	\$ (12,285,064)	\$ 69,765,307	\$ 12,780,000	\$ 56,985,307

Los Cerritos Redevelopment Project 2002 Tax Allocation Revenue Bonds, Series A

In June 1993, the former Cerritos Public Financing Authority (“Financing Authority”) issued \$27,555,000 in Revenue Bonds, Series A. In September 2002, the Financing Authority issued \$31,550,000 of Tax Allocation Bonds to provide funds to refund the 1993 Revenue Bonds, Series A. A portion of the proceeds from the Bonds issued in 2002 were placed in an escrow fund to provide the debt service on the 1993 Revenue Bonds, Series A. The advance refunding met the requirements of an in-substance defeasance, therefore, the bonds were not included in the accompanying financial statements.

The 2002 bonds are broken into two segments:

Term Bonds - \$27,940,000

The Term Bonds are payable in annual installments ranging from \$260,000 to \$3,240,000 until maturity on November 1, 2020. Interest is payable semiannually on May 1 and November 1, with rates ranging from 2.00% to 5.00%. Bonds outstanding at June 30, 2019 were \$6,325,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

C. Fiduciary Fund (Continued)

Special Escrow Bonds - \$3,610,000

The Special Escrow bonds are payable in annual installments ranging from \$195,000 to \$320,000 until maturity on November 1, 2020. Interest is payable semiannually on May 1 and November 1, with rates ranging from 3.40% to 4.55%. Bonds outstanding at June 30, 2019 were \$625,000.

The 2002 Los Cerritos Redevelopment Project Tax Allocation Revenue Bonds, Series A, are payable solely from and secured by Redevelopment Property Tax Trust Fund (“RPTTF”) revenues received by the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 25% of net property tax increment revenues. Principal and interest paid for the current year amounted to \$3,647,735 and total tax revenue (total deposits less total administrative distributions) for the Los Cerritos Project Area was \$12,914,981.

Bonds outstanding at June 30, 2019 were \$6,950,000.

Los Cerritos Redevelopment Project 2002 Tax Allocation Revenue Bonds, Series B

In September 2002, the former Financing Authority issued \$7,550,000 in 2002 Series B Tax Allocation Revenue Bonds. The proceeds were loaned to the former Redevelopment Agency and were used to fund projects in the Los Cerritos Project Area and pay for the cost of issuance.

The bonds are payable in annual installments ranging from \$360,000 to \$580,000 until maturity on November 1, 2020. Interest is payable semiannually on May 1 and November 1, with rates ranging from 1.85% to 4.70%.

The 2002 Los Cerritos Redevelopment Project Tax Allocation Revenue Bonds, Series B, are payable solely from and secured by RPTTF revenues received by the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 10% of net property tax increment revenues. Principal and interest paid for the current year amounted to \$601,215 and total tax revenue (total deposits less total administrative distributions) for the Los Cerritos Project Area was \$12,914,981.

Bonds outstanding at June 30, 2019 were \$1,130,000.

Los Coyotes Redevelopment Project 1993 Revenue Bonds, Series A

In June 1993, the former Financing Authority issued \$42,155,000 in 1993 Revenue Bonds, Series A. \$2,594,959 of the \$42,155,000 issue was loaned to the former Redevelopment Agency to advance refund the \$7,500,000 Los Coyotes Redevelopment Project Tax Allocation Bonds, Series A originally issued by the former Redevelopment Agency in 1976, \$6,780,483 was loaned to the former Redevelopment Agency to advance refund the \$15,000,000 Los Coyotes Redevelopment Project Tax Allocation Bonds, Series B originally issued by the Redevelopment Agency in 1977, \$19,669,546 was loaned to repay prior City loans to the former Redevelopment Agency, \$9,000,000 was loaned to fund additional projects in the Los Coyotes Project Area, \$3,206,533 was used to fund a reserve fund for the loans to the former Redevelopment Agency, and the remaining balance was used to pay the cost of issuance of the bonds. Interest rates on the bonds vary from 2.50% to 6.50% with interest payable semiannually on May 1 and November 1, and principal maturing annually on November 1 except for the years 2002 through 2018 in which no principal payments mature.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

C. Fiduciary Fund (Continued)

Los Coyotes Redevelopment Project 1993 Revenue Bonds, Series A (Continued)

In September 2002, the former Financing Authority issued 2002 Tax Allocation Bonds, Series A to provide funds to partially refund the 1993 Revenue Bonds (\$24,510,000), Series A. A portion of the proceeds from the Bonds issued in 2002 were placed in an escrow fund to provide the debt service on the 1993 Revenue Bonds, Series A. The advance refunding met the requirements of an in-substance defeasance, therefore, the bonds were not included in the accompanying financial statements.

The 1993 Los Coyotes Redevelopment Project Revenue Bonds, Series A, are payable solely from and secured by RPTTF revenues received from the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 10% of net property tax increment revenues. Interest paid for the current year was \$520,000 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$29,846,940.

The principal balance on the 1993 Revenue Bonds, Series A at June 30, 2003 paid by the trustee from the escrow fund was \$24,510,000.

Bonds outstanding at June 30, 2019 amounted to \$8,000,000.

Los Coyotes Redevelopment Project 1993 Revenue Bonds, Series B

In June 1993, the former Financing Authority issued \$63,765,000 in 1993 Revenue Bonds, Series B. \$57,938,653 of the \$63,765,000 issue was loaned to repay prior City loans to the former Redevelopment Agency, \$4,850,304 was used to fund a reserve fund for the loans to the former Redevelopment Agency, and the remaining balance was used to pay the cost of issuance of the bonds. Interest rates on the bonds vary from 3.50% to 7.80% with interest payable semiannually on May 1 and November 1, and principal maturing annually on November 1.

The 1993 Los Coyotes Redevelopment Project Revenue Bonds, Series B, are payable solely from and secured by RPTTF revenues received from the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 35% of net property tax increment revenues. Principal and interest paid for the current year was \$5,8789,535 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$29,846,940.

Bonds outstanding at June 30, 2019 were \$1,250,000.

Los Coyotes Redevelopment Project 2002 Tax Allocation Revenue Bonds, Series A

In June 1993, the former Financing Authority issued \$42,155,000 in Revenue Bonds, Series A. In September 2002, the Authority issued \$64,710,000 of Tax Allocation Bonds to provide funds to refund \$24,510,000 of the remaining \$32,510,000 the 1993 Revenue Bonds, Series A. A portion of the proceeds from the Bonds issued in 2002 were placed in an escrow fund to provide the debt service on the 1993 Revenue Bonds, Series A. The principal balance on the 1993 Revenue Bonds, Series A, at June 30, 2003 that was paid by the trustee from the escrow fund was \$24,510,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Continued)

C. Fiduciary Fund (Continued)

Los Coyotes Redevelopment Project 2002 Tax Allocation Revenue Bonds, Series A (Continued)

The bonds were broken into two segments:

Term Bonds - \$53,675,000

The Term Bonds are payable in annual installments ranging from \$775,000 to \$9,345,000 until maturity on November 1, 2024. Interest is payable semiannually on May 1 and November 1, with rates ranging from 2.00% to 5.00%. Bonds outstanding at June 30, 2019 were \$40,005,000.

Special Escrow Bonds \$11,035,000

The Special Escrow bonds are payable in annual installments ranging from \$435,000 to \$830,000 until maturity on November 1, 2024. Interest is payable semiannually on May 1 and November 1, with rates ranging from 3.40% to 4.55%. Bonds outstanding at June 30, 2019 were \$4,465,000.

The 2002 Los Coyotes Redevelopment Project Tax Allocation Revenue Bonds, Series A, are payable solely from and secured by RPTTF revenues received by the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 25% of net property tax increment revenues. Principal and interest paid for the current year was \$4,020,416 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$29,846,940.

Bonds outstanding at June 30, 2019 were \$44,470,000.

Los Coyotes Redevelopment Project 2002 Tax Allocation Revenue Bonds, Series B

In September 2002, the former Financing Authority issued \$12,225,000 in 2002 Series B Tax Allocation Revenue Bonds. The proceeds were loaned to the former Redevelopment Agency and will be used to fund projects in the Los Coyotes Project Area and to pay for the cost of issuance.

The bonds are payable in annual installments ranging from \$210,000 to \$1,270,000 until maturity on November 1, 2024. Interest is payable semiannually on May 1 and November 1, with rates ranging from 1.85% to 4.70%.

The 2002 Los Coyotes Redevelopment Project Tax Allocation Revenue Bonds, Series B, are payable solely from and secured by RPTTF revenues received from the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 10% of net property tax increment revenues. Principal and interest paid for the current year was \$1,312,570 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$29,846,940.

Bonds outstanding at June 30, 2019 were \$6,740,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 9 – Fund Balance Classifications

The City’s fund balances at June 30, 2019 are tabulated below:

	<u>Major Funds</u>		<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Housing Assets Special Revenue</u>		
Nonspendable:				
Notes receivable	\$ 1,095,000	\$ -	\$ -	\$ 1,095,000
Prepaid items	2,185,187	-	167,794	2,352,981
Inventories	33,877	-	-	33,877
Advances to other funds	42,794,452	-	-	42,794,452
Advances to fiduciary funds	47,818,308	-	-	47,818,308
Total nonspendable	93,926,824	-	167,794	94,094,618
Restricted:				
Business License Software	65,504	-	-	65,504
General Plan Update	184,190	-	-	184,190
Housing Assets special revenue	-	22,765,009	-	22,765,009
Street Improvements - street and sewer related purposes	-	-	87,816	87,816
SB 821 - Bicycles / Pedestrians - transportation related purposes	-	-	52,581	52,581
Drainage - street and sewer related purposes	-	-	-	-
Proposition "A" - transportation related purposes	-	-	1,063,684	1,063,684
Proposition "C" - transportation related purposes	-	-	700,810	700,810
Assessment District #6 - assessment districts	-	-	17,737	17,737
Local Law Enforcement Grant - miscellaneous grants	-	-	-	-
Environmental Grants - miscellaneous grants	-	-	2,457	2,457
Air Quality Management District - transportation related purposes	-	-	546,158	546,158
Measure "M" - transportation related purposes	-	-	49,045	49,045
Municipal Improvement - LA County	-	-	589,480	589,480
Total restricted	249,694	22,765,009	3,109,768	26,124,471
Assigned:				
Asset replacement	700,000	-	-	700,000
Art Center programs	9,471,752	-	-	9,471,752
Earthquake preparedness	3,102,365	-	-	3,102,365
Art in public places	1,104,013	-	-	1,104,013
Municipal Improvement - Mullikin	-	-	1,549,967	1,549,967
Self Insurance	3,000,000	-	-	3,000,000
Total assigned	17,378,130	-	1,549,967	18,928,097
Unassigned:				
General Fund	58,080,616	-	(37,784)	58,042,832
Total unassigned	58,080,616	-	(37,784)	58,042,832
Total	\$ 169,635,264	\$ 22,765,009	\$ 4,789,745	\$ 197,190,018

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan

A. Summary

Net Pension Liability

Net pension liability is reported in the accompanying Statement of Net Position as follows:

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
CalPERS Miscellaneous Plan	\$ 58,164,141	\$ 5,403,226	\$ 63,567,367
PARS	3,890,134	361,379	4,251,513
Total	<u>\$ 62,054,275</u>	<u>\$ 5,764,605</u>	<u>\$ 67,818,880</u>

Deferred Outflows of Resources

Deferred outflows of resources are reported in the accompanying Statement of Net Position as follows:

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
Deferred outflows of resources:			
Pension contribution made after measurement date:			
CalPERS Miscellaneous Plan	\$ 5,146,540	\$ 478,094	\$ 5,624,634
PARS	1,580,942	146,863	1,727,805
Difference between projected and actual earnings on pension plan investments:			
CalPERS Miscellaneous Plan	422,624	39,260	461,884
PARS	382,568	35,539	418,107
Change in assumptions:			
CalPERS Miscellaneous Plan	4,131,210	383,774	4,514,984
PARS	1,221,882	113,508	1,335,390
Total deferred outflows of resources	<u>\$ 12,885,766</u>	<u>\$ 1,197,038</u>	<u>\$ 14,082,804</u>

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

A. Summary (Continued)

Deferred Inflows of Resources

Deferred inflows of resources are reported in the accompanying Statement of Net Position as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities Water and Sewer Fund</u>	<u>Total Primary Government</u>
Deferred inflows of resources:			
Difference between projected and actual experience			
CalPERS Miscellaneous Plan	\$ 2,959,689	\$ 274,944	\$ 3,234,633
PARS	402,788	37,418	440,206
Change in assumptions			
CalPERS Miscellaneous Plan	542,629	50,408	593,037
Total deferred inflows of resources	<u>\$ 3,905,106</u>	<u>\$ 362,770</u>	<u>\$ 4,267,876</u>

Pension Expense

Pension expense/(income) is included in the accompanying Statement of Activities, and Changes in Net Position as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities Water and Sewer Fund</u>	<u>Total Primary Government</u>
CalPERS Miscellaneous Plan	\$ 6,552,966	\$ 608,746	\$ 7,161,712
PARS	1,023,575	95,086	1,118,661
Total	<u>\$ 7,576,541</u>	<u>\$ 703,832</u>	<u>\$ 8,280,373</u>

B. California Public Employees’ Retirement System (CalPERS) Plan

General Information about the Pension Plan

Plan Description

The City’s defined benefit pension plan, the Miscellaneous Plan for the City (the “plan”), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is part of the Public Agency portion of the California Public Employees’ Retirement System (“CalPERS”), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by the State statutes within the Public Employees’ Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local 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 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.”

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

B. California Public Employees’ Retirement System (CalPERS) Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least five years of credited service. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least five 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 miscellaneous employees are calculated as 2.5% to 3.0% of the average final 12 months compensation. Retirement benefits for PEPRAs miscellaneous employees are calculated as 2% of the average final 36 months compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes 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 sum 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 adjustments 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.

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 60
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55 - 60	55 - 60
Monthly benefits, as a % of eligible compensation	2% - 3%	2% - 3%
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	25.732%	25.732%

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

B. California Public Employees’ Retirement System (CalPERS) Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	Miscellaneous
Active employees	369
Inactive employees or beneficiaries currently receiving benefits	312
Inactive employees entitled to, but not yet receiving benefits	168
Total	849

Contributions

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Employees hired after July 1, 2011 are required to pay seven percent (7%) of their base salary to be applied by the City to the employee’s contribution to CalPERS. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The City’s required employer contribution rate for fiscal year 2018-19 was 32.676%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Section 20814(c) of the California Public Employees’ Retirement Law (“PERL”) requires that the employer contribution rates for all public employers be 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 period ended June 30, 2018, the average active miscellaneous employee contribution rate was 7.899% of annual pay and the employer’s contribution rate was 32.676% of miscellaneous employee annual payroll.

For the measurement period, year ended June 30, 2018, the contributions were:

	Miscellaneous
Contributions - employer	\$ 5,624,634
Contributions - employee	1,438,480

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

B. California Public Employees’ Retirement System (CalPERS) Plan (Continued)

Net Pension Liability

The City’s net pension liability is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2017 actuarial valuation were determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
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 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from 1997 to 2014, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website under Forms and Publications.

Change of Assumption

GASB 68, paragraph 30 states that the long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In the current year, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. All other actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period 1997 to 2014, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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, none of the tested plans run out of assets.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

B. California Public Employees’ Retirement System (CalPERS) Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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 future 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

(a) an expected inflation of 2.00% for this period

(b) an expected inflation of 2.92% for this period

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

B. California Public Employees’ Retirement System (CalPERS) Plan (Continued)

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, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan's Net Pension Liability/(Asset)		
Discount Rate - 1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
\$ 96,658,406	\$ 63,567,367	\$ 36,386,062

Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for the CalPERS Miscellaneous Plan:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 228,334,434	\$ 161,199,320	\$ 67,135,114
Changes Recognized for the Measurement Period:			
Service Cost	3,211,358	-	3,211,358
Interest on the total pension liability	15,850,378	-	15,850,378
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(2,581,182)	-	(2,581,182)
Changes of assumptions	(889,556)	-	(889,556)
Net plan to plan resource movement	-	(395)	395
Contributions from the employer	-	4,966,169	(4,966,169)
Contributions from employees	-	1,438,480	(1,438,480)
Net investment income, net of administrative expense	-	13,482,704	(13,482,704)
Benefit payments, including refunds of employee contributions	(9,571,522)	(9,571,522)	-
Administrative expense	-	(251,193)	251,193
Other miscellaneous income/(expense)	-	(477,020)	477,020
Net Changes during July 1, 2017 to June 30, 2018	6,019,476	9,587,223	(3,567,747)
Balance at June 30, 2018 (Measurement Date)	\$ 234,353,910	\$ 170,786,543	\$ 63,567,367

Pension Plan Fiduciary Net Position

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

B. California Public Employees’ Retirement System (CalPERS) Plan (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City incurred a pension expense of \$7,161,712 for the CalPERS Miscellaneous plan.

As of measurement date of June 30, 2018, the City has deferred outflows and deferred inflows of resources related to CalPERS pensions as follows:

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 5,624,634	\$ -
Difference between expected and actual experience	-	(3,234,633)
Changes of assumptions	4,514,984	(593,037)
Net difference between projected and actual earning on pension plan investments	461,884	-
Total	\$ 10,601,502	\$ (3,827,670)

The \$5,624,634 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CalPERS pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources Miscellaneous Classic Plan
2019	\$ 3,889,382
2020	(687,943)
2021	(1,622,347)
2022	(429,894)
Thereafter	-
	\$ 1,149,198

C. Public Agency Retirement Services (PARS) Plan

General Information about the Pension Plan

Plan Description

The City has adopted, through the Public Agency Retirement Services (“PARS”), a tax qualified governmental agent-multiple employer defined benefit plan for the benefit of eligible City employees to provide supplemental retirement benefits. The plan, which includes exempt and non-exempt employees, conforms to the requirements of Internal Revenue Code Section 401(a) and therefore is entitled to favorable tax treatment.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

C. Public Agency Retirement Services (PARS) Plan (Continued)

General Information about the Pension Plan (Continued)

Plan Description (Continued)

Members are eligible to receive benefits under the PARS plan if they:

- a) Were a full-time non-exempt employee of the City on or after December 1, 2002 and prior to July 1, 2004;
- b) Are at least fifty years of age;
- c) Have completed five or more years of full-time continuous employment with the City as of the last day of employment with the City. Full-time employees of the City, with the exception of those in elected positions, hired on or after July 1, 2003 in a full-time position, must complete fifteen or more years of full-time continuous employment with the City as of the last day of employment;
- d) Have applied for benefits under the Plan; and
- e) Have terminated employment with the City and concurrently retired under CalPERS.

Benefits Provided

Members are paid benefits equal to an amount equal to one-twelfth (1/12) of the difference between (1) and (2) described below; and the actuarial equivalent value of a monthly payment of the member's accumulated benefit (if any) under the Plan if such accumulated benefit was converted to the form of a life annuity:

- (1) The number of full and partial years of full-time continuous employment with the City completed as of the member's retirement times the member's final pay, times the PARS benefit factor determined as of the first day of the member's retirement.
- (2) The number of full and partial years of full-time continuous employment with the City completed as of the member's retirement times the member's final pay, times the CalPERS Benefit Factor.

Upon death of a member, the member's monthly allowance will automatically continue to an eligible survivor (if spouse, through spouse's death or if children under the age of eighteen, through the age of eighteen). No pre-retirement disability benefits are provided. Pre-retirement death benefits are provided for employees who die while actively employed with the City and have attained at least fifty years of age and have five years of full-time employment with the City.

Employees Covered by Benefit Terms

At June 30, 2019, the following employees were covered by the benefit terms:

	PARS
Active employees	103
Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to, but not yet receiving benefits	n/a
Total	149

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

C. Public Agency Retirement Services (PARS) Plan (Continued)

General Information about the Pension Plan (Continued)

Contributions

Annually, the City contributes the actuarially determined contribution to the PARS plan.

For the measurement period, year ended June 30, 2018, the contributions were:

	PARS
Contributions - employer	\$ 1,727,805
Contributions - employee	-

Net Pension Liability

Actuarial Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.75%
Salary Increases	Graded rates based on years of service, 3.50% after 30 years of service
Investment Rate of Return	5.75 % Net of Pension Plan Investment and Administrative Expenses
Mortality Rate Table	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans
Post Retirement Benefit Increase	Contract COLA of 2.00%.

Change of Assumption

The discount rate was changed from 6.25% to 5.75% as of the June 30, 2018 measurement date.

Discount Rate

The best estimate for the long-term rate of return of 5.75% is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. 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. These geometric rates of return are net of administrative expenses.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

C. Public Agency Retirement Services (PARS) Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
US Cash	6.69%	0.31%	0.31%
US Core Fixed Income	63.82%	2.14%	2.02%
US Equity Market	21.45%	4.59%	3.32%
Foreign Developed Equity	5.18%	5.52%	3.91%
Emerging Markets Equity	2.07%	7.82%	4.59%
US REITs	0.79%	5.04%	3.27%
Assumed inflation - mean		2.32%	2.30%
Assumed inflation - standard deviation		1.85%	1.85%
Portfolio real mean return		2.86%	2.67%
Portfolio nominal mean return		5.18%	5.03%
Portfolio standard deviation			5.58%
Long-term expected rate of return			5.75%

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the PARS Plan as of the measurement date, calculated using the discount rate of 5.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.75%) or 1 percentage point higher (6.75%) than the current rate:

<u>Plan's Net Pension Liability/(Asset)</u>		
<u>Discount Rate - 1%</u> <u>(4.75%)</u>	<u>Current Discount</u> <u>Rate (5.75%)</u>	<u>Discount Rate + 1%</u> <u>(6.75%)</u>
\$ 5,881,345	\$ 4,251,513	\$ 2,807,580

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

C. Public Agency Retirement Services (PARS) Plan (Continued)

Net Pension Liability (Continued)

Changes in the Net Pension Liability

The following tables show the changes in the net pension liability recognized over the measurement period for the PARS Plan:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Valuation Date)	\$ 12,154,096	\$ 7,147,688	\$ 5,006,408
Changes Recognized for the Measurement Period:			
Service Cost	282,294	-	282,294
Interest on the total pension liability	693,839	-	693,839
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	(217,374)	-	(217,374)
Contributions from the employer	-	1,331,501	(1,331,501)
Contributions from employees	-	-	-
Net investment income, net of administrative expense	-	184,573	(184,573)
Benefit payments, including refunds of employee contributions	(749,742)	(749,742)	-
Administrative expenses	-	(2,420)	2,420
Net Changes during July 1, 2017 to June 30, 2018	9,017	763,912	(754,895)
Balance at June 30, 2018 (Measurement Date)	<u>\$ 12,163,113</u>	<u>\$ 7,911,600</u>	<u>\$ 4,251,513</u>

Pension Plan Fiduciary Net Position

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 10 – Retirement Plan (Continued)

C. Public Agency Retirement Services (PARS) Plan (Continued)

Net Pension Liability (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2019, the City recognized pension expense of \$1,118,661, for the PARS Plan.

At June 30, 2019, the City reported deferred outflows resources and deferred inflows of resources related to PARS pensions from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 1,727,805	\$ -
Difference between expected and actual experience		(440,206)
Changes of assumptions	1,335,390	-
Net difference between projected and actual earning on pension plan investments	418,107	-
Total	\$ 3,481,302	\$ (440,206)

Amounts reported as deferred outflows of resources related to PARS pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources PARS
2019	\$ 544,750
2020	468,497
2021	256,032
2022	44,012
Thereafter	-
	\$ 1,313,291

Note 11 – Postemployment Healthcare Benefits

General Information about the Pension Plan

Plan Description

In addition to the pension benefits described in Note 10A, the City provides other post-employment benefits (“OPEB”) through the California Employer’s Retiree Benefit Trust Fund (the “CERBT”), an agent multiple-employer defined benefit healthcare plan administered by CalPERS, by contributing an approximate amount of \$872 for each eligible retiree and spouse toward health insurance. These benefits are provided per contract between the City and the City’s management, professional and general employees. Health insurance premiums for the City Manager, City Attorney and City Council are fully covered per Council decision. As of June 30, 2016, there were 145 participants receiving these healthcare benefits.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Postemployment Healthcare Benefits (Continued)

General Information about the Pension Plan (Continued)

Plan Description (Continued)

Separate financial statements for the CERBT may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95814, or by visiting the CalPERS website at www.calpers.ca.gov.

Employees Covered

As of the July 1, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	211
Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to, but not yet receiving benefits	-
Total	370

Contribution

The obligation of the City to contribute to the plan is established and may be amended by the City Council. The contribution required to be made is based on an Actuarially Determined Contributions (i.e., as medical insurance premiums become due). For fiscal year 2019, contributions were made totaling \$1,330,523.

Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2018, was determined using the following actuarial assumptions:

Actuarial Valuation Date	July 1, 2017
Actuarial Cost Method	Early Age Normal, Level Percentage of Pay
Amortization Method	
Level Percent or Level Dollar	Level Percent
Closed, Open, or Layered Periods	Closed
Amortization Period as of July 1, 2015	22 Years
Amortization Growth Rate	2.50%
Asset Valuation Method	Market Value
Inflation	2.30%
Payroll Growth	2.50%
Discount Rate	6.00%

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Postemployment Healthcare Benefits (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11 +</u>
Inflation-Indexed Bonds	26.00%	1.36%	1.24%
Long Credit Bonds	39.00%	3.55%	3.08%
Global Equity	24.00%	4.95%	3.62%
Global Real Estate REITS	8.00%	5.55%	3.57%
Commodities	3.00%	3.04%	1.42%
Assumed inflation - mean		2.32%	2.30%
Assumed inflation - standard deviation		1.85%	1.85%
Portfolio real mean return		3.46%	3.12%
Portfolio nominal mean return		5.78%	5.49%
Portfolio standard deviation			7.98%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 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 Town 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.

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2018:

<u>Plan's Total OPEB Liability</u>		
<u>Discount Rate -1%</u>	<u>Current Discount Rate</u>	<u>Discount Rate +1%</u>
(5.0%)	(6.0%)	(7.0%)
\$ 7,268,865	\$ 490,674	\$ (5,016,155)

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Postemployment Healthcare Benefits (Continued)

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

The following presents the total OPEB liability of the City, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement period ended June 30, 2018:

Plan's Total OPEB Liability		
Healthcare Cost		
-1%	Tread Rate	+1%
\$ (5,749,961)	\$ 490,674	\$ 8,247,238

Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017	\$ 44,036,089	\$ 41,300,720	\$ 2,735,369
Changes Recognized for the Measurement Period:			
Service Cost	1,152,240	-	1,152,240
Interest on the total OPEB liability	2,662,314	-	2,662,314
Changes in benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Contribution from the employer	-	4,115,834	(4,115,834)
Net investment income	-	1,964,761	(1,964,761)
Administrative expenses	-	(21,346)	21,346
Benefit payments	(1,657,007)	(1,657,007)	-
Net changes during July 1, 2017 to June 30, 2018	2,157,547	4,402,242	(2,244,695)
Balance at June 30, 2018	\$ 46,193,636	\$ 45,702,962	\$ 490,674

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

For the year ended June 30, 2019, OPEB expense in the amount of \$1,402,866 is included in the accompanying statement of activities.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings of OPEB Plan investments	\$ 468,273	\$ -
Contributions made after measurement date	1,330,523	-
	\$ 1,798,796	\$ -

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 11 – Postemployment Healthcare Benefits (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

The \$1,330,523 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period. Amounts reported as deferred outflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Amount
2020	\$ 117,068
2021	117,068
2022	117,068
2023	117,068
2024	-
Thereafter	-
Total	<u>\$ 468,273</u>

Note 12 – Liability, Property and Workers’ Compensation Protection

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (“CJPIA”). The CJPIA is composed of 116 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. Self-Insurance Programs of the CJPIA

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Liability

In the liability program claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$750,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Liability, Property and Workers’ Compensation Protection (Continued)

B. Self-Insurance Programs of the CJPIA (Continued)

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cjpia.org/protection/coverage-programs>.

Workers’ Compensation

In the workers’ compensation program claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19, the CJPIA’s pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers’ Compensation Law. Employer’s Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The CJPIA has a limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the CJPIA has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City participates in the all-risk property protection program of the CJPIA. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. City property currently has all-risk property insurance protection in the amount of \$289,962,366. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the CJPIA.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 12 – Liability, Property and Workers’ Compensation Protection (Continued)

C. Purchased Insurance (Continued)

Special Event Tenant User Liability Insurance

The City further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City according to a schedule. The City then pays for the insurance. The insurance is facilitated by the CJPIA.

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2018-19.

Note 13 - Other Required Disclosures

A. Deficit Net Position

At June 30, 2019, the following funds had a (deficit) fund balance/net position:

Fund	Deficit
Enterprise Funds:	
Water and Sewer	\$ (1,156,995)
Electric Utility Fund	(26,364,769)
Fiduciary Fund:	
Successor Agency to the Cerritos Redevelopment Agency	(91,793,012)
Business Type Activities	(18,599,511)

Electric Utility Enterprise Fund – The Electric Utility Fund has a deficit net position of (\$26,364,770) as a result of operating expenses exceeding operating revenues and the assumption of the Magnolia debt. In addition, there is a (deficit) net investment in capital assets of (\$2,827,333), which is included in the total deficit of (\$26,364,770), as the outstanding debt associated with the electric rights exceeds the net capital assets. The deficit is expected to be eliminated with the City entering into long-term contracts with vendors related to expenses incurred by the operations and through sale of the electric energy output. The General Fund has a nonspendable fund balance in the amount \$24,243,439 for the advances to the Electric Utility Fund to account for this deficit.

Water and Sewer Fund – The Water and Sewer Fund has a (deficit) net position of (\$1,156,995) as a result of operating expenses exceeding its operating revenues. The City expects this (deficit) to reverse within the next two to three years.

Successor Agency to the Cerritos Redevelopment Agency Private-Purpose Trust Fund – The Successor Agency to the Cerritos Redevelopment Agency Fund has a deficit net position of (\$91,793,012) as a result of its long-term debt exceeding its total assets. The deficit is expected to be eliminated with future repayments by the Successor Agency for its long-term debt from the receipt of future property tax revenues from the County of Los Angeles; with the final payment occurring in fiscal year 2029.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 13 - Other Required Disclosures (Continued)

B. Excess of Expenditures over Appropriations

Excess of expenditures over appropriations occurred in individual funds during the year ended June 30, 2019 as follows:

Fund	Expenditures	Appropriations	Excess Expenditures over Appropriations
Special Revenue Funds:			
RMRA	\$ 871,591	\$ 830,950	\$ (40,641)
Proposition "C"	132,468	-	(132,468)
Measure "R"	626,330	625,138	(1,192)
Housing Assets	1,115	-	(1,115)

Special revenue fund actual expenditures exceeded budgeted expenditures for the RMRA, Proposition "C", Measure "R" and Housing Assets funds.

Note 14 – Lease Income under Operating Leases

Land in the amount of \$54,527,351 is owned by the City and held for lease. In connection with certain ground leases of the Cerritos Towne Center property, the Lincoln Station Property, Kia Auto Dealership property and the Jaguar/Land Rover property, the City had entered into cooperation agreements. For the year ended June 30, 2019, the City's lease income was \$7,675,876. Projected minimum lease payments to be received by the City as of June 30, 2019 are as follows:

Year Ending June 30,	
2020	\$ 8,394,998
2021	8,518,654
2022	8,604,557
2023	8,686,243
2024	8,280,664
2025-2088	405,611,043
Total	<u>\$ 448,096,159</u>

Note 15 – Commitments and Contingencies

A. Lawsuits

Numerous claims and suits have been filed against the City in the normal course of conducting City business. Based upon information received from the City Attorney and the self-insurance administrator, the estimated liability under such claims would be adequately covered by the deposits paid to CJPIA for self-insurance and insurance coverage (See Note 12).

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2019

Note 15 – Commitments and Contingencies (Continued)

B. Contract with Los Angeles County Sheriff’s Department

The City contracts for policing services through the Los Angeles County Sheriff’s Department. As part of the agreement for services, the City is required to pay an additional 9.5% premium over the contract price to the Sheriff’s Department for liability insurance. This amount is held by the County in a Liability Trust Fund and provides for the payment of claims brought against the Sheriff’s Department. During the fiscal year ended June 30, 2019, the results of an actuarial study of both existing open claims and claims not yet reported are not able to be estimated at this time. In order to fund these past obligations of the Liability Trust Fund, the premium paid by the City may increase in future periods. The precise amount and timing of any contingencies or commitments resulting from the shortfall in the County’s Liability Trust Fund cannot be determined at this time.

C. Electric Utility

The City’s Electric Utility is a member of the Magnolia Power Project that is financed and owned by the Southern California Public Power Authority (“SCPPA”). Member cities of the Magnolia Power Project include the Cities of Anaheim, Burbank, Colton, Glendale and Pasadena (the Project “A” Participants) and the City of Cerritos (the Project “B” Participant). All Magnolia Participants have a “Take or Pay” contract with SCPPA and are obligated to pay their share of the indebtedness regardless of the ability of the contracting agency to provide electricity. This contract provides for generating capacity of 4.2% of the output generated from the plant.

D. Grants

Amounts received or receivable from federal and state granting agencies are subject to audit and adjustment by grantor agencies. While no matters of noncompliance were disclosed by the audit of the financial statements or Single Audit of the Federal grant programs, grantor agencies may subject grant programs to additional compliance tests, which may result in disallowed costs. In the opinion of management, future disallowances of current or prior grant expenditures, if any, would not have a material adverse effect on the financial position of the City.

E. Liability for Future Environmental Response Costs

As of April 17, 2014, the City of Cerritos has entered a settlement agreement with MGP IX Lincoln Station (“MGP”) related to the financial responsibility for cleaning up contamination located at the property and, more specifically, for performing environmental work. In the settlement, the city may be obligated to pay up to \$3.1 million in potential future costs. At June 30, 2019, settlement payable reflected in the general fund is \$1,035 and statement of activities is \$222,259

Note 16 – Prior Period Adjustment

The City used a June 30, 2018 measurement date for both its OPEB and PARS Pension actuarial valuations. This was done in order to report the financial activities in a timely manner. To accurately reflect the deferred outflows, deferred inflows, expense and liabilities, the City has performed a prior period adjustment to report a beginning net position had a June 30, 2017 measurement date been used during the fiscal year ended June 30, 2018.

	Governmental Activities	Business-type Activities	Water & Sewer Enterprise Fund
Net Position, as originally reported	\$ 387,649,264	\$ (15,839,349)	\$ 1,048,359
Restatement due to change in PARS valuation date	1,023,575	95,088	95,088
Restatement due to change in OPEB valuation date	1,283,622	119,244	119,244
Net Position, as restated	\$ 389,956,461	\$ (15,625,017)	\$ 1,262,691

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Cerritos
Required Supplementary Information (Unaudited)
Notes to the Required Supplementary Information
For the Year Ended June 30, 2019

Note 1 – Budget and Budgetary Accounting

The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.

The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. This “appropriated budget” covers substantially all City expenditures, with the exception of debt service on bond issues and capital improvement projects carried forward from prior years, which expenditures constitute legally-authorized “non-appropriated budget.”

There were no significant non-budgeted financial activities. Actual expenditures may not exceed budgeted appropriations at the fund level. However, the City Manager is authorized to transfer budgeted amounts between funds. There were no significant supplementary budget appropriations during the year ended June 30, 2019.

Formal budgetary integration is employed as a management control. Commitments for materials and services, such as purchase orders and contracts, are recorded during the year as encumbrances to assist in controlling expenditures. Encumbrances at year end lapse, unless appropriations are made for certain capital projects in the subsequent fiscal year.

Annual budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with accounting principles generally accepted in the United States of America. Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budgets for the Capital Projects and Debt Service Funds are long-term in nature. Accordingly, no budgetary comparisons are reflected for these funds in the accompanying financial statements. No budgetary comparisons are presented for Proprietary Funds, as the City is not legally required to adopt a budget for these types of funds.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2019 based on calculations by City Management, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2019

Note 1 – Budget and Budgetary Accounting (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Property, sales, and other taxes	\$ 48,157,250	\$ 47,858,230	\$ 48,597,758	\$ 739,528
Franchise	2,586,510	2,382,000	2,410,064	28,064
Licenses and permits	2,920,300	3,021,400	2,934,132	(87,268)
Fines and forfeitures	893,600	596,600	530,924	(65,676)
Investment and rental income	13,588,360	11,773,440	14,226,041	2,452,601
Revenues from other agencies	241,000	259,728	132,699	(127,029)
Current fees and services	6,992,470	6,817,200	7,119,061	301,861
Other revenues	446,620	442,630	621,282	178,652
TOTAL REVENUES	<u>75,826,110</u>	<u>73,151,228</u>	<u>76,571,961</u>	<u>3,420,733</u>
EXPENDITURES:				
Current:				
Legislative and Administration	1,919,830	1,873,439	1,753,920	119,519
Community Development	4,472,010	4,688,333	4,128,750	559,583
Public Works	13,605,290	13,801,532	12,780,552	1,020,980
Community and Safety Services	26,877,560	26,380,784	24,790,812	1,589,972
Administrative Services	13,462,390	13,821,423	11,743,921	2,077,502
Cerritos Center for the Performing Arts	8,392,410	7,961,670	7,316,611	645,059
Capital outlay	-	266,100	248,034	18,066
TOTAL EXPENDITURES	<u>68,729,490</u>	<u>68,793,281</u>	<u>62,762,600</u>	<u>6,030,681</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,096,620</u>	<u>4,357,947</u>	<u>13,809,361</u>	<u>9,451,414</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of City property	3,300,000	-	-	-
Transfer in	127,220	128,120	167,031	38,911
Transfers out	(5,709,340)	(5,055,140)	(4,274,710)	780,430
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,282,120)</u>	<u>(4,927,020)</u>	<u>(4,107,679)</u>	<u>819,341</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,814,500</u>	<u>\$ (569,073)</u>	<u>9,701,682</u>	<u>\$ 10,270,755</u>
FUND BALANCE - BEGINNING OF YEAR			<u>159,933,582</u>	
FUND BALANCE - END OF YEAR			<u>\$ 169,635,264</u>	

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
Budgetary Comparison Schedule – Housing Assets Special Revenue Fund
For the Year Ended June 30, 2019

Note 1 – Budget and Budgetary Accounting (Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment and rental income	\$ 568,570	\$ 124,730	\$ 406,743	\$ 282,013
Other revenue	-	200,000	-	(200,000)
TOTAL REVENUES	<u>568,570</u>	<u>324,730</u>	<u>406,743</u>	<u>82,013</u>
EXPENDITURES:				
Community Development	-	-	1,115	(1,115)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,115</u>	<u>(1,115)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>568,570</u>	<u>324,730</u>	<u>405,628</u>	<u>80,898</u>
NET CHANGE IN FUND BALANCE	<u>\$ 568,570</u>	<u>\$ 324,730</u>	<u>405,628</u>	<u>\$ 80,898</u>
FUND BALANCE - BEGINNING OF YEAR			<u>22,359,381</u>	
FUND BALANCE - END OF YEAR			<u>\$ 22,765,009</u>	

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2019

Note 2 – Schedule of Changes in the Net Pension Liability and Related Ratios – Last Ten Fiscal Years*

CITY MISCELLANEOUS PLAN

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
Service cost	\$ 3,240,470	\$ 3,020,515	\$ 2,965,498	\$ 3,170,426	\$ 3,211,358
Interest on total pension liability	13,949,974	14,487,605	15,062,482	15,418,751	15,850,378
Differences between expected and actual experience	-	(2,262,020)	(1,769,960)	(4,370,245)	(2,581,182)
Changes in assumptions	-	(3,806,191)	-	13,544,952	(889,556)
Changes in benefit terms	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(7,345,114)	(7,917,777)	(8,474,088)	(8,632,827)	(9,571,522)
Net change in total pension liability	9,845,330	3,522,132	7,783,932	19,131,057	6,019,476
Total pension liability - beginning	188,051,983	197,897,313	201,419,445	209,203,377	228,334,434
Total pension liability - ending (a)	\$ 197,897,313	\$ 201,419,445	\$ 209,203,377	\$ 228,334,434	\$ 234,353,910
Plan fiduciary net position					
Contributions - employer	\$ 3,515,860	\$ 3,524,782	\$ 4,472,467	\$ 5,465,459	\$ 4,966,169
Contributions - employee	1,544,713	1,430,858	1,521,739	1,361,130	1,438,480
Investment income (net of administrative expenses)	22,074,825	3,275,852	744,239	16,331,253	13,482,704
Benefit payments	(7,345,114)	(7,917,777)	(8,474,088)	(8,632,827)	(9,571,522)
Net plan to plan resource movement	-	-	-	-	(395)
Other miscellaneous income/(expense)**	-	(167,515)	(90,636)	(216,875)	(728,213)
Net change in plan fiduciary net position	19,790,284	146,200	(1,826,279)	14,308,140	9,587,223
Plan fiduciary net position - beginning	128,780,975	148,571,259	148,717,459	146,891,180	161,199,320
Plan fiduciary net position - ending (b)	\$ 148,571,259	\$ 148,717,459	\$ 146,891,180	\$ 161,199,320	\$ 170,786,543
Net pension liability - ending (a)-(b)	\$ 49,326,054	\$ 52,701,986	\$ 62,312,197	\$ 67,135,114	\$ 63,567,367
Plan fiduciary net position as a percentage of the total pension liability	75.07%	73.83%	70.21%	70.60%	72.88%
Covered payroll	\$ 18,404,441	\$ 17,978,187	\$ 17,606,708	\$ 16,925,189	\$ 16,892,992
Net pension liability as a percentage of covered payroll	268.01%	293.14%	353.91%	396.66%	376.29%

Notes to Schedule:

Changes in assumptions. The discount rate was changed from 7.50% (net of administrative expense) to 7.00% in fiscal year 2017

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

** During Fiscal Year 2017-18, as a result of Governmental Accounting Standard Board Statement (GASB) No. 75, Account and Financial Reporting for Postemployment Benefit Plans Other than Pensions (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one time expense as a result of the adoption of GASB 75. Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No 68, Accounting and Financial Reporting for Pensions (GASB 68).

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2019

**Note 2 – Schedule of Changes in the Net Pension Liability and Related Ratios – Last Ten Fiscal Years*
(Continued)**

CITY PARS PLAN

Total Pension Liability	2014-15	2015-16	2016-17	2017-18
Service cost	\$ 212,170	\$ 276,624	\$ 284,923	\$ 282,294
Interest on total pension liability	653,773	586,984	688,464	693,839
Differences between expected and actual experience	-	(603,157)	-	-
Changes in assumptions	-	1,959,820	765,852	(217,374)
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of employee contributions	(523,749)	(588,456)	(621,846)	(749,742)
Net change in total pension liability	342,194	1,631,815	1,117,393	9,017
Total pension liability - beginning	9,062,694	9,404,888	11,036,703	12,154,096
Total pension liability - ending (a)	\$ 9,404,888	\$ 11,036,703	\$ 12,154,096	\$ 12,163,113
Plan fiduciary net position				
Contributions - employer	\$ 868,240	\$ 847,840	\$ 1,450,583	\$ 1,331,501
Contributions - employee	-	-	-	-
Investment income (net of administrative expenses)	14,398	(588,456)	267,203	184,573
Benefit payments	(523,749)	151,244	(621,846)	(749,742)
Other	(2,289)	(1,427)	(3,174)	(2,420)
Net change in plan fiduciary net position	356,600	409,201	1,092,766	763,912
Plan fiduciary net position - beginning	5,289,121	5,645,721	6,054,922	7,147,688
Plan fiduciary net position - ending (b)	\$ 5,645,721	\$ 6,054,922	\$ 7,147,688	\$ 7,911,600
Net pension liability - ending (a)-(b)	\$ 3,759,167	\$ 4,981,781	\$ 5,006,408	\$ 4,251,513
Plan fiduciary net position as a percentage of the				
total pension liability	60.03%	54.86%	58.81%	65.05%
Covered payroll	\$ 9,336,558	\$ 9,616,647	\$ 9,905,146	\$ 8,797,761
Net pension liability as a percentage of covered payroll	40.26%	51.80%	50.54%	48.32%

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation and the City elected to use the same valuation report as Fiscal Year 2018 therefore only four years are shown.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2019

Note 3 – Schedule of Contributions – Last Ten Fiscal Years*

CITY MISCELLANEOUS PLAN

	2013-14 ¹	2014-15 ¹	2015-16 ¹	2016-17 ¹	2017-18 ¹	2018-19 ¹
Actuarially determined contribution	\$ 3,515,860	\$ 4,472,467	\$ 3,803,155	\$ 4,129,819	\$ 4,966,169	\$ 5,624,634
Contributions in relation to the actuarially determined contributions ²	(3,515,860)	(4,472,467)	(4,474,477)	(5,472,464)	(4,966,169)	(5,624,634)
Contribution deficiency (excess)	\$ -	\$ -	\$ (671,322)	\$ (1,342,645)	\$ -	\$ -
Covered payroll ³	\$ 18,404,411	\$ 17,978,187	\$ 17,606,708	\$ 16,925,184	\$ 16,892,992	\$ 17,871,364
Contributions as a percentage of covered payroll ³	19.10%	24.88%	25.41%	32.33%	29.40%	33.30%

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

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule

Valuation date: 6/30/2012 6/30/2013 6/30/2014 6/30/2015 6/30/2016 6/30/2017

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-15 were from the June 30, 2012 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2019

Note 3 – Schedule of Contributions - Last Ten Fiscal Years* (Continued)

CITY PARS PLAN

	2014-15 ¹	2015-16 ¹	2016-17 ¹	2017-18 ¹	2018-19 ¹
Actuarially determined contribution	\$ 847,590	\$ 774,085	\$ 1,331,294	\$ 1,204,857	\$ 1,727,805
Contributions in relation to the actuarially determined contributions ²	(868,240)	(847,840)	(1,450,583)	(1,331,501)	(1,727,805)
Contribution deficiency (excess)	\$ (20,650)	\$ (73,755)	\$ (119,289)	\$ (126,644)	\$ -
Covered payroll ³	\$ 9,336,558	\$ 9,616,647	\$ 9,905,146	\$ 8,797,761	\$ 8,076,033
Contributions as a percentage of covered payroll ³	9.30%	8.82%	14.64%	15.13%	21.39%

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

² Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions.

³ Covered Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2017 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent, closed for 7 years with 3.00% amortization growth rate.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary increases	Graded rates based on years of service, 3.50% after 30 years of service
Investment rate of return	5.75%, net of pension plan investment and administrative expenses, including inflation
Post Retirement Benefit Increase	Contract COLA of 2.00%
Withdrawal	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Mortality	Pre-retirement: consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans. Post-retirement: CalPERS 1997-2011 Healthy Retiree Tables with an assumed base year of 2008 and full generational projections using Scale AA.

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

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2019

Note 4 – Schedule of Changes in the Net OPEB Liability and Related Ratios – Last Ten Fiscal Years*

For the Measurement Period:	<u>2017-2018</u>
Total OPEB Liability:	
Service Cost	\$ 1,152,240
Interest on the total OPEB liability	2,662,314
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions	-
Contribution from the employer	-
Benefit payments	<u>(1,657,007)</u>
Net changes in Total OPEB Liability	2,157,547
Beginning of Year	<u>44,036,089</u>
End of Year	<u><u>\$ 46,193,636</u></u>
Plan Fiduciary Net Position:	
Employer contribution	\$ 4,115,834
Employee contributions	-
Net investment income	1,964,761
Administrative expenses	(21,346)
Benefit payments	(1,657,007)
Other	<u>-</u>
Net changes in Fiduciary Net Position	4,402,242
Beginning of Year	<u>41,300,720</u>
End of Year	<u><u>\$ 45,702,962</u></u>
Net OPEB Liability	\$ 490,674
Fiduciary Net Position as a % of Total OPEB Liability	98.94%
Covered Payroll	\$ 16,096,388
Net OPEB Liability as a % of Payroll	3.05%

* Since it is the second year of implementation, but the valuation used is from the prior year, there is only one year available for the required 10-year schedule.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2019

Note 5 – Schedule of Contributions – OPEB – Last Ten Fiscal Years*

For the Measurement Period:	<u>2017-18</u>
Actuarially Determined Contributions	\$ 2,458,827
Contributions in relation to the actuarially determined contribution	<u>(4,115,834)</u>
Contribution deficiency (excess)	<u>\$ (1,657,007)</u>
Covered payroll	<u>\$ 16,096,388</u>
Contributions as a percentage of covered payroll	25.57%

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for taxes and other revenues set aside in accordance with law or administrative regulations for a specific purpose.

Street Improvements Fund - to account for allocation of state gasoline taxes received by the City. These funds may be used for street maintenance, right-of-way acquisition and street construction.

RMRA Fund - to account for allocations of State taxes under the Road Maintenance and Rehabilitation Account received by the City. These funds may be used for street maintenance, right-of-way acquisition, and street construction.

Drainage Fund - to account for monies received from development fees. The funds are used for the maintenance of the drainage system.

Proposition "A" Fund - to account for Los Angeles County special 1/2 cent transportation sales tax, which became effective July 1, 1982. These funds may only be used for certain transportation purposes.

Proposition "C" Fund - to account for a Los Angeles County special 1/2 cent transit sales tax, which was approved by the voters in November 1990. These funds may only be used for public transit projects.

Measure "M" Fund - to account for Los Angeles County special one-half cent transportation sales tax, which became effective July 1, 2017. These funds may only be used for transportation purposes.

Assessment District #6 Fund - to account for monies received from the special assessment tax levied from the areas benefited. These funds are restricted for covering the expenses of maintaining the improvements in the area.

Los Coyotes Lighting District Fund - to account for monies secured from the State of California under the provision of Division 14, Part 1, Street and Highways Code, State of California as amended, referred to as the "Street Lighting Act of 1919". These funds are restricted for the installation, maintenance of, and furnishing of electrical currents for the lighting of a street lighting system on certain public streets within the City.

Public Safety Grant Fund - COPS Grant - to account for non-recurring grant monies received from the State of California under the following laws: COPS SB3229 and COPS Ahead. These funds are restricted for public safety programs.

Environmental Grants Fund - to account for non-recurring grant monies received from the State of California for increased recycling efforts within the City.

Air Quality Management District ("AQMD") Fund - to account for monies received from the South Coast Air Quality Management District. These funds are restricted for the City's rideshare program.

Measure "R" Fund - to account for a Los Angeles County 1/2 cent sales tax which was approved by voters in November 2008 for transportation purposes.

Community Development Block Grant (CDBG) Fund - to account for Federal grant monies received and expended for the removal of material and architectural barriers that restrict the mobility and accessibility of elderly or severely disabled persons to public facilities and improvements.

The Capital Projects Fund is used to account for resources used for the construction and acquisition of capital facilities.

Municipal Improvement Fund - to account for the monies received from General Fund and other grant monies for the construction of major capital facilities, which generally require more than one budgetary cycle to complete.

City of Cerritos
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Special Revenue Funds

	Street Improvements	RMRA	Drainage	Proposition "A"	Proposition "C"
ASSETS					
Cash and investments	\$ 537,242	\$ -	\$ 71	\$ 1,104,474	\$ 700,560
Accounts receivable	16,037	163,831	-	96,835	250
Prepaid items	130,010	-	435	-	-
Total Assets	\$ 683,289	\$ 163,831	\$ 506	\$ 1,201,309	\$ 700,810
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 399,368	\$ -	\$ 75	\$ 137,625	\$ -
Accrued salaries and benefits	66,095	-	431	-	-
Due to other funds	-	111,250	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	465,463	111,250	506	137,625	-
Fund Balances:					
Restricted	87,816	52,581	-	1,063,684	700,810
Nonspendable	130,010	-	435	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(435)	-	-
Total Fund Balances	217,826	52,581	-	1,063,684	700,810
Total Liabilities and Fund Balances	\$ 683,289	\$ 163,831	\$ 506	\$ 1,201,309	\$ 700,810

(Continued)

City of Cerritos
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds				
	Measure "M"	Assessment District #6	Los Coyotes Lighting District	Public Safety Grant Fund COPS Grant	Environmental Grants
ASSETS					
Cash and investments	\$ 49,045	\$ 19,015	\$ -	\$ -	\$ 47,087
Accounts receivable	-	-	-	-	-
Prepaid items	-	-	37,349	-	-
Total Assets	\$ 49,045	\$ 19,015	\$ 37,349	\$ -	\$ 47,087
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 1,278	\$ 19,039	\$ -	\$ -
Accrued salaries and benefits	-	-	5,835	-	-
Due to other funds	-	-	12,475	-	-
Unearned revenue	-	-	-	-	44,630
Total Liabilities	-	1,278	37,349	-	44,630
Fund Balances:					
Restricted	49,045	17,737	-	-	2,457
Nonspendable	-	-	37,349	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(37,349)	-	-
Total Fund Balances	49,045	17,737	-	-	2,457
Total Liabilities and Fund Balances	\$ 49,045	\$ 19,015	\$ 37,349	\$ -	\$ 47,087

(Continued)

City of Cerritos
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds			Capital Projects Fund	
	AQMD	Measure "R"	Community Development Block Grant	Total Special Revenue	Municipal Improvement
ASSETS					
Cash and investments	\$ 529,728	\$ -	\$ 5,994	\$ 2,993,216	\$ 2,311,069
Accounts receivable	16,430	-	187,606	480,989	320,238
Prepaid items	-	-	-	167,794	-
Total Assets	\$ 546,158	\$ -	\$ 193,600	\$ 3,641,999	\$ 2,631,307
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 193,600	\$ 750,985	\$ 491,860
Accrued salaries and benefits	-	-	-	72,361	-
Due to other funds	-	-	-	123,725	-
Unearned revenue	-	-	-	44,630	-
Total Liabilities	-	-	193,600	991,701	491,860
Fund Balances:					
Restricted	546,158	-	-	2,520,288	589,480
Nonspendable	-	-	-	167,794	-
Assigned	-	-	-	-	1,549,967
Unassigned	-	-	-	(37,784)	-
Total Fund Balances	546,158	-	-	2,650,298	2,139,447
Total Liabilities and Fund Balances	\$ 546,158	\$ -	\$ 193,600	\$ 3,641,999	\$ 2,631,307

(Continued)

City of Cerritos
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds
June 30, 2019

	Total Nonmajor Governmental Funds
ASSETS	
Cash and investments	\$ 5,304,285
Accounts receivable	801,227
Prepaid items	167,794
Total Assets	\$ 6,273,306
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts payable and accrued liabilities	\$ 1,242,845
Accrued salaries and benefits	72,361
Due to other funds	123,725
Unearned revenue	44,630
Total Liabilities	1,483,561
Fund Balances:	
Restricted	3,109,768
Nonspendable	167,794
Assigned	1,549,967
Unassigned	(37,784)
Total Fund Balances	4,789,745
Total Liabilities and Fund Balances	\$ 6,273,306

(Concluded)

City of Cerritos
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Special Revenue Funds

	Street Improvements	RMRA	Drainage	Proposition "A"	Proposition "C"
REVENUES:					
Property, sales, and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment and rental income/(loss)	-	6,198	-	27,444	-
Revenues from other agencies	1,040,395	917,974	-	1,101,423	833,278
Current fees and services	-	-	3,252	64,651	-
Franchise	84,000	-	-	-	-
Other revenues	-	-	-	-	-
Total Revenues	1,124,395	924,172	3,252	1,193,518	833,278
EXPENDITURES:					
Current:					
Legislative and Administration	115,046	-	384	-	-
Community Development	-	-	-	1,641,171	132,468
Public Works	3,059,212	871,591	10,782	-	-
Administrative Services	447,246	-	1,495	-	-
Capital outlay	471,567	-	-	-	-
Total Expenditures	4,093,071	871,591	12,661	1,641,171	132,468
REVENUES OVER (UNDER) EXPENDITURES	(2,968,676)	52,581	(9,409)	(447,653)	700,810
OTHER FINANCING SOURCES (USES):					
Transfers in	2,984,110	-	2,359	-	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	2,984,110	-	2,359	-	-
NET CHANGE IN FUND BALANCES	15,434	52,581	(7,050)	(447,653)	700,810
FUND BALANCES (DEFICIT):					
Beginning of Year	202,392	-	7,050	1,511,337	-
End of Year	\$ 217,826	\$ 52,581	\$ -	\$ 1,063,684	\$ 700,810

(Continued)

City of Cerritos
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds				
	Measure "M"	Assessment District #6	Los Coyotes Lighting District	Public Safety Grant Fund COPS Grant	Environmental Grants
REVENUES:					
Property, sales, and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment and rental income/(loss)	7,020	151	-	-	829
Revenues from other agencies	703,162	102,487	98,611	148,747	18,287
Current fees and services	-	-	-	-	-
Franchise	-	-	-	-	-
Other revenues	-	-	-	-	-
Total Revenues	710,182	102,638	98,611	148,747	19,116
EXPENDITURES:					
Current:					
Legislative and Administration	-	-	33,049	-	-
Community Development	-	-	-	-	-
Public Works	-	100,000	872,658	-	-
Administrative Services	-	-	128,481	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	-	100,000	1,034,188	-	-
REVENUES OVER (UNDER) EXPENDITURES	710,182	2,638	(935,577)	148,747	19,116
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	935,577	-	-
Transfers out	(661,137)	-	-	(148,747)	(18,286)
Total Other Financing Sources (Uses)	(661,137)	-	935,577	(148,747)	(18,286)
NET CHANGE IN FUND BALANCES	49,045	2,638	-	-	830
FUND BALANCES (DEFICIT):					
Beginning of Year	-	15,099	-	-	1,627
End of Year	\$ 49,045	\$ 17,737	\$ -	\$ -	\$ 2,457

(Continued)

City of Cerritos
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects Fund	
	AQMD	Measure "R"	Community Development Block Grant	Total Special Revenue	Municipal Improvement
REVENUES:					
Property, sales, and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment and rental income/(loss)	9,358	937	-	51,937	318,618
Revenues from other agencies	63,590	625,137	187,606	5,840,697	4,236
Current fees and services	-	-	-	67,903	178
Franchise	-	-	-	84,000	-
Other revenues	-	-	-	-	-
Total Revenues	72,948	626,074	187,606	6,044,537	323,032
EXPENDITURES:					
Current:					
Legislative and Administration	-	-	-	148,479	-
Community Development	34,460	-	-	1,808,099	-
Public Works	-	626,330	-	5,540,573	358,855
Administrative Services	-	-	-	577,222	-
Capital outlay	-	-	187,606	659,173	153,637
Total Expenditures	34,460	626,330	187,606	8,733,546	512,492
REVENUES OVER (UNDER) EXPENDITURES	38,488	(256)	-	(2,689,009)	(189,460)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	3,922,046	155,433
Transfers out	-	-	-	(828,170)	-
Total Other Financing Sources (Uses)	-	-	-	3,093,876	155,433
NET CHANGE IN FUND BALANCES	38,488	(256)	-	404,867	(34,027)
FUND BALANCES (DEFICIT):					
Beginning of Year	507,670	256	-	2,245,431	2,173,474
End of Year	\$ 546,158	\$ -	\$ -	\$ 2,650,298	\$ 2,139,447

(Continued)

City of Cerritos
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Total Nonmajor Governmental Funds
REVENUES:	
Property, sales, and other taxes	\$ -
Investment and rental income/(loss)	370,555
Revenues from other agencies	5,844,933
Current fees and services	68,081
Franchise	84,000
Other revenues	-
Total Revenues	6,367,569
EXPENDITURES:	
Current:	
Legislative and Administration	148,479
Community Development	1,808,099
Public Works	5,899,428
Administrative Services	577,222
Capital outlay	812,810
Total Expenditures	9,246,038
REVENUES OVER (UNDER) EXPENDITURES	(2,878,469)
OTHER FINANCING SOURCES (USES):	
Transfers in	4,077,479
Transfers out	(828,170)
Total Other Financing Sources (Uses)	3,249,309
NET CHANGE IN FUND BALANCES	370,840
FUND BALANCES (DEFICIT):	
Beginning of Year	4,418,905
End of Year	\$ 4,789,745

(Concluded)

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Street Improvements Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ 2,770,320	\$ 1,511,210	\$ 1,040,395	\$ (470,815)
Franchise	84,000	84,000	84,000	-
Total Revenues	<u>2,854,320</u>	<u>1,595,210</u>	<u>1,124,395</u>	<u>(470,815)</u>
EXPENDITURES:				
Current:				
Legislative and Administrative	153,200	122,799	115,046	7,753
Public Works	2,712,510	2,588,751	3,059,212	(470,461)
Administrative Services	592,600	483,578	447,246	36,332
Capital outlay	2,278,000	1,232,530	471,567	760,963
Total Expenditures	<u>5,736,310</u>	<u>4,427,658</u>	<u>4,093,071</u>	<u>334,587</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,881,990)</u>	<u>(2,832,448)</u>	<u>(2,968,676)</u>	<u>(136,228)</u>
OTHER FINANCING SOURCES:				
Transfers in	2,887,990	2,938,720	2,984,110	45,390
Total Other Financing Sources	<u>2,887,990</u>	<u>2,938,720</u>	<u>2,984,110</u>	<u>45,390</u>
NET CHANGE IN FUND BALANCE	<u>\$ 6,000</u>	<u>\$ 106,272</u>	15,434	<u>\$ (90,838)</u>
FUND BALANCE:				
Beginning of Year			<u>202,392</u>	
End of Year			<u>\$ 217,826</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
RMRA Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 6,198	\$ 6,198
Revenues from other agencies	830,950	850,220	917,974	67,754
Total Revenues	<u>830,950</u>	<u>850,220</u>	<u>924,172</u>	<u>73,952</u>
EXPENDITURES:				
Current:				
Public works	830,950	830,950	871,591	(40,641)
Total expenditures	<u>830,950</u>	<u>830,950</u>	<u>871,591</u>	<u>(40,641)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 19,270</u>	52,581	<u>\$ 33,311</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 52,581</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Drainage Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Current fees and services	\$ 10,000	\$ 8,000	\$ 3,252	\$ (4,748)
Total Revenues	<u>10,000</u>	<u>8,000</u>	<u>3,252</u>	<u>(4,748)</u>
EXPENDITURES:				
Current:				
Legislative and Administration	420	410	384	26
Public Works	12,180	12,473	10,782	1,691
Administrative Services	1,620	1,616	1,495	121
Total Expenditures	<u>14,220</u>	<u>14,499</u>	<u>12,661</u>	<u>1,838</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(4,220)</u>	<u>(6,499)</u>	<u>(9,409)</u>	<u>(2,910)</u>
OTHER FINANCING SOURCES:				
Transfers in	400	-	2,359	2,359
Total Other Financing Sources	<u>400</u>	<u>-</u>	<u>2,359</u>	<u>2,359</u>
NET CHANGE IN FUND BALANCE	<u>\$ (3,820)</u>	<u>\$ (6,499)</u>	<u>(7,050)</u>	<u>\$ (551)</u>
FUND BALANCE:				
Beginning of Year			<u>7,050</u>	
End of Year			<u>\$ -</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition "A" Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 16,530	\$ 25,450	\$ 27,444	\$ 1,994
Revenues from other agencies	1,049,400	1,049,400	1,101,423	52,023
Current fees and services	-	-	64,651	64,651
Total Revenues	1,065,930	1,074,850	1,193,518	118,668
EXPENDITURES:				
Current:				
Community Development	880,610	1,650,000	1,641,171	8,829
Total Expenditures	880,610	1,650,000	1,641,171	8,829
NET CHANGE IN FUND BALANCE	\$ 185,320	\$ (575,150)	(447,653)	\$ 127,497
FUND BALANCE:				
Beginning of Year			1,511,337	
End of Year			\$ 1,063,684	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Proposition "C" Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenue from other agencies	\$ 812,390	\$ 812,390	\$ 833,278	\$ 20,888
Current fees and services	12,000	35,000	-	(35,000)
Total Revenues	824,390	847,390	833,278	(14,112)
EXPENDITURES:				
Current:				
Community Development	770,000	-	132,468	(132,468)
Total Expenditures	770,000	-	132,468	(132,468)
NET CHANGE IN FUND BALANCE	\$ 54,390	\$ 847,390	700,810	\$ (146,580)
FUND BALANCE:				
Beginning of Year			-	
End of Year			\$ 700,810	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure "M" Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 7,020	\$ 7,020
Revenues from other agencies	690,530	690,530	703,162	12,632
Total Revenues	<u>690,530</u>	<u>690,530</u>	<u>710,182</u>	<u>19,652</u>
OTHER FINANCING (USES):				
Transfers out	(669,050)	(669,050)	(661,137)	7,913
Total Other Financing (Uses)	<u>(669,050)</u>	<u>(669,050)</u>	<u>(661,137)</u>	<u>7,913</u>
NET CHANGE IN FUND BALANCE	<u>\$ 21,480</u>	<u>\$ 21,480</u>	49,045	<u>\$ 27,565</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 49,045</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Assessment District #6 Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 210	\$ 280	\$ 151	\$ (129)
Revenues from other agencies	120,000	120,000	102,487	(17,513)
Total Revenues	120,210	120,280	102,638	(17,642)
EXPENDITURES:				
Current:				
Public Works	120,210	100,000	100,000	-
Total Expenditures	120,210	100,000	100,000	-
NET CHANGE IN FUND BALANCE	\$ -	\$ 20,280	2,638	\$ (17,642)
FUND BALANCE:				
Beginning of Year			15,099	
End of Year			\$ 17,737	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Los Coyotes Lighting District Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ 100,000	\$ 98,600	\$ 98,611	\$ 11
Total Revenues	<u>100,000</u>	<u>98,600</u>	<u>98,611</u>	<u>11</u>
EXPENDITURES:				
Current:				
Legislative and Administration	37,230	35,277	33,049	2,228
Public Works	955,090	995,202	872,658	122,544
Administrative Services	144,030	138,919	128,481	10,438
Total Expenditures	<u>1,136,350</u>	<u>1,169,398</u>	<u>1,034,188</u>	<u>135,210</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,036,350)	(1,070,798)	(935,577)	135,221
OTHER FINANCING SOURCES:				
Transfers in	1,076,260	1,086,380	935,577	(150,803)
Total Other Financing Sources	<u>1,076,260</u>	<u>1,086,380</u>	<u>935,577</u>	<u>(150,803)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 39,910</u>	<u>\$ 15,582</u>	-	<u>\$ (15,582)</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ -</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
COPS Grant Special Revenue Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from other agencies	\$ 100,000	\$ 100,000	\$ 148,747	\$ 48,747
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>148,747</u>	<u>48,747</u>
OTHER FINANCING (USES):				
Transfers out	(100,000)	(100,000)	(148,747)	(48,747)
Total Other Financing (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(148,747)</u>	<u>(48,747)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ -</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Environmental Grants Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 220	\$ 380	\$ 829	\$ 449
Revenues from other agencies	27,000	26,110	18,287	(7,823)
Total Revenues	27,220	26,490	19,116	(7,374)
OTHER FINANCING (USES):				
Transfers out	(27,220)	(28,120)	(18,286)	9,834
Total Other Financing (Uses)	(27,220)	(28,120)	(18,286)	9,834
NET CHANGE IN FUND BALANCE	\$ -	\$ (1,630)	830	\$ 2,460
FUND BALANCE:				
Beginning of Year			1,627	
End of Year			\$ 2,457	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
AQMD Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 5,300	\$ 7,380	\$ 9,358	\$ 1,978
Revenues from other agencies	55,000	55,000	63,590	8,590
Total Revenues	<u>60,300</u>	<u>62,380</u>	<u>72,948</u>	<u>10,568</u>
EXPENDITURES:				
Current:				
Community Development	58,400	58,438	34,460	23,978
Total Expenditures	<u>58,400</u>	<u>58,438</u>	<u>34,460</u>	<u>23,978</u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,900</u>	<u>\$ 3,942</u>	38,488	<u>\$ 34,546</u>
FUND BALANCE:				
Beginning of Year			<u>507,670</u>	
End of Year			<u>\$ 546,158</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Measure "R" Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 937	\$ 937
Revenues from other agencies	609,300	609,300	625,137	15,837
Total Revenues	<u>609,300</u>	<u>609,300</u>	<u>626,074</u>	<u>16,774</u>
EXPENDITURES:				
Current:				
Public Works	609,300	625,138	626,330	(1,192)
Total Expenditures	<u>609,300</u>	<u>625,138</u>	<u>626,330</u>	<u>(1,192)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (15,838)</u>	(256)	<u>\$ 15,582</u>
FUND BALANCE:				
Beginning of Year			<u>256</u>	
End of Year			<u>\$ -</u>	

City of Cerritos
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ 244,000	\$ 244,000	\$ 187,606	\$ (56,394)
Total Revenues	244,000	244,000	187,606	(56,394)
EXPENDITURES:				
Capital outlay	244,000	244,000	187,606	56,394
Total expenditures	244,000	244,000	187,606	56,394
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of Year			-	
End of Year			\$ -	

STATISTICAL SECTION

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STATISTICAL SECTION

(Unaudited)

This part of the City of Cerritos's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	132-141
<i>These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	142-148
<i>These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	150-155
<i>These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	156
<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	157-161
<i>These tables contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year.

City of Cerritos
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental Activities:					
Net investment in capital assets	\$ 129,318,648	\$ 128,288,812	\$ 283,412,755	\$ 278,297,578	\$272,713,095.00
Restricted For:					
Special revenue	-	1,473,481	759,964	1,312,017	-
Street and sewer related purposes	4,423,142	-	-	103,610	164,676
Transportation related purposes	1,254,083	-	-	-	1,081,590
Assessment districts	105,662	-	-	-	134,111
Miscellaneous grants	492,474	-	-	-	10,165
Asset replacement	25,275,197	-	-	-	-
Other post employment benefits	-	10,441,444	-	-	-
Debt Service	-	16,598,679	-	-	-
Housing Assets Special Revenue Fund	-	17,012,352	10,134,889	1,452,108	1,489,009
Municipal improvements	-	-	-	-	-
Unrestricted	<u>127,557,614</u>	<u>123,689,932</u>	<u>181,493,275</u>	<u>183,279,880</u>	<u>184,788,078</u>
Total governmental activities net position	<u>288,426,820</u>	<u>297,504,700</u>	<u>475,800,883</u>	<u>464,445,193</u>	<u>460,380,724</u>
Business-type Activities:					
Net investment in capital assets	40,406,258	44,962,820	44,152,806	42,472,279	31,238,684
Unrestricted	<u>(1,319,738)</u>	<u>(7,690,616)</u>	<u>(12,029,929)</u>	<u>(13,401,066)</u>	<u>(23,655,581)</u>
Total business-type activities net position	<u>39,086,520</u>	<u>37,272,204</u>	<u>32,122,877</u>	<u>29,071,213</u>	<u>7,583,103</u>
Primary Government:					
Net investment in capital assets	169,724,906	173,251,632	327,565,561	320,769,857	303,951,779
Restricted For:					
Special revenue	-	1,473,481	759,964	1,312,017	-
Street and sewer related purposes	4,423,142	-	-	103,610	164,676
Transportation related purposes	1,254,083	-	-	-	1,081,590
Assessment districts	105,662	-	-	-	134,111
Miscellaneous grants	492,474	-	-	-	10,165
Asset replacement	25,275,197	-	-	-	-
Other post employment benefits	-	10,441,444	-	-	-
Debt Service	-	16,598,679	-	-	-
Housing Assets Special Revenue Fund	-	17,012,352	10,134,889	1,452,108	1,489,009
Municipal improvements	-	-	-	-	-
Unrestricted	<u>126,237,876</u>	<u>115,999,316</u>	<u>169,463,346</u>	<u>169,878,814</u>	<u>161,132,497</u>
Total primary government net position	<u>\$ 327,513,340</u>	<u>\$ 334,776,904</u>	<u>\$ 507,923,760</u>	<u>\$ 493,516,406</u>	<u>\$ 467,963,827</u>

City of Cerritos
Net Position By Component (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Governmental Activities:					
Net investment in capital assets	\$ 262,647,222	\$ 257,355,170	\$ 253,017,104	\$ 246,518,511	\$ 241,233,174
Restricted For:					
Special revenue	-	-	-	-	-
Street and sewer related purposes	107,002	105,332	190,120	202,392	87,816
Transportation related purposes	1,477,308	1,703,058	1,733,016	1,511,593	1,063,684
Assessment districts	127,306	84,023	19,625	-	-
Miscellaneous grants	10,458	1,210	1,396	677,241	816,046
Asset replacement	-	-	-	-	-
Other post employment benefits	-	-	-	-	-
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	4,406,831	9,462,617	20,447,575	22,359,381	22,765,009
Municipal improvements	-	-	-	623,506	589,480
Unrestricted	<u>138,360,180</u>	<u>97,927,171</u>	<u>131,068,266</u>	<u>115,756,640</u>	<u>127,204,497</u>
Total governmental activities net position	<u>407,136,307</u>	<u>366,638,581</u>	<u>406,477,102</u>	<u>387,649,264</u>	<u>393,759,706</u>
Business-type Activities:					
Net investment in capital assets	28,383,010	30,140,590	29,586,939	28,179,466	26,841,009
Unrestricted	<u>(29,675,894)</u>	<u>(35,033,489)</u>	<u>(40,994,526)</u>	<u>(44,018,815)</u>	<u>(45,440,520)</u>
Total business-type activities net position	<u>(1,292,884)</u>	<u>(4,892,899)</u>	<u>(11,407,587)</u>	<u>(15,839,349)</u>	<u>(18,599,511)</u>
Primary Government:					
Net investment in capital assets	291,030,232	287,495,760	282,604,043	274,697,977	268,074,183
Restricted For:					
Special revenue	-	-	-	-	-
Street and sewer related purposes	107,002	105,332	190,120	202,392	87,816
Transportation related purposes	1,477,308	1,703,058	1,733,016	1,511,593	1,063,684
Assessment districts	127,306	84,023	19,625	-	-
Miscellaneous grants	10,458	1,210	1,396	677,241	816,046
Asset replacement	-	-	-	-	-
Other post employment benefits	-	-	-	-	-
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	4,406,831	9,462,617	20,447,575	22,359,381	22,765,009
Municipal Improvements	-	-	-	623,506	589,480
Unrestricted	<u>108,684,286</u>	<u>62,893,682</u>	<u>90,073,740</u>	<u>71,737,825</u>	<u>81,763,977</u>
Total primary government net position	<u>\$ 405,843,423</u>	<u>\$ 361,745,682</u>	<u>\$ 395,069,515</u>	<u>\$ 371,809,915</u>	<u>\$ 375,160,195</u>

City of Cerritos
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Expenses:					
Legislative and administration	\$ 24,016,676	\$ 11,895,682	\$ 6,419,681	\$ 2,529,809	\$ 4,264,280
Community development	9,634,162	5,995,050	5,475,674	5,203,327	4,991,092
Public works	17,574,871	14,271,031	14,954,988	14,303,051	18,261,026
Water and power	503,095	180,845	254,155	22,232	3,431
Community and safety services	23,219,777	22,595,702	22,894,351	22,299,612	22,432,108
Administrative services	12,431,539	13,033,543	13,102,290	12,112,586	11,123,229
Cerritos Center for the Performing Arts	10,795,353	9,697,750	8,922,981	7,420,483	6,934,822
Unallocated infrastructure depreciation	1,058,317	908,341	918,541	938,514	895,164
Land transferred to developer	-	-	-	-	-
Interest expense	16,114,428	16,654,681	8,151,223	-	-
Total governmental activities expenses	<u>115,348,218</u>	<u>95,232,625</u>	<u>81,093,884</u>	<u>64,829,614</u>	<u>68,905,152</u>
Water and Sewer	9,690,959	11,575,152	9,448,471	7,886,861	10,764,211
Reclaimed water	1,351,283	1,086,647	895,664	1,001,303	976,476
Electric utility	6,524,284	11,428,662	8,720,028	6,966,208	6,872,487
Total business-type activities expenses	<u>17,566,526</u>	<u>24,090,461</u>	<u>19,064,163</u>	<u>15,854,372</u>	<u>18,613,174</u>
Total primary government expenses	<u>\$ 132,914,744</u>	<u>\$ 119,323,086</u>	<u>\$ 100,158,047</u>	<u>\$ 80,683,986</u>	<u>\$ 87,518,326</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Legislative and administration	\$ 8,990	\$ 7,623	\$ 142,846	\$ 18,057	\$ 4,682
Community development	1,472,210	1,055,373	1,268,682	935,105	2,756,838
Public works	924,062	767,444	130,209	139,144	175,944
Water and power	8,200	66,788	-	-	-
Community and safety services	3,724,638	3,864,946	3,526,634	3,857,319	3,587,773
Administrative services	1,313,723	1,237,313	1,259,756	1,237,470	191,295
Cerritos Center for the Performing Arts	4,620,793	4,558,285	4,058,413	3,473,035	3,707,910
Operating grants and contributions	11,297,870	8,711,464	8,279,618	6,120,017	4,931,724
Capital grants and contributions	613,790	-	-	-	155,321
Total governmental activities program revenues	<u>23,984,276</u>	<u>20,269,236</u>	<u>18,666,158</u>	<u>15,780,147</u>	<u>15,511,487</u>
Business-type activities:					
Charges for services:					
Water and Sewer	7,032,634	7,828,759	7,863,166	7,548,709	7,639,804
Reclaimed water	698,021	838,548	890,786	885,922	1,177,437
Electric utility	4,637,710	4,556,861	5,012,358	4,260,721	5,343,831
Capital grants and contributions	109,677	95,360	125,956	78,771	113,913
Total business-type activities program revenues	<u>12,478,042</u>	<u>13,319,528</u>	<u>13,892,266</u>	<u>12,774,123</u>	<u>14,274,985</u>
Total primary government program revenues	<u>\$ 36,462,318</u>	<u>\$ 33,588,764</u>	<u>\$ 32,558,424</u>	<u>\$ 28,554,270</u>	<u>\$ 29,786,472</u>
Net revenue (expense):					
Governmental activities	\$ (91,363,942)	\$ (74,963,389)	\$ (62,427,726)	\$ (49,049,467)	\$ (53,393,665)
Business-type activities	(5,088,484)	(10,770,933)	(5,171,897)	(3,080,249)	(4,338,189)
Total primary government net expense	<u>\$ (96,452,426)</u>	<u>\$ (85,734,322)</u>	<u>\$ (67,599,623)</u>	<u>\$ (52,129,716)</u>	<u>\$ (57,731,854)</u>

City of Cerritos
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Expenses:					
Governmental activities:					
Legislative and administration	\$ 4,883,485	\$ 2,465,291	\$ 2,378,754	\$ 2,518,689	\$ 2,713,829
Community development	7,085,991	7,917,327	6,622,743	5,917,823	6,097,709
Public works	16,714,186	17,268,089	15,966,555	21,639,916	19,110,998
Water and power	2,180	142,503	196,486	14,177	19,465
Community and safety services	24,290,009	23,633,551	22,361,018	26,170,530	26,799,680
Administrative services	11,173,285	12,390,186	11,933,909	13,636,432	14,048,665
Cerritos Center for the Performing Arts	6,891,247	6,821,863	6,928,938	9,142,656	9,041,953
Unallocated infrastructure depreciation	917,259	934,773	932,215	851,011	861,393
Land transferred to developer	-	-	-	-	-
Interest expense	-	-	-	-	-
Total governmental activities expenses	<u>71,957,642</u>	<u>71,573,583</u>	<u>67,320,618</u>	<u>79,891,234</u>	<u>78,693,692</u>
Water and Sewer	12,015,738	12,318,355	14,418,126	12,685,248	12,778,281
Reclaimed water	1,361,003	1,222,306	1,182,692	1,265,363	1,178,977
Electric utility	7,264,654	6,573,374	5,785,529	6,685,111	5,857,811
Total business-type activities expenses	<u>20,641,395</u>	<u>20,114,035</u>	<u>21,386,347</u>	<u>20,635,722</u>	<u>19,815,069</u>
Total primary government expenses	<u>\$ 92,599,037</u>	<u>\$ 91,687,618</u>	<u>\$ 88,706,965</u>	<u>\$ 100,526,956</u>	<u>\$ 98,508,761</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Legislative and administration	\$ 12,817	\$ 9,582	\$ 10,691	\$ 5,451	\$ 4,207
Community development	2,350,352	1,982,017	1,464,701	2,456,567	2,742,819
Public works	146,802	199,911	212,402	605,302	269,137
Water and power	-	-	-	-	-
Community and safety services	3,416,288	3,192,486	2,646,060	2,553,410	2,358,219
Administrative services	268,741	318,424	305,357	283,063	270,528
Cerritos Center for the Performing Arts	3,705,534	3,407,864	4,320,222	5,739,821	6,088,635
Operating grants and contributions	5,390,206	5,085,014	6,211,435	6,124,018	5,983,320
Capital grants and contributions	163,464	2,730,681	66,852	237,883	187,606
Total governmental activities program revenues	<u>15,454,204</u>	<u>16,925,979</u>	<u>15,237,720</u>	<u>18,005,515</u>	<u>17,904,471</u>
Business-type activities:					
Charges for services:					
Water and Sewer	9,039,367	7,652,183	8,750,301	9,820,648	10,190,126
Reclaimed water	1,213,014	3,282,140	1,087,403	1,173,266	945,186
Electric utility	6,274,036	5,262,263	4,357,671	5,347,675	4,627,162
Capital grants and contributions	282,624	320,264	662,073	55,658	139,161
Total business-type activities program revenues	<u>16,809,041</u>	<u>16,516,850</u>	<u>14,857,448</u>	<u>16,397,247</u>	<u>15,901,635</u>
Total primary government program revenues	<u>\$ 32,263,245</u>	<u>\$ 33,442,829</u>	<u>\$ 30,095,168</u>	<u>\$ 34,402,762</u>	<u>\$ 33,806,106</u>
Net revenue (expense):					
Governmental activities	\$ (56,503,438)	\$ (54,647,604)	\$ (52,082,898)	\$ (61,885,719)	\$ (60,789,221)
Business-type activities	(3,832,354)	(3,597,185)	(6,528,899)	(4,238,475)	(3,913,434)
Total primary government net expense	<u>\$ (60,335,792)</u>	<u>\$ (58,244,789)</u>	<u>\$ (58,611,797)</u>	<u>\$ (66,124,194)</u>	<u>\$ (64,702,655)</u>

City of Cerritos
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
General revenues and other changes in net position:					
Governmental Activities:					
Taxes:					
Sales taxes	\$ 17,166,138	\$ 20,486,099	\$ 23,036,906	\$ 26,306,965	\$ 26,719,271
Property taxes	34,842,837	35,034,773	18,611,602	6,756,462	5,179,470
Motor vehicle taxes	4,382,067	4,451,226	4,336,940	4,451,795	4,585,486
Franchise taxes	1,498,545	1,487,320	1,547,794	1,531,153	1,642,819
Transient occupancy taxes	356,119	398,620	445,413	460,809	504,289
Other taxes	286,895	262,970	385,743	473,120	326,668
Gain (Loss) on disposal of capital assets	-	-	-	-	-
Investment and rental income	20,581,624	19,458,284	13,473,853	7,767,576	10,327,623
Miscellaneous	1,132,936	621,736	125,248	54,991	43,570
Gain on dissolution of the former Cerritos Redevelopment Agency	-	-	170,091,874	-	-
Settlement disbursement from the City due to the dissolution of Cerritos Redevelopment Agency	-	-	-	(10,109,094)	-
Adjustment to amount due from Successor Agency	-	-	-	-	-
Gain due to payment of Long Range Property Management Plan	-	-	-	-	-
Loss due to elimination of pension obligation due from Successor Agency	-	-	-	-	-
Transfers	-	242,091	8,668,536	-	-
Total governmental activities	80,247,161	82,443,119	240,723,909	37,693,777	49,329,196
Business-type activities:					
Investment and rental income	97,855	71,130	22,570	28,585	14,366
Gain (loss) on sale of assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	-	(242,091)	-	-	-
Special Item and Extraordinary Item:					
Special item - Water assessment payment	-	-	-	-	(4,908,733)
Extraordinary item - Transfer of Magnolia debt from Successor Agency to the City	-	-	-	-	(12,255,554)
Total business-type activities	97,855	(170,961)	22,570	28,585	(17,149,921)
Total primary government	\$ 80,345,016	\$ 82,272,158	\$ 240,746,479	\$ 37,722,362	\$ 32,179,275
Changes in net position:					
Governmental activities	\$ (11,116,781)	\$ 7,479,730	\$ 178,296,183	\$ (11,355,690)	\$ (4,064,469)
Business-type activities	(4,990,629)	(10,941,894)	(5,149,327)	(3,051,664)	(21,488,110)
Total primary government	\$ (16,107,410)	\$ (3,462,164)	\$ 173,146,856	\$ (14,407,354)	\$ (25,552,579)

City of Cerritos
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
General revenues and other changes in net position:					
Governmental Activities:					
Taxes:					
Sales taxes	\$ 27,071,289	\$ 32,846,913	\$ 33,689,474	\$ 33,607,144	\$ 34,780,357
Property taxes	10,279,496	11,278,384	11,986,780	11,894,249	12,419,886
Motor vehicle taxes	-	-	-	-	-
Franchise taxes	1,711,848	1,717,909	2,570,777	2,565,011	2,410,064
Transient occupancy taxes	697,835	1,129,526	1,187,002	1,214,387	1,045,417
Other taxes	1,336,488	1,392,520	1,310,269	1,481,476	1,566,031
Gain (Loss) on disposal of capital assets	-	-	-	(1,741,736)	-
Investment and rental income	9,596,362	10,020,263	9,482,419	10,151,736	13,120,657
Miscellaneous	321,260	1,668,528	234,179	60,031	108,425
Gain on dissolution of the former Cerritos Redevelopment Agency	-	-	-	-	-
Settlement disbursement from the City due to the dissolution of Cerritos Redevelopment Agency	-	-	-	-	-
Adjustment to amount due from Successor Agency	-	(45,904,165)	7,425,305	7,685,002	-
Gain due to payment of Long Range Property Management Plan	-	-	28,734,470	-	-
Loss due to elimination of pension obligation due from Successor Agency	-	-	(4,699,256)	-	-
Transfers	-	-	-	(19,201)	(858,370)
Total governmental activities	51,014,578	14,149,878	91,921,419	66,898,099	64,592,467
Business-type activities:					
Investment and rental income	16,312	(2,830)	14,211	20,018	80,570
Gain (loss) on sale of assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	19,201	858,370
Special Item and Extraordinary Item:					
Special item - Water assessment payment	-	-	-	-	-
Extraordinary item - Transfer of Magnolia debt from Successor Agency to the City	-	-	-	-	-
Total business-type activities	16,312	(2,830)	14,211	39,219	938,940
Total primary government	\$ 51,030,890	\$ 14,147,048	\$ 91,935,630	\$ 66,937,318	\$ 65,531,407
Changes in net position:					
Governmental activities	\$ (5,488,860)	\$ (40,497,726)	\$ 39,838,521	\$ 5,012,380	\$ 3,803,246
Business-type activities	(3,816,042)	(3,600,015)	(6,514,688)	(4,199,256)	(2,974,494)
Total primary government	\$ (9,304,902)	\$ (44,097,741)	\$ 33,323,833	\$ 813,124	\$ 828,752

City of Cerritos
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
General fund:					
Reserved	\$ 102,622,950	\$ -	\$ -	\$ -	\$ -
Unreserved	80,477,124	-	-	-	-
Nonspendable	-	90,135,195	57,906,335	60,663,598	65,838,456
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	14,150,052	21,941,464	22,203,228	24,017,566
Unassigned	-	71,056,060	67,305,842	63,903,057	57,595,524
Total general fund	<u>\$ 183,100,074</u>	<u>\$ 175,341,307</u>	<u>\$ 147,153,641</u>	<u>\$ 146,769,883</u>	<u>\$ 147,451,546</u>
All other governmental funds:					
Reserved	\$ 1,953,330	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,275,361	-	-	-	-
Debt service funds	(66,053,156)	-	-	-	-
Capital projects funds	23,322,838	-	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	46,965,999	20,046,362	10,538,217	10,550,033
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(75,915,744)	(118,798)	-	(15,000)
Total all other governmental funds	<u>\$ (34,501,627)</u>	<u>\$ (28,949,745)</u>	<u>\$ 19,927,564</u>	<u>\$ 10,538,217</u>	<u>\$ 10,535,033</u>
	(a)	(b)			

- (a) Fiscal year 2010 included the Sewer Fund as part of the Nonmajor Governmental Funds. Beginning with 2010-2011, it was reclassified as an Enterprise Fund.
- (b) The City implemented GASB Statement 54 in Fiscal Year 2010-2011 which changed the Fund Balance categories to Restricted, Committed, Assigned or Unassigned.

City of Cerritos
Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
General fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	68,888,425	80,996,354	85,283,586	92,244,370	93,926,824
Restricted	-	-	-	145,795	249,694
Committed	-	-	-	-	-
Assigned	24,372,415	21,416,153	23,113,474	16,804,229	17,378,130
Unassigned	61,925,251	57,367,241	42,477,041	50,739,188	58,080,616
Total general fund	<u>\$ 155,186,091</u>	<u>\$ 159,779,748</u>	<u>\$ 150,874,101</u>	<u>\$ 159,933,582</u>	<u>\$ 169,635,264</u>
All other governmental funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	-	-	-	-	167,794
Restricted	10,984,798	11,356,240	22,391,732	25,228,318	25,874,777
Committed	-	-	-	-	-
Assigned	-	-	-	1,549,968	1,549,967
Unassigned	-	-	-	-	(37,784)
Total all other governmental funds	<u>\$ 10,984,798</u>	<u>\$ 11,356,240</u>	<u>\$ 22,391,732</u>	<u>\$ 26,778,286</u>	<u>\$ 27,554,754</u>

City of Cerritos
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Property, sales, and other taxes	\$ 52,651,959	\$ 55,981,782	\$ 42,406,274	\$ 32,956,476	\$ 32,729,379
Licenses and permits	1,913,968	1,869,739	1,836,228	1,876,262	2,776,265
Fines and forfeitures	1,103,441	1,305,871	1,048,029	1,161,194	1,032,869
Investment and rental income	19,768,319	18,625,601	12,279,439	7,759,099	10,678,378
Revenues from other agencies	16,614,010	15,708,684	42,497,203	10,184,713	9,494,456
Current fees and services	7,090,018	6,989,711	6,889,141	6,303,623	5,912,674
Franchise	1,504,852	1,566,675	1,629,285	1,601,601	1,724,318
Other revenues	1,848,075	789,502	978,588	1,522,350	492,344
Total revenues	<u>102,494,642</u>	<u>102,837,565</u>	<u>109,564,187</u>	<u>63,365,318</u>	<u>64,840,683</u>
Expenditures:					
Current:					
Legislative and administration	21,357,884	11,348,362	5,920,780	2,093,625	4,078,994
Community development	4,657,802	7,723,995	34,261,653	5,233,924	5,128,714
Public works	16,127,237	14,111,947	15,049,370	14,825,564	16,303,401
Water and power	105,823	175,593	288,595	17,140	-
Community and safety services	21,351,962	21,157,439	21,797,914	22,150,378	22,265,436
Administrative services	10,646,488	11,300,202	11,557,115	11,005,650	10,063,366
Cerritos Center for the Performing Arts	8,781,832	8,054,469	7,413,896	6,168,778	5,614,248
Land transferred to developer	-	-	-	-	-
Capital outlay	18,533,849	14,717,173	913,455	1,534,270	708,045
Prefund other post employment benefits obligation	-	-	-	-	-
Debt service:					
Principal retirement	7,260,000	7,712,500	8,095,000	-	-
Interest	16,261,275	16,736,956	7,816,850	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>125,084,152</u>	<u>113,038,636</u>	<u>113,114,628</u>	<u>63,029,329</u>	<u>64,162,204</u>
Excess of revenues over (under) expenditures	<u>(22,589,510)</u>	<u>(10,201,071)</u>	<u>(3,550,441)</u>	<u>335,989</u>	<u>678,479</u>
Other Financing Sources (Uses):					
Transfers in	25,559,016	3,207,464	6,044,861	3,495,893	2,538,165
Transfers out	(25,559,016)	(2,965,373)	(6,044,861)	(3,495,893)	(2,538,165)
Transfers in/(from) fiduciary funds	-	-	8,668,536	-	-
Settlement payment from City of Cerritos for the dissolution of the former Cerritos Redevelopment Agency	-	-	-	(10,109,094)	-
Issuance of debt	-	-	-	-	-
Proceeds from sale of assets	-	11,000,000	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>11,242,091</u>	<u>8,668,536</u>	<u>(10,109,094)</u>	<u>-</u>
Net change in fund balances before extraordinary item	(22,589,510)	1,041,020	5,118,095	(9,773,105)	678,479
SPECIAL ITEM					
Adjustment to amount due from Successor Agency	-	-	-	-	-
Payments to Successor Agency	-	-	-	-	-
Gain (loss) on dissolution of the former Cerritos Redevelopment Agency	-	-	15,571,548	-	-
Net Change in fund balances	<u>\$ (22,589,510)</u>	<u>\$ 1,041,020</u>	<u>\$ 20,689,643</u>	<u>\$ (9,773,105)</u>	<u>\$ 678,479</u>
Debt service as a percentage of noncapital expenditures	21.46%	24.87%	14.18%	0.00%	0.00%

(a)

(a) Long-term debt was transferred to the Successor Agency on February 1, 2012. The Successor Agency is not considered a component unit for the City, thus the debt payments are disclosed in the Fiduciary Funds section of this report.

City of Cerritos
Changes in Fund Balances of Governmental Funds (Continued)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues:					
Property, sales, and other taxes	\$ 38,334,188	\$ 45,498,217	\$ 47,087,509	\$ 47,005,564	\$ 48,597,758
Licenses and permits	3,299,686	3,118,986	2,497,839	3,560,686	2,934,132
Fines and forfeitures	947,802	845,664	591,148	571,017	530,924
Investment and rental income	10,295,743	10,659,119	10,272,458	11,288,748	15,003,339
Revenues from other agencies	5,590,887	4,621,525	5,989,277	5,925,146	5,977,632
Current fees and services	5,683,067	5,313,010	5,897,715	6,858,320	7,187,142
Franchise	1,792,320	1,811,958	2,666,159	2,649,011	2,494,064
Other revenues	525,089	2,540,878	653,766	814,690	621,282
Total revenues	<u>66,468,782</u>	<u>74,409,357</u>	<u>75,655,871</u>	<u>78,673,182</u>	<u>83,346,273</u>
Expenditures:					
Current:					
Legislative and administration	1,891,392	1,899,115	2,054,772	1,956,223	1,902,399
Community development	5,217,726	6,274,695	7,261,751	5,796,124	5,937,964
Public works	16,304,994	17,953,430	18,980,316	20,983,741	18,679,980
Water and power	-	-	-	-	-
Community and safety services	22,266,516	22,494,774	23,276,405	24,343,700	24,790,812
Administrative services	9,274,520	10,608,147	11,281,082	12,140,106	12,321,143
Cerritos Center for the Performing Arts	5,123,608	5,321,948	6,062,322	7,448,010	7,316,611
Land transferred to developer	-	-	-	-	-
Capital outlay	2,050,716	2,113,290	1,034,683	2,787,119	1,060,844
Prefund other post employment benefits obligation	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>62,129,472</u>	<u>66,665,399</u>	<u>69,951,331</u>	<u>75,455,023</u>	<u>72,009,753</u>
Excess of revenues over (under) expenditures	<u>4,339,310</u>	<u>7,743,958</u>	<u>5,704,540</u>	<u>3,218,159</u>	<u>11,336,520</u>
Other Financing Sources (Uses):					
Transfers in	4,011,926	6,693,682	5,759,097	10,632,340	5,116,101
Transfers out	(4,011,926)	(6,693,682)	(5,759,097)	(9,187,181)	(5,974,471)
Transfers in/(from) fiduciary funds	-	-	-	-	-
Settlement payment from City of Cerritos for the dissolution of the former Cerritos Redevelopment Agency	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Proceeds from sale of assets	3,845,000	3,390,836	-	1,097,715	-
Total other financing sources (uses)	<u>3,845,000</u>	<u>3,390,836</u>	<u>-</u>	<u>2,542,874</u>	<u>(858,370)</u>
Net change in fund balances before extraordinary item	8,184,310	11,134,794	5,704,540	5,761,033	10,478,150
EXTRAORDINARY ITEM					
Adjustment to amount due from Successor Agency	-	(6,169,695)	7,425,305	7,685,002	-
Payments to Successor Agency	-	-	(11,000,000)	-	-
Gain (loss) on dissolution of the former Cerritos Redevelopment Agency	-	-	-	-	-
Net Change in fund balances	<u>\$ 8,184,310</u>	<u>\$ 4,965,099</u>	<u>\$ 2,129,845</u>	<u>\$ 13,446,035</u>	<u>\$ 10,478,150</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

City of Cerritos
Governmental Activities (1) Revenues by Sources
Last Ten Fiscal Years

Fiscal Year	Sales Tax	Franchise	Other Taxes	Business Licenses	Building Permits	Other Licenses and Permits
2009-10	\$ 17,166,108	\$ 1,504,852	\$ 35,485,851	\$ 882,434	\$ 1,024,714	\$ 6,820
2010-11	20,285,419	1,566,675	35,696,363	902,240	950,874	16,625
2011-12	22,963,706	1,629,285	19,442,568	914,548	906,265	15,415
2012-13	26,089,265	1,601,601	6,867,211	926,774	922,389	27,099
2013-14	26,719,271	1,724,318	6,010,108	1,019,504	1,723,137	33,624
2014-15	27,071,289	1,792,320	11,262,899	1,027,101	2,240,780	31,805
2015-16	32,846,913	1,811,958	12,651,304	1,128,964	1,948,542	41,480
2016-17	33,689,474	2,666,159	13,398,035	1,063,850	1,397,633	36,356
2017-18	33,607,144	2,565,011	13,375,725	1,165,354	2,085,196	310,136
2018-19	34,780,357	2,494,064	13,817,401	1,190,631	1,673,590	69,911

(1) Includes General, Special Revenue, Debt Service, and Capital Projects funds.

City of Cerritos
Governmental Activities (1) Revenues by Sources (Continued)
Last Ten Fiscal Years

Fiscal Year	Fines and Forfeitures	Investment and Rental Income	Charges For Services	From Other Agencies	Other	Totals
2009-10	\$ 1,103,441	\$ 19,768,319	\$ 7,090,018	\$ 16,614,010	\$ 1,848,075	\$ 102,494,642
2010-11	1,305,871	18,625,600	6,989,712	13,810,180	895,396	101,044,955
2011-12	1,048,029	12,279,439	6,889,141	42,497,203	978,588	109,564,187
2012-13	1,161,194	7,759,099	6,303,623	10,184,713	1,522,350	63,365,318
2013-14	1,032,869	10,678,378	5,912,674	9,494,456	492,344	64,840,683
2014-15	947,802	10,295,743	5,683,067	5,590,887	525,089	66,468,782
2015-16	845,664	10,659,119	5,313,010	4,621,525	2,540,878	74,409,357
2016-17	591,148	10,272,458	5,897,715	5,989,277	653,766	75,655,871
2017-18	571,017	11,288,748	6,858,320	5,925,146	921,385	78,673,182
2018-19	530,924	15,003,339	7,187,142	5,977,632	621,282	83,346,273

(1) Includes General, Special Revenue, Debt Service, and Capital Projects funds.

City of Cerritos
Assessed Value of Taxable Property
Last Ten Fiscal Years

Category	Fiscal Year				
	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Residential	\$ 4,539,269,735	\$ 4,580,132,941	\$ 4,729,519,127	\$ 4,853,973,263	\$ 4,977,340,010
Commercial	1,366,103,446	1,323,612,342	1,319,237,463	1,328,300,323	1,375,986,165
Industrial	952,870,116	948,998,591	956,167,409	998,702,972	1,059,593,438
Government	-	-	-	-	-
Institutional	20,572,239	19,001,598	21,387,674	22,968,422	33,259,181
Irrigated	340	338	340	346	352
Miscellaneous	-	-	-	-	-
Recreational	6,786,944	6,770,857	6,821,840	6,958,275	7,097,438
Vacant land	5,495,684	3,313,710	8,219,218	7,626,840	9,771,184
SBE nonunitary	2,597,624	2,597,624	2,597,624	2,597,624	2,597,624
Possessory interest	13,854,359	11,602,663	36,268,951	41,094,458	39,836,710
Unsecured	309,113,020	283,995,026	288,845,948	301,477,458	295,052,199
Exempt	(39,947,438)	(32,985,082)	(44,055,369)	(38,989,358)	(38,989,210)
Unknown	-	-	-	-	-
Subtotal	7,176,716,069	7,147,040,608	7,325,010,225	7,524,710,623	7,761,545,091
Add back exempt	39,947,438	32,985,082	44,055,369	38,989,358	38,989,210
Grand Total	<u>\$ 7,216,663,507</u>	<u>\$ 7,180,025,690</u>	<u>\$ 7,369,065,594</u>	<u>\$ 7,563,699,981</u>	<u>\$ 7,800,534,301</u>
Total Direct Rate	0.48569%	0.48117%	0.48243%	0.48023%	0.08552%

City of Cerritos
Assessed Value of Taxable Property (Continued)
Last Ten Fiscal Years

Category	Fiscal Year				
	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Residential	\$ 5,198,430,172	\$ 5,452,662,517	\$ 5,664,862,220	\$ 5,985,120,470	\$ 6,262,589,166
Commercial	1,451,612,802	1,461,715,583	1,564,664,100	1,608,072,241	1,653,321,928
Industrial	1,039,888,633	1,064,647,720	1,136,434,293	1,204,290,890	1,250,629,963
Government	-	-	-	-	-
Institutional	24,120,806	24,598,861	38,647,793	29,800,634	45,245,961
Irrigated	352	358	362	368	374
Miscellaneous	-	-	-	-	-
Recreational	7,129,658	7,272,107	9,778,502	9,974,070	10,173,550
Vacant land	10,108,450	7,847,824	7,874,148	8,866,218	10,498,383
SBE nonunitary	2,597,624	2,597,624	2,597,624	1,090,020	1,090,020
Possessory interest	39,800,342	41,108,313	41,346,564	42,421,550	44,897,673
Unsecured	302,637,567	304,132,822	328,708,158	348,141,264	358,754,897
Exempt	(38,720,924)	(44,654,722)	(41,020,226)	(38,894,002)	(38,740,873)
Unknown	-	-	44	-	-
Subtotal	8,037,605,482	8,321,929,007	8,753,893,582	9,198,883,723	9,598,461,042
Add back exempt	38,720,924	44,654,722	41,020,226	38,894,002	38,740,873
Grand Total	<u>\$ 8,076,326,406</u>	<u>\$ 8,366,583,729</u>	<u>\$ 8,794,913,808</u>	<u>\$ 9,237,777,725</u>	<u>\$ 9,637,201,915</u>
Total Direct Rate	0.08558%	0.08565%	0.08572%	0.08572%	0.08575%

City of Cerritos
Direct and Overlapping Property Tax Rates
(Per \$100 of Taxable Value)
Last Ten Fiscal Years

Fiscal Year	Basic Tax Levy	Los Angeles County	School District	Sanitation/ Flood Control	Water District	Totals	Total Direct Rate (a)
2010	1.0000	.0000	.0455	.0000	.0043	1.0498	0.48569
2011	1.0000	.0000	.0560	.0000	.0037	1.0597	0.48117
2012	1.0000	.0000	.0464	.0000	.0037	1.0501	0.48243
2013	1.0000	.0000	.0505	.0000	.0035	1.0540	0.48023
2014	1.0000	.0000	.0875	.0000	.0035	1.0910	0.08552
2015	1.0000	.0000	.1236	.0000	.0035	1.1271	0.08558
2016	1.0000	.0000	.1232	.0000	.0035	1.1267	0.08730
2017	1.0000	.0000	.1293	.0000	.0035	1.1328	0.08572
2018	1.0000	.0000	.1253	.0000	.0035	1.1288	0.08572
2019	1.0000	.0000	.1252	.0000	.0035	1.1287	0.08609

(a) Because basic and debt rates vary by tax rate area, individual rates cannot be summed.

The Total Direct Rate is the weighted average of all individual direct rates applied by the government.

City of Cerritos
Ten Largest Secured Taxpayers
Current Year and Nine Years Ago

Property Owner	Property Description	2018-19		2009-10	
		Assessed Valuations	Percentage of Total (1)	Assessed Valuations	Percentage of Total (1)
City of Cerritos	Commercial	\$ 395,041,284	4.10%	\$ -	0.00%
Macerich Cerritos LLC	Commercial	347,694,214	3.61%	-	0.00%
ICON Owner Pool 1 LA Non-Bus	Industrial	158,059,176	1.64%	-	0.00%
Teachers Insurance and Annuity Assoc.	Industrial	90,377,383	0.94%	-	0.00%
TPG Cerritos Acquisition, LLC	Residential	88,836,738	0.92%	-	0.00%
Cerritos Retail Centercal, LLC	Commercial	74,706,007	0.78%	-	0.00%
SBMC Cerritos, LLC	Industrial	52,785,000	0.55%	-	0.00%
Cerritos Redevelopment Agency LSR	Commercial	49,939,200	0.52%	-	0.00%
Cerritos Park, LLC	Industrial	46,338,382	0.48%	-	0.00%
JCC California Properties, LLC	Industrial	43,608,730	0.45%	-	0.00%
Macerich Cerritos LLC	Commercial	-	0.00%	241,329,532	3.34%
Walton CWCA O'Donnell Cerritos	Industrial	-	0.00%	132,130,800	1.83%
Maguire Partners, Inc.	Office Building	-	0.00%	90,521,041	1.25%
Cerritos Towne Center LLC Lessee	Commercial	-	0.00%	73,117,209	1.01%
Cerritos Office Center	Commercial	-	0.00%	64,891,280	0.90%
Cerritos Best Plaza, LLC	Commerical	-	0.00%	63,484,626	0.88%
TA Western, LLC	Industrial	-	0.00%	60,185,083	0.83%
Cerritos Coporate Tower, LLP	Office Building	-	0.00%	49,050,000	0.68%
Cerritos Promenade LLC	Commercial	-	0.00%	45,462,150	0.63%
Bloomfield Cerritos Associates LLC	Commercial	-	0.00%	43,730,000	0.61%
		<u>\$ 1,347,386,114</u>	<u>13.98%</u>	<u>\$ 863,901,721</u>	<u>11.96%</u>
(1) 2018-19 and 2009-10 total secured assessed valuation is		<u>\$ 9,637,201,915</u>		<u>\$ 7,216,663,507</u>	

City of Cerritos
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Property Tax Collections
2009-10	\$ 32,144,708
2010-11	32,346,242
2011-12	14,732,189
2012-13	-
2013-14	-
2014-15	-
2015-16	-
2016-17	-
2017-18	-
2018-19	-

Note: Through fiscal year 2011-2012, this table represents tax increment revenues received by the Cerritos Redevelopment Agency representing the increase in valuation of the redevelopment project areas over the base year, 1969-70. The City of Cerritos does not levy a direct property tax. Detailed information regarding the property tax collection specifically the amount of each year's levy, collections as of the end of the levy year, collections as of the end of the levy year as a percentage of the levy, collections in subsequent years, and total collections to date are unavailable as disclosed by the taxing agency.

On February 1, 2012, the Cerritos Redevelopment Agency was dissolved, the information listed above is related to property tax collections for the period July 1, 2012 to January 31, 2012. Property tax collections received by the Successor Agency to the Cerritos Redevelopment Agency (SA) for the period after February 1, 2012 are not reflected due to the fact that it is not a component unit of the City.

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City of Cerritos
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					
	Los Cerritos Redevelopment Project Revenue Bonds	Los Coyotes Redevelopment Project Revenue Bonds	Los Cerritos Redevelopment Project Note Payable	Add (Less) Deferred Amounts		
				Bond Premium	Bond Discount	Deferred Charge on Refunding
2009-10	\$ 39,763,125	\$ 127,389,375	\$ 1,025,000	\$ 4,293,775	\$ (862,885)	\$ (1,843,196)
2010-11	37,086,250	122,353,750	1,025,000	3,987,076	(801,256)	(1,701,411)
2011-12	-	-	-	-	-	-
2012-13	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-

Note: Details regarding the outstanding debt can be found in the notes to the basic financial statements.

(a) Not available.

City of Cerritos
Ratios of Outstanding Debt by Type (Continued)
Last Ten Fiscal Years

Fiscal Year	Business-Type Activities		Total Primary Government	Population	Total Debt per Capita	% of Personal Income
	SCPPA - Los Cerritos Project 2003 Issue, Series B Revenue Bonds	SCPPA - Los Coyotes Project 2003 Issue, Series B Revenue Bonds				
2009-10	\$ -	\$ -	\$ 169,765,194	52,249	\$ 3,249	7.775%
2010-11	-	-	161,949,409	49,041	3,302	7.758%
2011-12	-	-	- (b)	49,223	-	(a)
2012-13	-	-	- (b)	49,470	-	(a)
2013-14	2,976,250 (c)	8,928,750 (c)	11,905,000	49,741	239	(a)
2014-15	2,903,750 (c)	8,711,250 (c)	11,615,000	49,968	232	(a)
2015-16	2,828,750 (c)	8,486,250 (c)	11,315,000	49,412	229	(a)
2016-17	2,751,250 (c)	8,253,750 (c)	11,005,000	50,039	220	(a)
2017-18	2,671,250 (c)	8,013,750 (c)	10,685,000	50,058	213	(a)
2018-19	2,587,500 (c)	7,762,500 (c)	10,350,000	50,711	204	(a)

Note: Details regarding the outstanding debt can be found in the notes to the basic financial statements.

- (a) Not available.
- (b) Long-term debt was transferred to the Successor Agency on February 1, 2012. The Successor Agency is not considered a component unit for the City, thus the debt is disclosed in the Fiduciary Funds section of this report.
- (c) On August 14, 2013, the State of California Department of Finance submitted a final determination that the Magnolia Bonds, 2003 Issue - Series B was denied as an enforceable obligation of the Successor Agency. The Magnolia debt was transferred to the City's Electric Fund as of July 1, 2013.

City of Cerritos
Schedule of Direct and Overlapping Bonded Debt
June 30, 2019

2018-19 Assessed Valuation: \$9,637,201,915

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt (3) 6/30/2019	% Applicable (1)	City's Share of Debt 6/30/19
Los Angeles County Flood Control District	\$ 48,050,000	0.330%	\$ 158,565
Cerritos Community College District	413,451,990	20.209	83,554,513
ABC Unified School District	26,476,267	60.573	16,037,469
Bellflower Unified School District	76,275,000	3.941	3,005,998
Los Angeles County Regional Park and Open Space Assessment District	13,620,000	0.635	86,487
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 102,843,032
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Los Angeles County General Fund Obligations	\$2,153,701,630	0.635%	\$13,676,005
Los Angeles County Superintendent of Schools Certificates of Participation	5,827,868	0.635	37,007
Bellflower Unified School District Certificates of Participation	13,320,000	3.941	524,941
City of Cerritos General Fund Obligations	0	100	0
Los Angeles County Sanitation District No. 2 Authority	8,643,620	0.907	78,398
Los Angeles County Sanitation District No. 3 Authority	6,567,790	0.349	22,922
Los Angeles County Sanitation District No. 18 Authority	4,832,260	7.173	346,618
Los Angeles County Sanitation District No. 19 Authority	1,556,873	44.633	694,879
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$15,380,770
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$68,540,000	100%	\$80,580,000
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$186,763,802
COMBINED TOTAL DEBT			\$186,763,802 (2)

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Overlapping Tax and Assessment Debt	1.07%
Total Direct Debt	0.00%
Combined Total Debt	1.94%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$4,337,002,235):

Total Overlapping Tax Increment Debt	1.58%
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Source: California Municipal Statistics, Inc.

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City of Cerritos
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Limit	\$ 1,089,326,156	\$ 1,084,570,960	\$ 1,112,986,620	\$ 1,142,098,479	\$ 1,176,293,833
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 1,089,326,156</u>	<u>\$ 1,084,570,960</u>	<u>\$ 1,112,986,620</u>	<u>\$ 1,142,098,479</u>	<u>\$ 1,176,293,833</u>
Total net debt applicable to the limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Note Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of 165-168

City of Cerritos
Legal Debt Margin Information (Continued)
Last Ten Fiscal Years

	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2017-18
Debt Limit	\$ 1,219,571,424	\$ 1,263,255,833	\$ 1,326,564,282	\$ 1,394,812,766	\$ 1,455,035,525
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 1,219,571,424</u>	<u>\$ 1,263,255,833</u>	<u>\$ 1,326,564,282</u>	<u>\$ 1,394,812,766</u>	<u>\$ 1,455,035,525</u>
Total net debt applicable to the limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2018-2019:					
Assessed value					\$ 9,637,201,915
Add back: exempt real property					<u>63,034,917</u>
Total assessed value					<u>\$ 9,700,236,832</u>
Debt limit (15% of total assessed value)					\$ 1,455,035,525
Debt applicable to limit					<u>-</u>
Legal debt margin					<u>\$ 1,455,035,525</u>

Note Section 43605 of the Government Code of the State of California limits the amount of indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City.

City of Cerritos
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Per Capita Personal Income (in thousands)	Personal Income (2) *	City Unemployment Rate (3)
2009-10	52,249	41,791	2,183,538	6.70%
2010-11	49,041	42,564	2,087,381	6.80%
2011-12	49,223	47,743	2,350,054	6.00%
2012-13	49,470	48,425	2,395,585	5.90%
2013-14	49,741	50,751	2,524,405	5.40%
2014-15	49,968	54,526	2,724,555	5.20%
2015-16	49,412	57,160	2,824,390	3.90%
2016-17	50,039	(a)	(a)	3.60%
2017-18	50,058	(a)	(a)	4.50%
2018-19	50,711	(a)	(a)	3.90%

*Based on Los Angeles County personal income data
(a) Not Available

Sources: (1) City of Cerritos
(2) Bureau of Economic Analysis
(3) State of California, Labor Market Information, Data Library

City of Cerritos
Full-Time and Part-Time City Employees
By Function
Last Ten Fiscal Years

Department	2009-10	2010-11	2011-12	2012-13	2013-14 (a)	2014-15 (a)	2015-16 (a)	2016-17 (a)	2017-18 (a)	2018-19 (a)
Legislative and administration	9	9	8	8	7	7	7	6	7	6
Community Development	20	20	19	18	17	17	18	17	19	17
Public Works	96	90	84	78	71	69	67	68	72	65
Water and Power	17	17	17	15	14	13	15	13	16	14
Community and safety services	298	296	292	294	246	248	253	234	307	248
Administrative services	153	150		129	121	115	118	119	132	116
Cerritos Center for the Performing Arts	200	200	198	197	76	71	87	84	92	78
Total	793	782	618	739	552	540	565	541	645	544
Full-Time employees	235	239	230	214	209	189	181	186	175	174
Part-Time employees	560	554	552	544	530	363	359	379	366	370
Total	795	793	782	758	739	552	540	565	541	544

(a) Beginning in fiscal year 2013-2014, the amount represents the number of filled positions by departments. Prior to fiscal year 2013-14, the amounts noted represent budgeted positions.

City of Cerritos
Operating Indicators By Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Public Works					
Maintenance:					
Graffiti removal (average incidence)	7,800	7,000	7,500	5,500	6,000
Streetsweeping miles	7,100	7,100	7,100	7,100	7,100
Trees maintained	29,500	28,500	28,500	28,700	28,900
Trees trimmed	12,000	4,000	7,500	4,000	4,000
Water and Power					
Water:					
Number of customer accounts	15,668	15,668	15,714	15,676	15,655
Average daily consumption (millions of gallons)	8.57	8.16	8.17	8.26	8.10
Water samples taken (annual)	2,039	2,076	2,052	2,702	2,130
Community and Safety Services					
Police (1):					
Number of sworn officers	60	63	62	67	68
Community Service officers (non-sworn)	19	17	15	16	3
Calls dispatched	16,745	14,738	14,469	15,110	15,798
Crime reports	5,511	4,900	4,887	5,725	4,990
Moving citations	5,868	6,376	6,518	7,372	7,336
Parking citations	1,089	1,923	509	413	463
Culture and Recreation:					
Leisure classes attendance	53,360	51,423	47,317	49,957	47,583
Indoor park reservation attendance	101,237	91,813	79,264	76,953	78,284
Picnic shelter attendance	57,903	77,475	80,785	76,376	65,953
Swim lessons attendance	284,994	265,800	252,221	250,341	237,457
Recreational swim attendance	48,784	49,182	54,695	55,330	55,656
Volunteer hours	12,550	13,158	13,760	15,599	15,855
Administrative Services					
Library:					
Number of patrons	1,128,990	1,066,492	1,035,263	964,412	935,480

(1) Services are contracted with the County of Los Angeles

City of Cerritos
Operating Indicators By Function (Continued)
Last Ten Fiscal Years

Function	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Public Works					
Maintenance:					
Graffiti removal (average incidence)	5,500	4,750	6,270	4,600	2,100
Streetsweeping miles	7,100	7,100	7,100	7,100	7,100
Trees maintained	28,000	28,000	28,000	28,000	28,400
Trees trimmed	2,700	5,255	5,284	7,900	8,000
Water and Power					
Water:					
Number of customer accounts	15,792	15,752	15,714	15,567	15,403
Average daily consumption (millions of gallons)	7.55	6.07	7.72	6.16	6.30
Water samples taken (annual)	2,061	2,086	2,111	2,088	2,151
Community and Safety Services					
Police (1):					
Number of sworn officers	65	63	66	66	65
Community Service officers (non-sworn)	3	3	3	3	3
Calls dispatched	16,469	11,608	20,067	18,378	17,696
Crime reports	4,747	3,467	6,145	5,457	5,487
Moving citations	6,351	2,857	3,941	6,031	6,397
Parking citations	664	412	645	856	1,316
Culture and Recreation:					
Leisure classes attendance	43,636	40,613	38,262	36,228	31,856
Indoor park reservation attendance	69,264	71,224	65,618	64,723	66,585
Picnic shelter attendance	48,869	60,013	73,409	70,988	59,416
Swim lessons attendance	213,559	218,618	202,077	157,908	140,147
Recreational swim attendance	48,162	42,294	44,842	42,000	42,810
Volunteer hours	14,948	13,902	12,027	10,021	10,566
Administrative Services					
Library:					
Number of patrons	912,852	1,955,332	2,652,290	2,781,673	552,212

(1) Services are contracted with the County of Los Angeles

City of Cerritos
Capital Assets By Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Public Works					
Sewers:					
Miles of sanitary sewers	124	124	124	124	124
Sewer lines (miles)	109.32	109.32	109.32	109.32	109.32
Streets and Highways:					
Streets (miles)	136.33	136.33	136.33	136.33	136.33
Sidewalks (miles)	242.16	242.16	242.16	242.16	242.16
Curb & gutter (miles)	255.75	255.75	255.75	255.75	255.75
Traffic signals (intersections)	90	90	90	90	90
Community and Safety Services					
Number of Sheriff Stations	1	1	1	1	1
Number of parks	24	24	24	24	24
Number of swimming pool	2	2	2	2	2
Administrative Services					
Number of libraries	1	1	1	1	1
Number of volumes	258,349	245,942	269,926	265,789	252,108

City of Cerritos
Capital Assets By Function (Continued)
Last Ten Fiscal Years

Function	Fiscal Year				
	2014-15	2015-16	2016-17	2017-18	2018-19
Public Works					
Sewers:					
Miles of sanitary sewers	124	124	124	124	124
Sewer lines (miles)	109.32	109.32	109.32	109.32	109.32
Streets and Highways:					
Streets (miles)	136.33	136.33	136.33	136.33	136.33
Sidewalks (miles)	242.16	242.16	242.16	242.16	242.16
Curb & gutter (miles)	255.75	255.75	255.75	255.75	255.75
Traffic signals (intersections)	90	90	90	90	90
Community and Safety Services					
Number of Sheriff Stations	1	1	1	1	1
Number of parks	24	24	24	24	24
Number of swimming pool	2	2	2	2	2
Administrative Services					
Number of libraries	1	1	1	1	1
Number of volumes	266,647	264,316	265,507	268,772	247,091

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cerritos, California (the "City"), as of and for the year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To the Honorable Mayor and Members of the City Council
of the City of Cerritos
Cerritos, California
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The PwC Group, LLP

Santa Ana, California
December 5, 2019