



City of Cerritos, California

Comprehensive Annual Financial Report

for the Fiscal Year ended June 30, 2021



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**CITY OF CERRITOS, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	i
PRINCIPAL OFFICIALS	vii
ORGANIZATION CHART	viii
GOVERNMENT FINANCE OFFICERS ASSOCIATION CERTIFICATE	ix

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS – Required Supplementary Information	5

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	20
STATEMENT OF ACTIVITIES	21

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

BALANCE SHEET	23
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	25
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	26

PROPRIETARY FUNDS

STATEMENT OF NET POSITION	27
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	28
STATEMENT OF CASH FLOWS	29

**CITY OF CERRITOS, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

FIDUCIARY FUNDS	
STATEMENT OF FIDUCIARY NET POSITION	31
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	32
NOTES TO FINANCIAL STATEMENTS	34
REQUIRED SUPPLEMENTARY INFORMATION	
CALPERS MISCELLANEOUS PLAN	
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS	86
SCHEDULE OF CONTRIBUTIONS	88
PARS PENSION PLAN	
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS	90
SCHEDULE OF CONTRIBUTIONS	92
OTHER POST-EMPLOYMENT BENEFITS PLAN	
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS	94
SCHEDULE OF CONTRIBUTIONS	95
BUDGETARY COMPARISON SCHEDULES	
GENERAL FUND	96
HOUSING ASSETS SPECIAL REVENUE FUND	97
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	99
SUPPLEMENTARY INFORMATION	
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS	103
OTHER GOVERNMENTAL FUNDS	
COMBINING BALANCE SHEET	105

**CITY OF CERRITOS, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	108
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL	
STREET IMPROVEMENTS SPECIAL REVENUE FUND	111
RMRA SPECIAL REVENUE FUND	112
DRAINAGE SPECIAL REVENUE FUND	113
PROPOSITION A SPECIAL REVENUE FUND	114
PROPOSITION C SPECIAL REVENUE FUND	115
MEASURE M SPECIAL REVENUE FUND	116
ASSESSMENT DISTRICT #6 SPECIAL REVENUE FUND	117
LOS COYOTES LIGHTING DISTRICT SPECIAL REVENUE FUND	118
COPS GRANT SPECIAL REVENUE FUND	119
ENVIRONMENTAL GRANTS SPECIAL REVENUE FUND	120
AQMD SPECIAL REVENUE FUND	121
MEASURE R SPECIAL REVENUE FUND	122
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) SPECIAL REVENUE FUND	123
MEASURE W SPECIAL REVENUE FUND	124
SB 821 SPECIAL REVENUE FUND	125
STATISTICAL SECTION	
DESCRIPTION OF STATISTICAL SECTION CONTENTS	128
FINANCIAL TRENDS	
NET POSITION BY COMPONENT	129
CHANGES IN NET POSITION – EXPENSES AND PROGRAM REVENUES	131
CHANGES IN NET POSITION – GENERAL REVENUES	133
FUND BALANCES OF GOVERNMENTAL FUNDS	135

**CITY OF CERRITOS, CALIFORNIA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2021**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS	137
GOVERNMENTAL ACTIVITIES REVENUE BY SOURCES	139
REVENUE CAPACITY	
ASSESSED VALUE OF TAXABLE PROPERTY	141
DIRECT AND OVERLAPPING PROPERTY TAX RATES	143
TEN LARGEST SECURED TAXPAYERS	144
PROPERTY TAX LEVIES AND COLLECTIONS	146
DEBT CAPACITY	
RATIOS OF OUTSTANDING DEBT BY TYPE	147
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT	150
LEGAL DEBT MARGIN INFORMATION	151
DEMOGRAPHIC AND ECONOMIC INFORMATION	
DEMOGRAPHIC AND ECONOMIC STATISTICS	153
OPERATING INFORMATION	
FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION	154
OPERATING INDICATORS BY FUNCTION	155
CAPITAL ASSETS BY FUNCTION	157

INTRODUCTORY SECTION

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CITY OF CERRITOSSM

CIVIC CENTER • 18125 BLOOMFIELD AVENUE
P.O. BOX 3130 • CERRITOS, CALIFORNIA 90703-3130
PHONE: (562) 860-0311 • CERRITOS.US



December 28, 2021

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

It is our pleasure to present the Annual Comprehensive Financial Report (ACFR) of the City of Cerritos (the City) for the fiscal year ended June 30, 2021.

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 Clifton Larson Allen (CLA), a firm of certified public accountants that was selected via a competitive bid process. The auditors have issued an unmodified 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 establishing 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, 2021, the City received funding in excess of \$750,000 and is subject to a single audit. The single audit will be completed in accordance with Federal submission standards (no later than 9-months following the completion of the fiscal year).

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 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. 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

The City continued to face the challenges brought about by the COVID-19 pandemic in the 2020-21 fiscal year. As it relates to economic impacts, the City stood with its business community in working to support the preservation of jobs and the restoration of important

revenue streams across all business sectors. From an operational standpoint, the City was forced to negotiate impacts associated with facility closures and programming suspensions – issues which significantly impacted the City’s internal revenue generation capacity. As the fiscal year drew to a close, the City began to transition from a period of shutdowns and closures, to a period of re-opening and recuperation. Businesses throughout the City have largely been able to resume operations and the City’s own programs and facilities began re-opening. Within this transition, the City has seen restoration of employment throughout the community. Further, the City is looking forward to the return of patrons to its facilities – and with that return, the corresponding return of revenue that is generated by facilities such as the Cerritos Center for the Performing Arts, the Cerritos Library and the City’s myriad of Parks and Recreation services and programs. While a complete recovery from the impact of the COVID-19 pandemic is likely to take time, the City is ready to take on the challenges that lie ahead with the same optimistic and innovative outlook that has been the hallmark of the City of Cerritos since its inception.

Despite the difficult challenges brought forth by the COVID-19 pandemic, continued investment by private properties owners in the City of Cerritos is a reminder of the City’s status as one the premier communities in Southern California to do business. This investment is the foundation for the City’s long-term economic stability and provides the potential creation of new jobs and increases in sales tax generation capacity. The list that follows highlights some of the projects that have been recently completed or that are currently in process:

- **Pacifica Plaza Exterior Remodel:** Exterior remodeling for the Pacifica Plaza commercial condos was completed in Summer 2020. Landscaping was also refurbished and upgraded. Staff continues to work with prospective tenants for tenant improvements.
- **Target Bloomfield Improvements:** Improvements to Target Bloomfield were completed in Summer 2020, including an interior remodel, exterior remodel and site improvements, and refurbishment of existing landscaping.
- **Amazon Fresh:** Exterior and interior improvements were completed for the new Amazon Fresh grocery store in the building formerly occupied by Toys R Us, including new landscaping, signage, and parking lot improvements. Construction was completed in early 2021 and the store opened in fall 2021.
- **Revolve Clothing/Former Mullikin Medical Building Interior and Exterior Improvements:** The Cerritos City Council approved lease agreements and construction for this project in February 2021. Construction is underway.
- **Norm Reeves Hyundai Super Store Cerritos Exterior Remodel:** This auto dealership completed their exterior remodel project in Summer 2021.
- **Christensen Shopping Center Remodel:** The Christensen Shopping Center remodel was completed in Spring/Summer 2021. Improvements included an extensive exterior remodel, new landscaping, site improvements, and a new master sign program.

- Forty-six (46) over-the-counter temporary use permits for outdoor operations for various commercial businesses in the City were issued in an effort to promote the local economy during the COVID-19 pandemic.

Local businesses have always played a vital role in the City of Cerritos' long-term economic stability and vitality, and the City remains committed to fostering a supportive business-friendly environment. That commitment is evidenced by the City's continued investment in its infrastructure, the operation of world class community facilities and in the provision of wide variety of services and programs that are provided to support and enrich residents and businesses alike.

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. As the City begins to emerge from the shadow of the COVID-19 pandemic, this same fiscal management strategy will provide the funding that will allow the City to resume providing its residents and businesses with the outstanding facilities, programs and services the City is well known for.

As has been a hallmark of the City's fiscal strategy, 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. The City is committed to the adoption of a balanced budget and the maintenance of a robust reserve to provide funding for future capital projects and developments. Management remains concerned that the cyclical nature of a sales tax based revenue budget, combined with potential future uncertainties brought about by the COVID-19 situation, 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.

The City remains committed to the efficient allocation of public fiscal resources to ensure that the City is able to meet the needs and demands of the community through the provision of the highest caliber programs, services and facilities. As part of that effort the City has focused even more critically on the evaluation of the budget in real-time in order to identify opportunities for cost savings through a streamlining of operations, temporary reduction of non-essential services 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. While the City does enjoy a balanced budget for the 2021-22 fiscal year that should not require the use of reserve funds, 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. 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 ACFR. 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 2020-21 ACFR 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, Clifton Larson Allen. 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,

A handwritten signature in black ink that reads "Art Gallucci". The signature is written in a cursive, flowing style.

Art Gallucci
CITY MANAGER

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CITY OF CERRITOS

City Council / Successor Agency¹ / Public Financing Authority²

Grace Hu, Mayor / Agency Chair* / Authority Chair**
Chuong Vo, Mayor Pro Tem / Agency Vice Chair* / Authority Vice Chair**
Bruce W. Barrows, Council / Agency Member* / Authority Member**
Naresh Solanki, Council / Agency Member* / Authority Member**
Frank Aurelio Yokoyama, Council / Agency Member* / Authority Member**

Fine Arts and Historical Commission

Janet Beach
Michelle H. Guerrero
Matthew S. Kauble
Mansour Meisami
Linda Stauffer

Parks and Recreation Commission

Jennifer H. Hong
Richard J. Martinez
Christopher D. McDaniel
Ashok "Pat" Patnaik
Deven Solanki

Planning Commission

Bhavin Gandhi
Carla Gilhuys
James Giordano
Diana Needham
Milo "Larry" Sagert

Property Preservation Commission

Bing S. Hadley
Jeannie Joung
Chan Yong Kim
Celia Spitzer
Latha Vasan

Appointed Officials

Art Gallucci, City Manager / Agency Executive Director* / Authority Executive Director**
Bill H. Ihrke, City Attorney / Agency Counsel* / Authority Counsel**
Vida Barone, City Clerk / City Treasurer / Agency Secretary* / Authority Secretary**

¹ Titles with (*) refer to the Successor Agency to the Cerritos Redevelopment Agency.

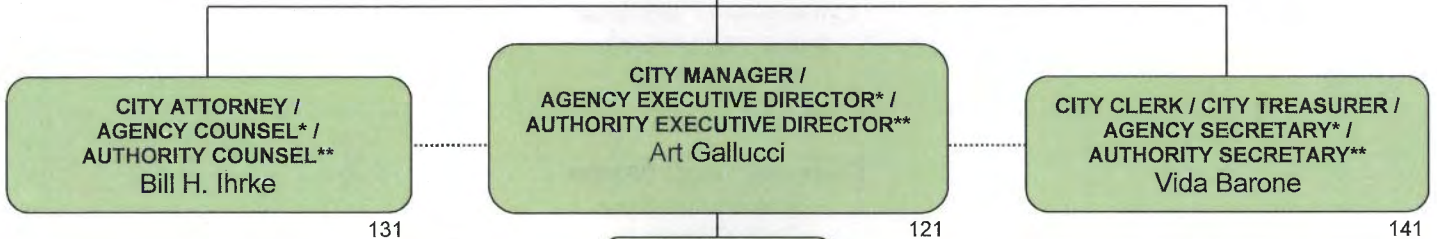
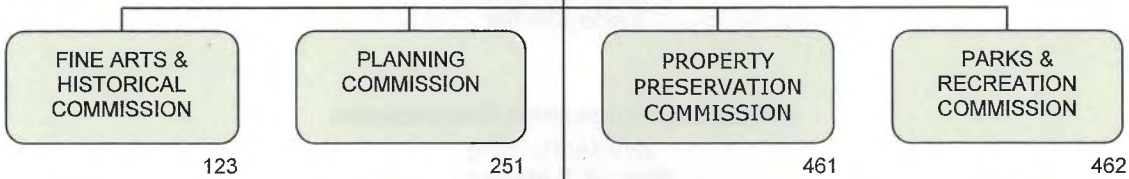
² Titles with (**) refer to the Cerritos Public Financing Authority.

CERRITOS RESIDENTS

**CITY COUNCIL /
SUCCESSOR AGENCY* / PUBLIC FINANCING AUTHORITY****

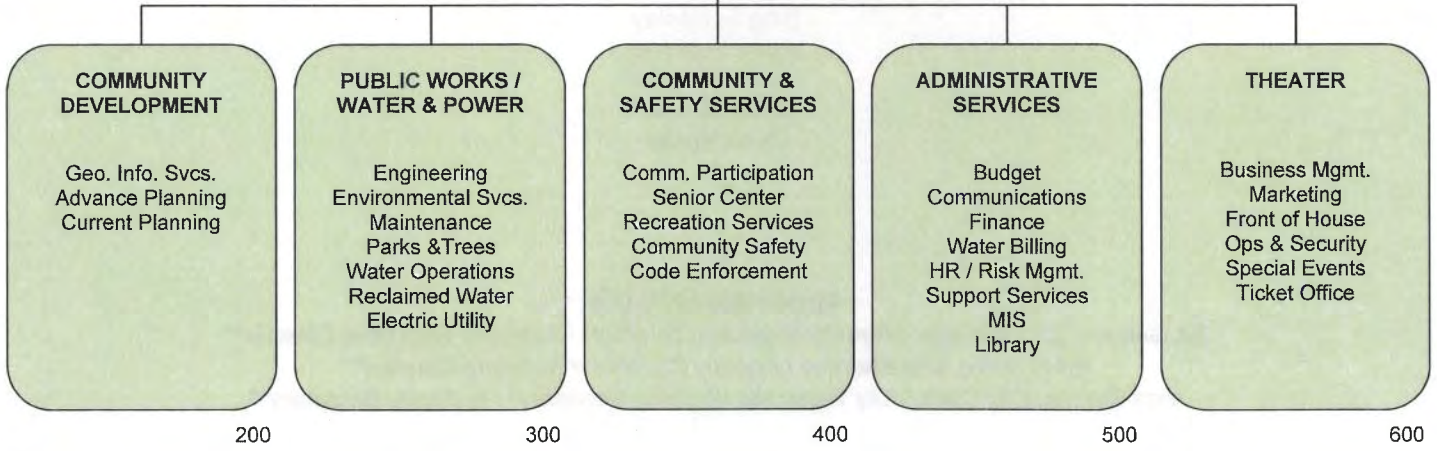
Grace Hu, Mayor / Agency Chair* / Authority Chair**
 Chuong Vo, Mayor Pro Tem / Agency Vice Chair* / Authority Vice Chair**
 Bruce W. Barrows, Council / Agency Member* / Authority Member**
 Naresh Solanki, Council / Agency Member* / Authority Member**
 Frank Aurelio Yokoyama, Council / Agency Member* / Authority Member**

111



SENIOR ASSISTANT CITY MANAGER

ASSISTANT CITY MANAGER



(Updated as of April 21, 2021)

Titles with (*) refer to the Successor Agency to the Cerritos Redevelopment Agency.
 Titles with (**) refer to the Cerritos Public Financing Authority.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Cerritos
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable City Council
of the City of Cerritos
Cerritos, California

Report on the 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, 2021, 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 auditors' 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 auditors consider 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, 2021, 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.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules – General and Major Special Revenue Funds, the schedules of changes in net pension liability and related ratios, the schedules of plan contributions – pension, the schedule of changes in the net other post-employment benefit (OPEB) liability and related ratios, and the schedule of contributions – OPEB identified as Required Supplementary Information (RSI) in the accompanying table of contents, 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 RSI 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 RSI 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 fund statements and schedules (supplementary information), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

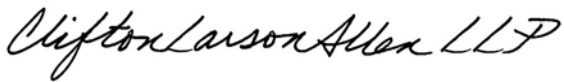
The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 express no opinion or provide any assurance on them.

Honorable City Council
of the City of Cerritos

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, 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.



CliftonLarsonAllen LLP

Irvine, California
December 28, 2021

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City of Cerritos, California
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021. 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, 2021 by \$377.0 million, which is referred to as the net position of the City. Of this amount, \$261.1 million is net investment in capital assets, \$33.5 million is restricted, and \$82.4 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 \$4.7 million.
- Governmental funds for the City reported combined fund balances of \$205.9 million. Of this amount, \$90.6 million is non-spendable, \$27.7 million is restricted by external parties, \$18.0 million has been assigned by City management, and \$69.6 million is unassigned fund balance which is available for future appropriation.
- For the year ended June 30, 2021, General Fund expenditures were \$56.5 million, which represent 80% of the unassigned General Fund balance.
- As of June 30, 2021, the cash and investments of the General Fund were \$88.3 million, which represents 49.2% of the total fund balance for the General 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, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

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 three categories: governmental funds, proprietary funds and fiduciary 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 nineteen 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, Housing Assets Special Revenue Fund and Municipal Improvement Capital Projects Fund. The other sixteen 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, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

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, which are excluded from the government-wide financial statements, 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, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table summarizes the Statement of Net Position for fiscal years ending June 30, 2021 and June 30, 2020.

City of Cerritos Net Position (in millions)						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Cash and investments	\$ 117.8	\$ 104.6	\$ 6.7	\$ 5.0	\$ 124.5	\$ 109.6
Other Assets	119.4	117.4	(43.1)	(41.5)	76.3	75.9
Capital Assets	236.3	237.6	34.5	35.7	270.8	273.3
Total Assets	<u>473.5</u>	<u>459.6</u>	<u>(1.9)</u>	<u>(0.8)</u>	<u>471.6</u>	<u>458.8</u>
Deferred Outflows	<u>14.9</u>	<u>13.3</u>	<u>1.4</u>	<u>1.2</u>	<u>16.3</u>	<u>14.5</u>
Other Liabilities	16.8	9.4	4.8	4.5	21.6	13.9
Long term liabilities outstanding	<u>71.6</u>	<u>67.0</u>	<u>15.8</u>	<u>15.8</u>	<u>87.4</u>	<u>82.9</u>
Total Liabilities	<u>88.4</u>	<u>76.5</u>	<u>20.6</u>	<u>20.3</u>	<u>109.0</u>	<u>96.8</u>
Deferred Inflows	<u>1.6</u>	<u>3.9</u>	<u>0.1</u>	<u>0.4</u>	<u>1.7</u>	<u>4.2</u>
Net Position						
Net investment in capital assets	236.2	237.6	24.9	25.7	261.1	263.3
Restricted	33.0	29.4	0.5	0.0	33.5	29.4
Unrestricted	<u>129.1</u>	<u>125.5</u>	<u>(46.7)</u>	<u>(45.9)</u>	<u>82.4</u>	<u>79.6</u>
Total Net Position	<u>\$ 398.3</u>	<u>\$ 392.5</u>	<u>\$ (21.3)</u>	<u>\$ (20.2)</u>	<u>\$ 377.0</u>	<u>\$ 372.3</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 \$377.0 million as of June 30, 2021. The net position increased \$4.7 million, or 1.3%, during fiscal year 2020-21.

The largest portion of the City's net position at June 30, 2021 (\$261.1 million, or 69.3% 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 \$33.5 million or 8.9% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$82.4 million (or 21.9% of total net position) may be used to meet the government's ongoing obligations to citizens and creditors.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Cerritos Change in Net Position
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 3.6	\$ 9.8	\$ 18.2	\$ 18.5	\$ 21.8	\$ 28.3
Operating grants and contributions	8.3	5.9	-	-	8.3	5.9
Capital grants and contributions	0.2	-	0.0	0.3	0.2	0.3
General revenues:						
Taxes	58.2	51.2	-	-	58.2	51.2
Investment income	9.6	12.5	0.1	0.1	9.7	12.6
Miscellaneous	0.1	0.1	-	-	0.1	0.1
Total revenues	<u>79.9</u>	<u>79.3</u>	<u>18.3</u>	<u>18.9</u>	<u>98.2</u>	<u>98.3</u>
Expenses:						
Legislative and administration	3.8	2.5	-	-	3.8	2.5
Community development	6.5	6.0	-	-	6.5	6.0
Public works	20.6	20.5	-	-	20.6	20.5
Water and power	-	-	-	-	-	-
Community and safety services	24.9	28.0	-	-	24.9	28.0
Administrative services	12.1	14.6	-	-	12.1	14.6
Cerritos Center for the Performing Arts	3.6	8.9	-	-	3.6	8.9
Unallocated infrastructure depreciation	1.1	0.9	-	-	1.1	0.9
Interest expense	-	-	-	-	-	-
Water and Sewer	-	-	13.6	13.4	13.6	13.4
Reclaimed water	-	-	1.1	1.2	1.1	1.2
Electric Utility	-	-	6.2	6.9	6.2	6.9
Total expenses	<u>72.6</u>	<u>81.5</u>	<u>20.9</u>	<u>21.5</u>	<u>93.5</u>	<u>103.0</u>
Change in net position	7.3	(2.2)	(2.6)	(2.6)	4.7	(4.7)
Transfers	(1.5)	(0.9)	1.5	0.9	-	-
Change in net position	5.8	(3.0)	(1.1)	(1.8)	4.7	(4.7)
Net position, beginning of year	<u>392.5</u>	<u>395.5</u>	<u>(20.2)</u>	<u>(18.4)</u>	<u>372.3</u>	<u>377.0</u>
Net position, end of year	<u>\$ 398.3</u>	<u>\$ 392.5</u>	<u>\$ (21.3)</u>	<u>\$ (20.2)</u>	<u>\$ 377.0</u>	<u>\$ 372.3</u>

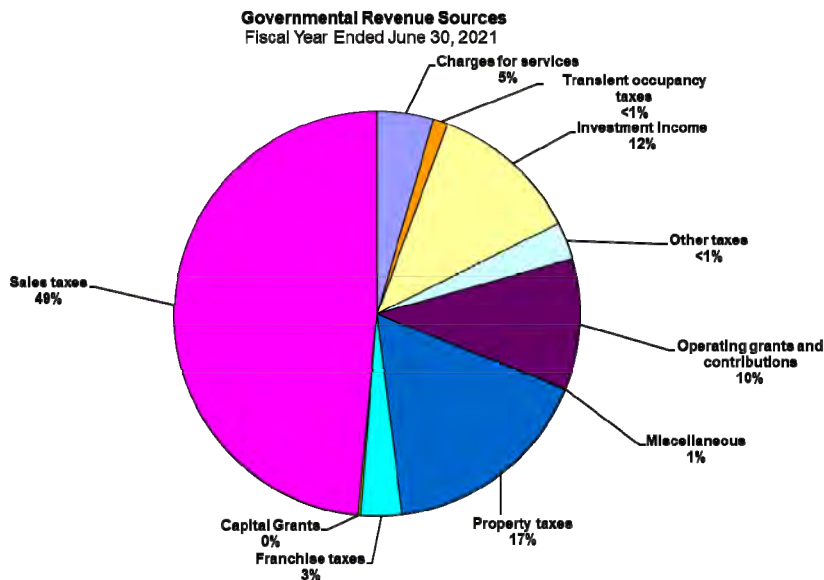
City of Cerritos, California
Management’s Discussion and Analysis (Continued)
Year Ended June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City’s total revenues were \$98.2 million in fiscal year 2020-2021, while the total cost of all programs and services was \$93.5 million. Revenues remained largely unchanged from the prior year at approximately \$98.0 million. While COVID-19 pandemic-related closures negatively impacted operating revenues that would otherwise have been derived through program registrations, facility rental and performances at a number of City facilities, including the Cerritos Center for the Performing Art, Library, Senior Center and Recreation Services, sales tax revenue was unexpectedly strong and helped to offset revenue that would have otherwise been lost through the referenced closures

Expenses decreased \$9.5 million, or 9.2% when compared to fiscal year 2019-20. The decrease is attributed to COVID-19-related facility closures at many City facilities, including the Cerritos Center for the Performing Arts, Library, Senior Center and Recreation facilities. These closures persisted throughout the fiscal year and resulted in staff time expense reductions incurred through the furlough of staff and an associated reduction in program expenses that were realized through the temporary suspension of a majority of many non-essential City services.

As noted in the previous table (see the previous page), the City’s net position increased by \$4.7 million during the current fiscal year.



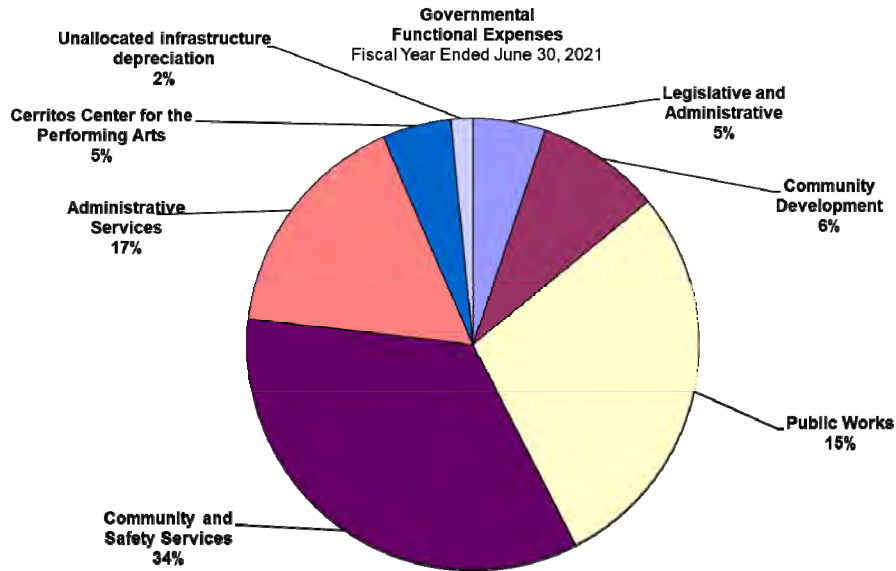
Governmental Activities

Revenues associated with governmental activities for fiscal year 2020-21 did not change significantly from the preceding 2019-20 fiscal year, remaining constant at approximately \$79.5 million in each year. Charges for services revenues were \$6.2 million lower due to the temporary closure of many City facilities and a corresponding reduction of program enrollment, facility reservations and the cancellation of performances at the Cerritos Center for the Performing Arts as a result of the COVID-19 pandemic. Investment income also decreased by \$2.9 million as the result of a reduction in interest rates throughout the City’s investment portfolio. These decreases were offset by year over year increases in tax revenue of \$7.0 million and \$2.4 million in operating grants and contributions.

Expenses associated with governmental activities decreased by \$8.9 million when compared to the previous year. The decreases in expenditures are directly related to facility closures and programming suspensions in

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

response to the COVID-19 pandemic. Closures at the majority of City facilities, including the Cerritos Center for the Performing Arts, Cerritos Library, Senior Center and Parks and Recreation locations resulted in staff furloughs (thereby reducing personnel expenses) and associated reductions in program and service expenses.

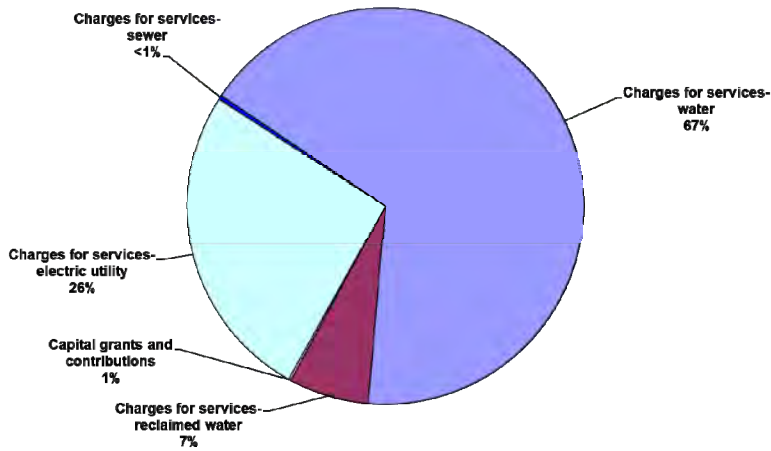


City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

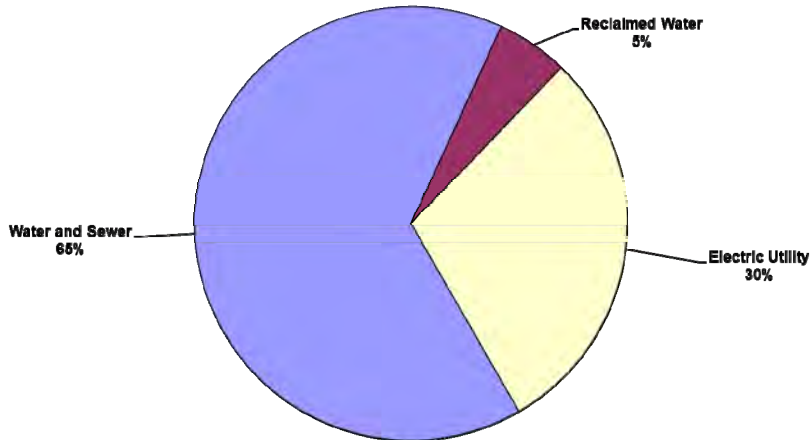
Business-Type Activities

Business-type activities decreased the City's net position by \$1.1 million when compared to fiscal year 2019-20. The decrease is attributable to continuing operating deficits in the Water, Sewer and Electric Utility funds that are associated with user rates that do not provide for full program cost recovery to cover program operating expenditures.

Business-Type Revenue Sources
 Fiscal Year Ended June 30, 2021



Business-Type Functional Expenses
 Fiscal Year Ended June 30, 2021



City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

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 \$205.9 million, representing an increase of \$5.0 million from the prior fiscal year. Non-spendable fund balances total \$90.6 million, most of which is for long-term receivables (\$89.8 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 \$27.7 million. An additional \$18.0 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 balance of \$69.6 million is 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 \$70.7 million, which represents 39.4% of the total fund balance. The remaining fund balance for the General Fund includes \$90.4 million in non-spendable funds, \$469,000 of restricted funds, and \$18.0 million in assigned funds.

The City's General Fund balance increased \$7.9 million. Revenues were lower by \$2.5 million in comparison to the 2019-20 fiscal year. Reductions in revenue included a reduction of \$5 million in fees and service revenues and a \$3.4 million decrease in investment and rental income. Reductions in both of these revenue sources can be directly attributed to impacts associated with the COVID-19 pandemic, as noted previously herein. Revenue reductions were partially offset by an increase of \$5.8 million property, sales and other taxes – which was driven largely by a surprisingly strong sales tax performance. Expenditures were lower by \$6.8 million, with significant expenditure reductions of \$4.9 million at the Cerritos Center for the Performing Arts, \$1.8 million in Administrative Services and \$1.6 million in Community and Safety Services. All of these expenditure reductions are a result of facility closure and program suspensions related to the COVID-19 pandemic and the associated personnel and program expense reductions that resulted.

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. The Housing Asset Fund increased by \$171,000, the majority of which relates to interest income. The increase in fund balance is consistent with increases that the fund has experienced over the past several years.

The Municipal Improvement Capital Project Fund is utilized to support non-enterprise related capital improvement projects. It receives revenue from a variety of sources, including transfers from the General Fund and other Special Revenue Funds. The Municipal Improvement Capital Project Fund balance decreased by \$3.5

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

million in the 2020/2021 fiscal year. The decrease is a result of the City's commencement of a number of capital improvement projects for which funding had been previously held within the fund.

Proprietary Funds

The City's major proprietary funds are the Water, Sewer, Electric Utility and Reclaimed Water funds. Net position of these funds at the end of the fiscal year totaled (\$21.3) million. The total change in net position for these funds was a decrease of \$1.0 million. The Electric Utility fund had an operating deficit of \$275,000, while the Water and Sewer Utility fund had an operating deficit of \$872,000. The deficit positions of the referenced utility funds are a result of user fees that are not sufficient to facilitate full cost recovery for the operation of the utilities.

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, which are excluded from the government-wide financial statements, 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, 2021, the net position maintained a deficit balance in the amount of (\$64.3) million.

Additions exceeded deductions which resulted in an increase of net position of \$13.0 million. The major components of the additions were the Successor Agency's share of property taxes from the Redevelopment Property Tax Trust Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund revenues during the 20/21 fiscal year exceeded the final budget projection by \$3.4 million. The largest increase in revenue came from a \$4.7 million increases in Property, Sales and Other Taxes, where actual revenue totaled \$53.4 million, which exceeded the final budgeted projection of \$48.8 million. Revenue from Investment and Rental Income was lower than the final budget projection of \$10.9 million by \$1.1 million, with a year-end actual total of \$9.8 million. Actual General Fund expenditures were equal to the final budget allocation at \$56.5 million. In total actual revenues of \$70.6 million, outpaced actual expenditures of \$56.5 million by \$14.1 million.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

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, 2021, amounts to \$270.8 million (net of accumulated depreciation) which is a decrease of \$2.5 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, 2021

City of Cerritos Capital Assets						
(in millions)						
	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 78.0	\$ 78.0	\$ -	\$ -	\$ 78.0	\$ 78.0
Parking structure rights	3.8	3.8	-	-	3.8	3.8
Right-of-way	49.2	49.2	-	-	49.2	49.2
Public art	4.9	4.9	-	-	4.9	4.9
Trees	1.4	1.4	-	-	1.4	1.4
Construction in progress	2.9	0.1	-	-	2.9	0.1
Buildings and structures	73.3	77.9	2.6	2.6	75.9	80.5
Improvements other than buildings	5.9	5.9	-	-	5.9	5.9
Infrastructure/water mains and lines/sewer mains	15.4	14.7	23.0	23.7	38.4	38.4
Water rights	0.0	-	1.2	1.2	1.2	1.2
Electric Rights	0.0	-	6.6	7.1	6.6	7.1
Furniture and equipment	1.6	1.8	1.2	1.2	2.8	3.0
Total	236.4	\$ 237.6	\$ 34.6	\$ 35.7	\$ 271.0	\$ 273.4

The capital assets declined because of \$8.1 million of annual depreciation with about \$5.5 million of capital additions. Detailed information relating to capital assets can be found in Note 6 to the basic financial statements.

City of Cerritos, California
Management’s Discussion and Analysis (Continued)
Year Ended June 30, 2021

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 2021 fiscal year, the Successor Agency had total debt outstanding of \$43 million.

Successor Agency Long-Term Debt (in millions)		
	2021	2020
Los Cerritos Revenue Bonds	\$ -	\$ 4.1
Los Coyotes Revenue Bonds	42.3	51.6
Add Deferred Amounts	0.7	1.0
Total Long-Term Debt	\$ 43.0	\$ 56.7

At the end of the 2021 fiscal year, the City had total debt outstanding of \$9.6 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 ongoing impacts of the COVID-19 pandemic continue to impact the City from both an economic and operational perspective. While the broader fiscal impacts associated with business closures and job losses have been profound, the operational impacts felt through the closure of City facilities and the cancellation of community programming have been significant. Despite these impacts, the City of Cerritos remains well-positioned to continue to provide the high level of services and programming that have been a hallmark of the City. This fiscal outlook is a testament to the City’s shrewd foresight, austere approach to the allocation of community resources and the tremendous care it places in the stewardship of the community’s financial resources. As the City begins to recover from the impacts of the COVID-19 pandemic, the City will continue to aggressively foster economic development and growth through investment in the community and the continued pursuit of a diversified pool of revenue sources. A clear emphasis will be placed on providing support for the City’s commercial sector and ultimately in restoring (and growing) critical sales tax revenue and supporting the growth of property values.

The City’s past success has been defined by innovative and impactful economic development. As the City moves into the 2021-22 fiscal year, it will again rely on the foresight and guidance of the City Council to define the City’s priorities and maintain the economic development efforts that will help to facilitate the City’s recovery from the fiscal impact of COVID-19.

Over the past several years the City has experienced remarkable growth throughout both its residential and commercial communities. That growth has been instrumental in providing the City with the benefit of new high-quality tenants, increased employment opportunities and a means for generating additional sales tax revenue. Even through the challenges of the 2020-21 fiscal year, the City continued to attract significant investments

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2021

from the private business community, as many of the City's major retail outlets, including Cerritos Auto Square, The Target/Greatland Center and Lincoln Station, among others, experienced expansion and/or site improvements and upgrades. That investment by the private development community serves, even in a challenging economic environment, to affirm that Cerritos continues to remain a highly desirable commercial business location within the extremely competitive Southern California retail market.

The City will continue 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 – and to remain prepared for the potential for unexpected circumstances and expenses. While sales tax remains the City's most significant source of revenue, management remains concerned that the cyclical nature of a sales tax based revenue budget can leave the City exposed to potential revenue fluctuations that could place it in a position where the use of reserve funds may be required in order to offset budgetary revenue shortfalls. In an effort to mitigate this concern, the City remains committed to maintaining a conservative approach to expenditures and to the identification of alternative revenue sources.

The 2021-22 budget and economic outlook for Cerritos remains focused on the City's tradition of careful stewardship of the community's finances with an emphasis on a return to pre-pandemic levels of service and programming. 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 fiscal resources 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, call (562) 860-0311 or visit our website at www.cerritos.us.

BASIC FINANCIAL STATEMENTS

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**CITY OF CERRITOS, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Pooled Cash and Investments	\$ 117,835,285	\$ 6,684,888	\$ 124,520,173
Accounts Receivable	12,482,535	2,739,694	15,222,229
Interest Receivable	100,840	-	100,840
Notes Receivable	-	-	-
Prepaid Items	535,045	120,360	655,405
Inventories	301,313	-	301,313
Internal Balances	46,483,488	(46,483,488)	-
Total Current Assets	<u>177,738,506</u>	<u>(36,938,546)</u>	<u>140,799,960</u>
Noncurrent Assets:			
Net OPEB Asset	5,334,393	495,545	5,829,938
Advances to Fiduciary Funds	54,153,424	-	54,153,424
Capital Assets:			
Not Being Depreciated	140,116,421	-	140,116,421
Being Depreciated, Net	96,145,104	34,522,048	130,667,152
Total Noncurrent Assets	<u>295,749,342</u>	<u>35,017,593</u>	<u>330,766,935</u>
Total Assets	473,487,848	(1,920,953)	471,566,895
DEFERRED OUTFLOWS OF RESOURCES			
Pension-Related Items	11,599,004	1,077,502	12,676,506
OPEB-Related Items	3,265,685	303,370	3,569,055
Total Deferred Outflows of Resources	<u>14,864,689</u>	<u>1,380,872</u>	<u>16,245,561</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	9,441,944	1,870,211	11,312,155
Accrued Salaries and Benefits	1,398,040	204,411	1,602,451
Unearned Revenue	4,330,734	2,227,130	6,557,864
Deposits Payable	658,152	42,032	700,184
Settlement Payable	204,957	-	204,957
Compensated Absences	788,332	42,651	830,983
Long-Term Debt	-	380,000	380,000
Total Current Liabilities	<u>16,822,159</u>	<u>4,766,435</u>	<u>21,588,594</u>
Noncurrent Liabilities:			
Net Pension Liability	69,259,889	6,433,981	75,693,870
Compensated Absences	2,364,996	127,952	2,492,948
Long-Term Debt	-	9,255,000	9,255,000
Total Noncurrent Liabilities	<u>71,624,885</u>	<u>15,816,933</u>	<u>87,441,818</u>
Total Liabilities	88,447,044	20,583,368	109,030,412
DEFERRED INFLOWS OF RESOURCES			
Pension Related	388,827	36,120	424,947
OPEB Related	1,217,991	113,147	1,331,138
Total Deferred Inflows of Resources	<u>1,606,818</u>	<u>149,267</u>	<u>1,756,085</u>
NET POSITION			
Net Investment in Capital Assets	236,167,050	24,887,048	261,054,098
Restricted for:			
OPEB	5,334,393	495,545	5,829,938
Housing Assets	23,095,853	-	23,095,853
Street Improvements	1,365,023	-	1,365,023
Transportation	2,690,006	-	2,690,006
Municipal Improvements	79,319	-	79,319
Miscellaneous Grants	469,360	-	469,360
Unrestricted (Deficit)	<u>129,097,671</u>	<u>(46,655,309)</u>	<u>82,442,362</u>
Total Net Position	<u>\$ 398,298,675</u>	<u>\$ (21,272,716)</u>	<u>\$ 377,025,959</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Legislative and Administration	\$ 3,769,309	\$ 3,894	\$ 140,895	\$ -
Community Development	6,450,142	2,279,109	2,704,971	163,431
Public Works	20,608,456	279,223	4,951,136	-
Community and Safety Services	24,915,839	761,581	468,891	-
Administrative Services	12,112,328	263,318	-	-
Cerritos Center for the Performing Arts	3,563,911	595	43,883	-
Unallocated Infrastructure Depreciation	1,140,880	-	-	-
Total Governmental Activities	<u>72,560,865</u>	<u>3,587,720</u>	<u>8,309,776</u>	<u>163,431</u>
Business-Type Activities:				
Water and Sewer	13,634,515	12,269,460	-	35,691
Electric Utility	6,164,539	4,774,286	-	-
Reclaimed Water	1,117,592	1,200,034	-	-
Total Business-Type Activities	<u>20,916,646</u>	<u>18,243,780</u>	<u>-</u>	<u>35,691</u>
Total	<u>\$ 93,477,511</u>	<u>\$ 21,831,500</u>	<u>\$ 8,309,776</u>	<u>\$ 199,122</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
Legislative and Administration	\$ (3,624,520)	\$ -	\$ (3,624,520)
Community Development	(1,302,631)	-	(1,302,631)
Public Works	(15,378,097)	-	(15,378,097)
Community and Safety Services	(23,685,367)	-	(23,685,367)
Administrative Services	(11,849,010)	-	(11,849,010)
Cerritos Center for the Performing Arts	(3,519,433)	-	(3,519,433)
Unallocated Infrastructure Depreciation	(1,140,880)	-	(1,140,880)
Total Governmental Activities	<u>(60,499,938)</u>	-	<u>(60,499,938)</u>
Business-Type Activities:			
Water and Sewer	-	(1,329,364)	(1,329,364)
Electric Utility	-	(1,390,253)	(1,390,253)
Reclaimed Water	-	82,442	82,442
Total Business-Type Activities	<u>-</u>	<u>(2,637,175)</u>	<u>(2,637,175)</u>
Total	<u>(60,499,938)</u>	<u>(2,637,175)</u>	<u>(63,137,113)</u>
General Revenues:			
Taxes:			
Sales Taxes	38,748,343	-	38,748,343
Property Taxes	13,513,141	-	13,513,141
Franchise Taxes	2,621,979	-	2,621,979
Transient Occupancy Taxes	924,051	-	924,051
Other Taxes	2,384,987	-	2,384,987
Investment Income	9,550,944	60,045	9,610,989
Miscellaneous	56,185	-	56,185
Transfers	(1,518,434)	1,518,434	-
Total General Revenues and Transfers	<u>66,281,196</u>	<u>1,578,479</u>	<u>67,859,675</u>
CHANGE IN NET POSITION	5,781,258	(1,058,696)	4,722,562
Net Position - Beginning of Year	<u>392,517,417</u>	<u>(20,214,020)</u>	<u>372,303,397</u>
NET POSITION - END OF YEAR	<u>\$ 398,298,675</u>	<u>\$ (21,272,716)</u>	<u>\$ 377,025,959</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Major Funds				Total Governmental Funds
	General	Housing Assets Special Revenue	Municipal Improvement Capital Project Fund	Nonmajor Governmental Funds	
ASSETS					
Cash and Investments	\$ 88,335,714	\$ 12,265,168	\$ 865,703	\$ 7,250,296	\$ 108,716,881
Receivables:					
Accounts	9,806,279	-	1,423,563	1,252,693	12,482,535
Interest	100,840	-	-	-	100,840
Notes	-	-	-	-	-
Prepaid Items	500,867	-	-	23,866	524,733
Inventories	71,709	229,604	-	-	301,313
Due from Other Funds	139,746	-	-	-	139,746
Advances to Other Funds	46,483,488	-	-	-	46,483,488
Advances to Fiduciary Funds	43,322,739	10,830,685	-	-	54,153,424
	<u>\$ 188,761,382</u>	<u>\$ 23,325,457</u>	<u>\$ 2,289,266</u>	<u>\$ 8,526,855</u>	<u>\$ 222,902,960</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 6,060,812	\$ -	\$ 2,482,114	\$ 888,563	\$ 9,431,489
Accrued Salaries and Benefits	1,303,565	-	-	94,475	1,398,040
Deposits Payable	658,152	-	-	-	658,152
Settlement Payable - Current Portion	36,337	-	-	-	36,337
Unearned Revenue	1,157,464	-	-	3,173,270	4,330,734
Due to Other Funds	-	-	-	139,746	139,746
Total Liabilities	<u>9,216,330</u>	<u>-</u>	<u>2,482,114</u>	<u>4,296,054</u>	<u>15,994,498</u>
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue	-	-	-	1,040,409	1,040,409
FUND BALANCES					
Nonspendable	90,378,803	229,604	-	23,866	90,632,273
Restricted	468,963	23,095,853	-	4,134,745	27,699,561
Assigned	17,973,511	-	-	-	17,973,511
Unassigned (Deficit)	70,723,775	-	(192,848)	(968,219)	69,562,708
Total Fund Balances	<u>179,545,052</u>	<u>23,325,457</u>	<u>(192,848)</u>	<u>3,190,392</u>	<u>205,868,053</u>
	<u>\$ 188,761,382</u>	<u>\$ 23,325,457</u>	<u>\$ 2,289,266</u>	<u>\$ 8,526,855</u>	<u>\$ 222,902,960</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 188,761,382</u>	<u>\$ 23,325,457</u>	<u>\$ 2,289,266</u>	<u>\$ 8,526,855</u>	<u>\$ 222,902,960</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

Fund Balances - Total Governmental Funds \$ 205,868,053

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

Capital assets net of depreciation have not been included as financial resources in governmental funds. This does not include internal service fund capital assets of \$2,718,226 and accumulated depreciation of \$1,290,286.

Capital assets	\$ 405,062,757	
Accumulated depreciation	<u>(170,229,172)</u>	234,833,585

Long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources, unavailable revenues, in the fund financial statements.

1,040,409

Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.

Long-term liabilities consists of the following:

Compensated absences		(3,153,328)
Settlement payable (net of \$36,337 reported in the General Fund)		<u>(168,620)</u>

Pension-related debt applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Deferred outflows of resources and deferred inflows of resources related to pensions are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred outflows of resources related to pension	11,599,004	
Deferred inflows of resources related to pension	(388,827)	
Net pension liability	<u>(69,259,889)</u>	(58,049,712)

OPEB-related debt applicable to the City's governmental activities is not due and payable in the current period and accordingly is not reported as fund liabilities. Deferred outflows of resources and deferred inflow of resources related to OPEB are only reported in the statement of net position, as the changes in these amounts affect only the government-wide statements for governmental activities.

Deferred outflows of resources related to OPEB	3,265,685	
Deferred inflows of resources related to OPEB	(1,217,991)	
Net OPEB asset	<u>5,334,393</u>	7,382,087

Internal service funds are used by management to charge the costs of vehicle replacement to individual funds. The assets and liabilities of the internal service fund are included in the statement of net position.

10,546,201

Net Position of Governmental Activities

\$ 398,298,675

CITY OF CERRITOS, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	Major Funds				Total Governmental Funds
	General	Housing Assets Special Revenue	Municipal Improvement Capital Project Fund	Nonmajor Governmental Funds	
REVENUES					
Property, Sales, and Other Taxes	\$ 53,427,519	\$ -	\$ -	\$ -	\$ 53,427,519
Franchise	2,621,979	-	-	84,000	2,705,979
Licenses and Permits	2,764,442	-	-	-	2,764,442
Fines and Forfeitures	254,506	-	-	-	254,506
Investment and Rental Income	9,806,003	255,437	(37,868)	34,823	10,058,395
Revenues from Other Agencies	667,592	-	296,773	7,428,545	8,392,910
Current Fees and Services	814,019	-	777	14,555	829,351
Other Revenues	283,418	28,240	-	-	311,658
Total Revenues	<u>70,639,478</u>	<u>283,677</u>	<u>259,682</u>	<u>7,561,923</u>	<u>78,744,760</u>
EXPENDITURES					
Current:					
Legislative and Administration	3,071,944	-	-	294,792	3,366,736
Community Development	5,142,559	112,411	-	1,172,064	6,427,034
Public Works	12,462,047	-	3,987,226	4,297,492	20,746,765
Community and Safety Services	23,598,336	-	-	-	23,598,336
Administrative Services	10,183,294	-	-	683,072	10,866,366
Cerritos Center for The Performing Arts	2,019,584	-	-	-	2,019,584
Capital Outlay	54,744	-	5,123,859	-	5,178,603
Total Expenditures	<u>56,532,508</u>	<u>112,411</u>	<u>9,111,085</u>	<u>6,447,420</u>	<u>72,203,424</u>
Revenues Over (Under) Expenditures	14,106,970	171,266	(8,851,403)	1,114,503	6,541,336
OTHER FINANCING SOURCES (USES)					
Transfers In	183,130	-	5,361,874	3,642,409	9,187,413
Transfers Out	(6,406,658)	-	(1,413)	(4,297,776)	(10,705,847)
Total Other Financing Sources (Uses)	<u>(6,223,528)</u>	<u>-</u>	<u>5,360,461</u>	<u>(655,367)</u>	<u>(1,518,434)</u>
NET CHANGE IN FUND BALANCES	7,883,442	171,266	(3,490,942)	459,136	5,022,902
Fund Balances - Beginning of Year	<u>171,661,610</u>	<u>23,154,191</u>	<u>3,298,094</u>	<u>2,731,256</u>	<u>200,845,151</u>
FUND BALANCES - END OF YEAR	<u>\$ 179,545,052</u>	<u>\$ 23,325,457</u>	<u>\$ (192,848)</u>	<u>\$ 3,190,392</u>	<u>\$ 205,868,053</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances - Total Governmental Funds \$ 5,022,902

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 those assets is allocated over their estimated useful lives as depreciation expense or allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Depreciation (does not include internal service fund depreciation expense of \$196,538)	\$ (6,175,308)	
Capital outlay	<u>4,994,100</u>	(1,181,208)

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. This amount represents the change during the fiscal year.

1,040,409

Settlement payable reported on the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in governmental funds. The net change is reported on the statement of activities.

36,337

Compensated absences reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The net change is reported on the statement of activities.

(182,578)

Pension expense reported in the governmental funds includes the annual required contributions. In the statement of activities, pension expense includes the change in the net pension liability and related change in pension amounts for deferred outflows of resources and deferred inflows of resources.

(1,028,411)

OPEB expense reported in the governmental funds includes the insurance premiums paid. In the statement of activities, OPEB expense includes the change in the net OPEB asset and related change in OPEB amounts for deferred outflows of resources and deferred inflows of resources.

2,358,383

Internal service funds are used by management to charge the costs of vehicle replacement to individual funds. The net revenues of the internal service fund are reported with governmental activities.

(284,576)

Change in Net Position of Governmental Activities

\$ 5,781,258

CITY OF CERRITOS, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Funds
	Major Funds		Nonmajor Reclaimed Water	Total Enterprise Funds	
	Water and Sewer	Electric Utility			
ASSETS					
Current Assets:					
Cash and Investments	\$ 4,434,259	\$ 227,592	\$ 2,023,037	\$ 6,684,888	\$ 9,118,404
Accounts Receivable	1,830,207	700,543	208,944	2,739,694	-
Prepaid Items	80,401	3,806	36,153	120,360	10,312
Total Current Assets	<u>6,344,867</u>	<u>931,941</u>	<u>2,268,134</u>	<u>9,544,942</u>	<u>9,128,716</u>
Noncurrent Assets:					
Net OPEB Asset	495,545	-	-	495,545	-
Capital Assets:					
Building and Structures	5,444,587	-	1,315,000	6,759,587	-
Water Mains and Lines	29,940,796	-	15,915,712	45,856,508	-
Equipment	6,117,458	-	120,278	6,237,736	2,718,226
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	(34,604,999)	(7,522,667)	(10,328,700)	(52,456,366)	(1,290,286)
Total Noncurrent Assets	<u>21,412,970</u>	<u>6,582,333</u>	<u>7,022,290</u>	<u>35,017,593</u>	<u>1,427,940</u>
Total Assets	27,757,837	7,514,274	9,290,424	44,562,535	10,556,656
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows of Resources	1,077,502	-	-	1,077,502	-
OPEB Related Deferred Outflows of Resources	303,370	-	-	303,370	-
Total Deferred Outflows of Resources	<u>1,380,872</u>	<u>-</u>	<u>-</u>	<u>1,380,872</u>	<u>-</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,241,828	222,106	406,277	1,870,211	10,455
Accrued Salaries And Benefits	182,139	10,927	11,345	204,411	-
Deposits Payable	42,032	-	-	42,032	-
Unearned Revenue	2,227,130	-	-	2,227,130	-
Long-Term Debt - Due Within One Year	-	380,000	-	380,000	-
Compensated Absences - Due Within One Year	42,651	-	-	42,651	-
Total Current Liabilities	<u>3,735,780</u>	<u>613,033</u>	<u>417,622</u>	<u>4,766,435</u>	<u>10,455</u>
Noncurrent Liabilities:					
Advances from Other Funds	21,012,724	25,470,764	-	46,483,488	-
Net Pension Liabilities	6,433,981	-	-	6,433,981	-
Long-Term Debt - Due in More than One Year	-	9,255,000	-	9,255,000	-
Compensated Absences - Due in More than One Year	127,952	-	-	127,952	-
Total Noncurrent Liabilities	<u>27,574,657</u>	<u>34,725,764</u>	<u>-</u>	<u>62,300,421</u>	<u>-</u>
Total Liabilities	31,310,437	35,338,797	417,622	67,066,856	10,455
DEFERRED INFLOWS OF RESOURCES					
Pension Related Deferred Inflows of Resources	36,120	-	-	36,120	-
OPEB Related Deferred Outflows of Resources	113,147	-	-	113,147	-
Total Deferred Inflows of Resources	<u>149,267</u>	<u>-</u>	<u>-</u>	<u>149,267</u>	<u>-</u>
NET POSITION					
Net Investment In Capital Assets	20,917,425	(3,052,667)	7,022,290	24,887,048	1,427,940
OPEB	495,545	-	-	495,545	-
Unrestricted (Deficit)	(23,733,965)	(24,771,856)	1,850,512	(46,655,309)	9,118,261
Total Net Position (Deficit)	<u>\$ (2,320,995)</u>	<u>\$ (27,824,523)</u>	<u>\$ 8,872,802</u>	<u>\$ (21,272,716)</u>	<u>\$ 10,546,201</u>

See accompanying Notes to Financial Statements.

CITY OF CERRITOS, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Business-Type Activities				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds		Nonmajor Reclaimed Water	Total Enterprise Funds	
	Water and Sewer	Electric Utility			
OPERATING REVENUES					
Sales of Water:					
Regular	\$ 10,493,012	\$ -	\$ 1,200,034	\$ 11,693,046	\$ -
Wholesale	1,193,425	-	-	1,193,425	-
Sales of Electricity:					
Regular	-	4,772,862	-	4,772,862	-
Fire Lines	497,154	-	-	497,154	-
Charges for Services	85,869	-	-	85,869	-
Other Agency Contribution	-	-	-	-	-
Other Revenues	-	1,424	-	1,424	-
Total Operating Revenues	<u>12,269,460</u>	<u>4,774,286</u>	<u>1,200,034</u>	<u>18,243,780</u>	<u>-</u>
OPERATING EXPENSES					
Management	4,425,121	169,519	79,081	4,673,721	-
Production and Distribution	5,482,558	-	54,775	5,537,333	-
Operations	1,558,776	4,409,796	636,052	6,604,624	163,426
Inspections	391,673	-	43,519	435,192	-
Billings and Collection	371,943	-	-	371,943	-
Depreciation	910,945	470,167	304,165	1,685,277	196,538
Total Operating Expenses	<u>13,141,016</u>	<u>5,049,482</u>	<u>1,117,592</u>	<u>19,308,090</u>	<u>359,964</u>
OPERATING INCOME (LOSS)	(871,556)	(275,196)	82,442	(1,064,310)	(359,964)
NONOPERATING REVENUES (EXPENSES)					
Investment Income (Loss)	34,364	8,630	17,051	60,045	75,388
Interest Expense - Debt Service	-	(493,819)	-	(493,819)	-
Interest Expense - Advances	(493,499)	(621,238)	-	(1,114,737)	-
Total Nonoperating Revenues (Expenses)	<u>(459,135)</u>	<u>(1,106,427)</u>	<u>17,051</u>	<u>(1,548,511)</u>	<u>75,388</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(1,330,691)	(1,381,623)	99,493	(2,612,821)	(284,576)
CAPITAL CONTRIBUTIONS AND TRANSFERS					
Capital Contributions	35,691	-	-	35,691	-
Transfers In	659,615	858,819	-	1,518,434	-
CHANGE IN NET POSITION	(635,385)	(522,804)	99,493	(1,058,696)	(284,576)
Net Position - Beginning of Year	<u>(1,685,610)</u>	<u>(27,301,719)</u>	<u>8,773,309</u>	<u>(20,214,020)</u>	<u>10,830,777</u>
NET POSITION - END OF YEAR	<u>\$ (2,320,995)</u>	<u>\$ (27,824,523)</u>	<u>\$ 8,872,802</u>	<u>\$ (21,272,716)</u>	<u>\$ 10,546,201</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	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	\$ 11,906,608	\$ 4,644,007	\$ 1,211,460	\$ 17,762,075	\$ -
Cash Paid to Suppliers Of Goods Or Services	(7,284,069)	(4,453,040)	(619,097)	(12,356,206)	(194,002)
Cash Paid to Employers	(4,545,392)	(167,088)	(76,494)	(4,788,974)	-
Net Cash Provided (Used) by Operating Activities	77,147	23,879	515,869	616,895	(194,002)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Cash Advances from Other Funds	1,272,746	621,239	-	1,893,985	-
Transfers In	659,615	858,819	-	1,518,434	-
Net Cash Provided by Noncapital Financing Activities	1,932,361	1,480,058	-	3,412,419	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of Capital Assets	(251,038)	-	(261,474)	(512,512)	-
Capital Contribution	35,691	-	-	35,691	-
Proceeds on Sale of Capital Assets	27,686	-	-	27,686	-
Principal Paid on Debt	-	(365,000)	-	(365,000)	-
Interest Paid on Debt	(493,499)	(1,115,057)	-	(1,608,556)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(681,160)	(1,480,057)	(261,474)	(2,422,691)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Income Received	34,365	8,630	17,051	60,046	75,388
Net Cash Provided by Investing Activities	34,365	8,630	17,051	60,046	75,388
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,362,713	32,510	271,446	1,666,669	(118,614)
Cash and Cash Equivalents - Beginning of Year	3,071,546	195,082	1,751,591	5,018,219	9,237,018
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,434,259</u>	<u>\$ 227,592</u>	<u>\$ 2,023,037</u>	<u>\$ 6,684,888</u>	<u>\$ 9,118,404</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds				
	Water and Sewer	Electric Utility	Reclaimed Water	Total Enterprise Funds	
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating (Loss) Income	\$ (871,556)	\$ (275,196)	\$ 82,442	\$ (1,064,310)	\$ (359,964)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:					
Depreciation	910,945	470,167	304,165	1,685,277	196,538
Changes in Assets and Deferred Outflows of Resources:					
(Increase) Decrease in Accounts Receivable	(362,852)	(130,279)	11,426	(481,705)	-
(Increase) Decrease in Prepaid Items	337,778	-	33,585	371,363	9,745
(Increase) Decrease in Net OPEB Asset	(182,675)	-	-	(182,675)	-
(Increase) Decrease in Deferred Outflows of Resources Related to Pensions	(116,690)	-	-	(116,690)	-
(Increase) Decrease in Deferred Outflows of Resources related to OPEB	(27,992)	-	-	(27,992)	-
Changes in Liabilities and Deferred Inflows of Resources:					
Increase (Decrease) in Accounts Payable	183,116	(43,244)	81,664	221,536	(40,321)
Increase (Decrease) in Accrued Salaries and Benefits	42,024	2,431	2,587	47,042	-
Increase (Decrease) in Deposits Payable	(13)	-	-	(13)	-
Increase (Decrease) in Compensated Absences	(38,748)	-	-	(38,748)	-
Increase (Decrease) in Net Pension Liability	412,326	-	-	412,326	-
Increase (Decrease) in Deferred Inflows of Resources Related to Pensions	(200,098)	-	-	(200,098)	-
Increase (Decrease) in Deferred Inflows of Resources related to OPEB	(8,418)	-	-	(8,418)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 77,147</u>	<u>\$ 23,879</u>	<u>\$ 515,869</u>	<u>\$ 616,895</u>	<u>\$ (194,002)</u>

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Successor Agency to the Cerritos Redevelopment Agency
ASSETS	
Cash and Investments	\$ 17,933,557
Cash and Investments with Fiscal Agents	14,978,194
Interest Receivable	2,986
Total Assets	32,914,737
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Loss on Refunding of Debt, Net	283,561
Total Deferred Outflow of Resources	283,561
LIABILITIES	
Current Liabilities:	
Interest Payable	331,060
Long-Term Debt - Due Within One Year	9,785,000
Total Current Liabilities	10,116,060
Noncurrent Liabilities:	
Advances from City of Cerritos (Note 5)	54,153,424
Long-Term Debt - Due In More than One Year	33,250,179
Total Long-Term Liabilities	87,403,603
Total Liabilities	97,519,663
NET POSITION	
Held In Trust:	
Held for Dissolution of Community Redevelopment Agency (Deficit)	(64,321,365)
Total Net Position (Deficit)	\$ (64,321,365)

See accompanying Notes to Financial Statements.

**CITY OF CERRITOS, CALIFORNIA
STATEMENT CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2021**

	Successor Agency to the Cerritos Redevelopment Agency
ADDITIONS	
Redevelopment Property Tax Trust Fund	\$ 16,064,538
Investment Income	152,884
Total Additions	16,217,422
 DEDUCTIONS	
Administrative Expenses	35,000
Interest on Long-Term Debt	3,136,876
Fiscal Charges	7,750
Total Deductions	3,179,626
 CHANGE IN NET POSITION	13,037,796
 Net Position (Deficit) - Beginning Of Year	(77,359,161)
 NET POSITION (DEFICIT) - END OF YEAR	\$ (64,321,365)

See accompanying Notes to Financial Statements.

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**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Cerritos, California (the City), have been prepared in accordance with generally accepted accounting principles (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 more significant of the City's accounting policies are described below.

A. Description of the Financial Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended. The basic, but not the only, criterion for including a potential component unit within the City's reporting entity is whether the City Council, as the City's governing body, has financial accountability for the potential component unit. The most significant manifestations of financial accountability include the ability of the Council to appoint a voting majority of the organization's governing body and the ability to impose its will on the organization; or that there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be deemed to be financially accountable if an organization is fiscally dependent on the City regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board. In addition to those organizations for which the City may be financially accountable, other organizations for which the City is not financially accountable, but for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete, may also be component units. Component units are presented on a "blended" basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Based upon the application of these criteria, the City has no component units. The following is a brief review of the City's reporting entity.

City of Cerritos

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.

CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position (i.e., fund balances) as presented in these statements to the net position presented in the Government-wide financial statements.

Proprietary Fund Financial Statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows for each proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, the internal service balances and activities have been combined with the governmental activities in the Government-wide financial statements.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

The following are the major governmental funds of the City:

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.

The **Municipal Improvement Capital Project Fund** is used 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.

The following are the major proprietary funds of the City:

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 types:

Governmental Fund Types

Special Revenue Funds account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects), that are restricted to expenditures for special purposes.

Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major facilities other than those financed by Proprietary Funds.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Government-Wide and Fund Financial Statements (Continued)

Proprietary Funds

The Reclaimed Water Fund, an **Enterprise Fund**, is used to account for the sale of reclaimed water to the residents and businesses of the City. 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 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

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).

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the granting agency have been met.

CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Grant funds earned but not received by the end of the fiscal period are recorded as a receivable, and revenue is recognized if collected within 60 days of the end of the current fiscal period. Property and sales taxes, utility users' taxes, transient occupancy taxes, franchise taxes, licenses and other charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary are reported using the economic resources measurement focus and the accrual basis of accounting.

D. Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits and investments with original maturities of three months or less from the date of acquisition. With respect to cash and investments with fiscal agents, all investments have an original maturity of less than three months and are considered to be cash equivalents.

The City's proprietary fund participates in the pooling of City-wide cash and investments. Amounts held in the City pool are available to the fund on demand and are considered to be cash and cash equivalents for statement of cash flow purposes. Investments not held in the City pool that are short-term investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

E. Investments

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

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 one 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.

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 Equipment	3 to 15 Years
Leased Property	5 to 10 Years
Infrastructure	20 to 75 Years

CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension liability and net OPEB liability.
- Deferred outflow related to pensions resulting from the net difference in projected and actual earnings on investments of the pension plans' fiduciary net position. These amounts are amortized over five years.
- Deferred outflow from pensions resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflow related to pensions for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.

In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions and OPEB for differences between expected and actual experience. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred inflow from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expecting remaining service lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred inflow related to OPEB resulting from the net difference in projected and actual earnings on investments of the OPEB plans' fiduciary net position. These amounts are amortized over five years.

CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Compensated Absences

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.

The compensated absences for governmental funds will generally be liquidated through the general fund. The balances in the proprietary funds will generally be liquidated through the individual funds.

K. 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.

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) and Public Agency Retirement Services (PARS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and PARS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. 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.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. 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

O. 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; orb) 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.

CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances and Net Position (Continued)

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.

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.

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Q. New Accounting Pronouncements

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. New Accounting Pronouncements (Continued)

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this statements did not impact the City.

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, 2021:

	Government-Wide Statement of Net Position			Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Total	Statement of Net Position	
Cash and Investments	\$ 117,835,285	\$ 6,684,888	\$ 124,520,173	\$ 17,933,557	\$ 142,453,730
Restricted Cash and Investments:					
Investments with Fiscal Agents	-	-	-	14,978,194	14,978,194
Total Cash and Investments	<u>\$ 117,835,285</u>	<u>\$ 6,684,888</u>	<u>\$ 124,520,173</u>	<u>\$ 32,911,751</u>	<u>\$ 157,431,924</u>

The City's cash and investments at June 30, 2021 in more detail:

Cash and Cash Equivalents:	
Petty Cash	\$ 8,870
Demand Deposits	<u>14,779,749</u>
Total Cash and Cash Equivalents	14,788,619
Investments:	
Local Agency Investment Fund	63,154,119
U.S. Government Sponsored Enterprise Securities	32,984,663
U.S. Treasury Notes	9,878,710
Certificates of Deposit	21,647,621
Investment Contracts	3,206,533
Money Market Mutual Funds	<u>11,771,659</u>
Total Investments	<u>142,643,305</u>
Total Cash and Investments	<u>\$ 157,431,924</u>

All of the City's deposits, except certain cash balances held by fiscal agents, are entirely insured or collateralized. The California Government Code requires California banks and savings and loans to secure the City's deposits by pledging government securities as collateral.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

The fair value of the pledged securities must equal 110% of the City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes equal to 150% of the City's deposits. The City may waive collateral requirements for the portion of cash deposits that are fully insured by the Federal Deposit Insurance Corporation (FDIC), statutorily limited to \$250,000. As of June 30, 2021, the City maintains cash deposits that are partially insured by FDIC insurance. All uninsured cash deposited are fully collateralized.

Investments Authorized by the California Government Code and the City's Investment Policy

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 trustees/fiscal agents 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment in One Issuer</u>
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	30%	10%
Banker's Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	40%	30%
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	75 Million	No limit

N/A Not Applicable

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

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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.

Disclosures Relating to 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)	\$ 63,154,119	\$ -	\$ -	\$ 63,154,119
Federal Home Loan Bank (FHLB)	-	4,219,173	-	4,219,173
Federal National Mortgage Association (FNMA)	1,001,020	7,920,760	-	8,921,780
Federal Home Loan Mortgage Corporation (FHLMC)	-	3,951,340	-	3,951,340
Federal Farm Credit Bank (FFCB)	-	15,892,370	-	15,892,370
U.S. Treasury Notes	-	9,878,710	-	9,878,710
Certificates of Deposit	4,466,603	17,181,018	-	21,647,621
Investment Contracts	-	3,206,533	-	3,206,533
Money Market Mutual Funds	11,771,659	-	-	11,771,659
Total	<u>\$ 80,393,401</u>	<u>\$ 62,249,904</u>	<u>\$ -</u>	<u>\$ 142,643,305</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by Moody's, a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government.

Investment Type	Total as of June 30, 2021	Minimum Legal Rating	Minimum Rating		Not Required to be Rated
			Aaa	Unrated	
LAIF	\$ 63,154,119	N/A	\$ -	\$ 63,154,119	\$ -
FHLB	4,219,173	N/A	4,219,173	-	-
FNMA	8,921,780	N/A	8,921,780	-	-
FHLMC	3,951,340	N/A	3,951,340	-	-
FFCB	15,892,370	N/A	15,892,370	-	-
U.S. Treasury Notes	9,878,710	N/A	-	-	9,878,710
Certificates of Deposits	21,647,621	Aaa	-	21,647,621	-
Investment Contracts	3,206,533	N/A	3,206,533	-	-
Money Market Mutual Funds	11,771,659	A	-	11,771,659	-
Total	<u>\$ 142,643,305</u>		<u>\$ 36,191,196</u>	<u>\$ 96,573,399</u>	<u>\$ 9,878,710</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City adopted GASB Statement No. 72, *Fair Value Measurement and Application*, as of July 1, 2015. GASB Statement No. 72 establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

United States Government – Sponsored Agency securities, negotiable certificates of deposit, and investment contracts held by trustees/fiscal agents are classified in level 2 of the fair value hierarchy and are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Investment Type	June 30, 2021	Level		
		1	2	3
FHLB	\$ 4,219,173	\$ -	\$ 4,219,173	\$ -
FNMA	8,921,780	-	8,921,780	-
FHLMC	3,951,340	-	3,951,340	-
FFCB	15,892,370	-	15,892,370	-
U.S. Treasury Notes	9,878,710	-	9,878,710	-
Certificates of Deposit	21,647,621	-	21,647,621	-
Held by Trustees/Fiscal Agents:				
Investment Contracts	3,206,533	-	3,206,533	-
Total Investments at Fair Value	<u>67,717,527</u>	<u>\$ -</u>	<u>\$ 67,717,527</u>	<u>\$ -</u>
Investments not Subject to Hierarchy				
State Investment Pool (LAIF)	63,154,119			
Held by Trustees/Fiscal Agents:				
Money Market Funds	<u>11,771,659</u>			
Total	<u>74,925,778</u>			
Total Investments	<u>\$ 142,643,305</u>			

Disclosure Risk Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository 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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Disclosure Risk Relating to Custodial Credit Risk (Continued)

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments: none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. As of June 30, 2021, the deposits were collateralized in accordance with Section 53652 of the California Government Code by the pledging financial institution in the City's name.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF). The fund is not registered with the SEC but is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 LOANS AND NOTES RECEIVABLE

Residential Assistance and Loan Program

At June 30, 2021, the outstanding balances of the Residential Assistance and Loan Programs are as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 INTERFUND TRANSACTIONS

Advances To/From Other Funds

At June 30, 2021, the City had the following advances to/from other funds:

Advances to Other Funds		
Receivable Fund	Payable Fund	Amount
Governmental Funds:	Enterprise Funds:	
	Water and Sewer Fund:	
General Fund	Sewer Operations	\$ 10,834,494
General Fund	Water Operations	10,178,230
	Subtotal	21,012,724
	Electric Utility Enterprise Fund:	
General Fund	Operations	22,902,919
General Fund	Debt Service	2,567,845
	Subtotal	25,470,764
	Total	\$ 46,483,488

Advances were made to the Water and Sewer Enterprise Fund from the General Fund during fiscal years 2016- 2017, 2017-2018, 2018-2019, 2019-2020, and 2020-2021. 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, 2021, interest of \$493,500 was incurred and added to the outstanding loan balance while an additional \$779,246 was borrowed. At June 30, 2021, the outstanding balance was \$21,012,724.

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, 2021, interest of \$621,239 was incurred and added to the outstanding loan balance. At June 30, 2021, the outstanding balance was \$25,470,764.

Due To/From Other Funds

The City reclassified negative cash balances of \$139,746 in the City-wide cash pool from the General Fund to the Nonmajor Governmental Funds.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 INTERFUND TRANSACTIONS (CONTINUED)

Transfers

At June 30, 2021, the City had the following transfers in/out:

Transfers Out	Transfers In					Total
	Governmental Funds			Proprietary Funds		
	General Fund	Municipal Improvement Capital Project Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Electric Utility Fund	
Governmental Funds:						
General Fund	\$ -	\$ 5,239,872	\$ 307,967	\$ -	\$ 858,819	\$ 6,406,658
Municipal Improvement Capital Project Fund	-	-	1,413	-	-	1,413
Nonmajor Governmental Funds	183,130	122,002	3,333,029	659,615	-	4,297,776
Total	<u>\$ 183,130</u>	<u>\$ 5,361,874</u>	<u>\$ 3,642,409</u>	<u>\$ 659,615</u>	<u>\$ 858,819</u>	<u>\$ 10,705,847</u>

The transfers of \$5,547,839 from the General Fund relate to capital projects costs and administrative costs of the Municipal Improvement Capital Project Fund and the Nonmajor Governmental Funds within the Street Improvement, Drainage, and Los Coyotes Lighting District Fund.

The transfers of \$183,130 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 \$3,333,029 from the Nonmajor Governmental Funds to the other Nonmajor Governmental Funds and \$1,413 from the Municipal Improvement Capital Improvement Fund to the other Nonmajor Governmental Funds relate to the funding of various programs and capital projects.

The transfers of \$659,615 from the Nonmajor Governmental Funds to the Water and Sewer Fund relate to the funding of capital projects.

The transfers of \$122,002 from the Nonmajor Governmental Funds to the Municipal Improvement Capital Project Fund relates to the funding of capital projects.

The transfers of \$858,819 from the General Fund to the Electric Utility Fund relate to debt service expenditures.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 5 ADVANCES TO FIDUCIARY FUNDS

The balance of Advances to Fiduciary Funds at June 30, 2021 is \$54,153,424. 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 \$43,322,739 at June 30, 2021. The loan balance of the Housing Assets Fund, including accrued interest, is \$10,830,685 at June 30, 2021.

NOTE 6 CAPITAL ASSETS

Governmental Activities

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
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	114,747	2,942,891	(114,748)	2,942,890
Total Capital Assets, not Being Depreciated	<u>137,288,278</u>	<u>2,942,891</u>	<u>(114,748)</u>	<u>140,116,421</u>
Capital Assets, Being Depreciated:				
Buildings	190,114,028	-	-	190,114,028
Improvements Other than Buildings	9,382,883	523,048	-	9,905,931
Furniture and Equipment	25,733,496	54,744	(48,876)	25,739,364
Infrastructure	40,318,659	1,588,164	(1,584)	41,905,239
Total Capital Assets, Being Depreciated	265,549,066	2,165,956	(50,460)	267,664,562
Less Accumulated Depreciation For:				
Buildings	(112,200,169)	(4,644,417)	-	(116,844,586)
Improvements Other Than Buildings	(3,512,189)	(465,651)	-	(3,977,840)
Furniture And Equipment	(23,897,997)	(305,403)	48,876	(24,154,524)
Infrastructure	(25,587,717)	(956,375)	1,584	(26,542,508)
Total Accumulated Depreciation	<u>(165,198,072)</u>	<u>(6,371,846)</u>	<u>50,460</u>	<u>(171,519,458)</u>
Total Capital Assets, Being Depreciated, Net	<u>100,350,994</u>	<u>(4,205,890)</u>	<u>-</u>	<u>96,145,104</u>
Governmental Activities Capital Assets, Net	<u>\$ 237,639,272</u>	<u>\$ (1,262,999)</u>	<u>\$ (114,748)</u>	<u>\$ 236,261,525</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Governmental Activities (Continued)

Depreciation expense was charged to the functions/programs of governmental activities for the year ended June 30, 2021 as follows:

Legislative and Administrative	\$ 424,621
Community Development	74,685
Public Works	75,359
Community and Safety Services	1,434,899
Administrative Services	1,388,172
Cerritos Center for the Performing Arts	1,636,692
Equipment Replacement Internal Service Fund	196,538
Unallocated Infrastructure Depreciation	1,140,880
Total Depreciation Expense	<u>\$ 6,371,846</u>

Business-Type Activities

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets, Being Depreciated:				
Buildings and Structures	\$ 7,022,673	\$ -	\$ (263,086)	\$ 6,759,587
Water Mains and Lines	45,552,870	343,122	(39,484)	45,856,508
Equipment	6,068,347	169,389	-	6,237,736
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	86,768,473	512,511	(302,570)	86,978,414
Less Accumulated Depreciation for:				
Buildings and Structures	(4,447,159)	(19,121)	263,086	(4,203,194)
Water Mains and Lines	(26,190,601)	(800,476)	11,798	(26,979,279)
Equipment	(4,890,807)	(182,273)	-	(5,073,080)
Water Rights Acquired	(1,016,718)	(56,484)	-	(1,073,202)
Electric Utility Rights Acquired	(7,052,503)	(470,164)	-	(7,522,667)
Sewer Mains	(7,448,185)	(156,759)	-	(7,604,944)
Total Accumulated Depreciation	(51,045,973)	(1,685,277)	274,884	(52,456,366)
Total Capital Assets, Being Depreciated, Net	35,722,500	(1,172,766)	(27,686)	34,522,048
Business-Type Activities Capital Assets, Net	<u>\$ 35,722,500</u>	<u>\$ (1,172,766)</u>	<u>\$ (27,686)</u>	<u>\$ 34,522,048</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 6 CAPITAL ASSETS (CONTINUED)

Business-Type Activities (Continued)

Depreciation expense for business-type activities for the year June 30, 2021 was charged as follows:

Water and Sewer	\$ 910,945
Electric Utility	470,167
Reclaimed Water	304,165
Total Depreciation Expense	<u>\$ 1,685,277</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.

Governmental Activities

A summary of changes in compensated absences for governmental activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Compensated Absences	<u>\$ 2,970,750</u>	<u>\$ 1,882,072</u>	<u>\$ (1,699,494)</u>	<u>\$ 3,153,328</u>	<u>\$ 788,332</u>	<u>\$ 2,364,996</u>

Business-Type Activities

A summary of changes in compensated absences for business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Compensated Absences - Water and Sewer Fund	<u>\$ 209,351</u>	<u>\$ 92,509</u>	<u>\$ (131,257)</u>	<u>\$ 170,603</u>	<u>\$ 42,651</u>	<u>\$ 127,952</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT

Business-Type Activities (Continued)

A summary of changes in long-term debt for the business-type activities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Direct Borrowings:						
Southern California Public Power Authority, Magnolia Project Los Cerritos Revenue Bonds: 2003 Issue, Series B, \$3,526,250	\$ 2,500,000	\$ -	\$ (91,250)	\$ 2,408,750	\$ 95,000	\$ 2,313,750
Southern California Public Power Authority, Magnolia Project Los Coyotes Revenue Bonds: 2003 Issue, Series B, \$10,578,750	7,500,000	-	(273,750)	7,226,250	285,000	6,941,250
Total Revenue Bonds	10,000,000	-	(365,000)	9,635,000	380,000	9,255,000
Total Long-Term Liabilities	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ (365,000)</u>	<u>\$ 9,635,000</u>	<u>\$ 380,000</u>	<u>\$ 9,255,000</u>

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.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Business-Type Activities (Continued)

SCPPA – Magnolia Power Project B, Series 2003 Revenue Bonds (Continued)

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 4). Principal and interest paid for the current year amounted to \$858,819.

Bonds outstanding at June 30, 2021 amounted to \$2,408,750 for Los Cerritos and \$7,226,250 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
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	103,750	110,688	214,438	311,250	332,063	643,313
2025	108,750	105,500	214,250	326,250	316,500	642,750
2026	115,000	100,063	215,063	345,000	300,188	645,188
2027-2031	665,000	408,375	1,073,375	1,995,000	1,225,125	3,220,125
2032-2036	1,221,250	224,625	1,445,875	3,663,750	673,875	4,337,625
Total	<u>\$ 2,408,750</u>	<u>\$ 1,183,902</u>	<u>\$ 3,592,652</u>	<u>\$ 7,226,250</u>	<u>\$ 3,551,702</u>	<u>\$ 10,777,952</u>

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, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
Los Cerritos Redevelopment Project Revenue Bonds:						
2002 Issue, Series A, \$31,550,000	\$ 3,560,000	\$ -	\$ (3,560,000)	\$ -	\$ -	\$ -
2002 Issue, Series B, \$7,550,000	580,000	-	(580,000)	-	-	-
Los Coyotes Redevelopment Project Revenue Bonds:						
1993 Issue, Series A, \$42,155,000	8,000,000	-	-	8,000,000	-	8,000,000
2002 Issue, Series A, \$64,710,000	37,865,000	-	(8,285,000)	29,580,000	8,695,000	20,885,000
2002 Issue, Series B, \$12,225,000	5,755,000	-	(1,035,000)	4,720,000	1,090,000	3,630,000
Subtotal	55,760,000	-	(13,460,000)	42,300,000	9,785,000	32,515,000
Add (Less) Deferred Amounts:						
Bond Premium	1,226,783	-	(306,699)	920,084	-	920,084
Bond Discount	(246,540)	-	61,635	(184,905)	-	(184,905)
Total Revenue Bonds	<u>56,740,243</u>	<u>-</u>	<u>(13,705,064)</u>	<u>43,035,179</u>	<u>9,785,000</u>	<u>33,250,179</u>
Total Long-Term Liabilities	<u>\$ 56,740,243</u>	<u>\$ -</u>	<u>\$ (13,705,064)</u>	<u>\$ 43,035,179</u>	<u>\$ 9,785,000</u>	<u>\$ 33,250,179</u>

CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 LONG-TERM DEBT (CONTINUED)

Fiduciary Fund (Continued)

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 Bond was paid off during fiscal year-ended June 30, 2021.

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 Bond was paid off during fiscal year-ended June 30, 2021.

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.

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.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Fiduciary Fund (Continued)

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

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 \$11,782,917.

Bonds outstanding at June 30, 2021 amounted to \$8,000,000. Future debt service requirements on the bonds are as follows:

<u>Year Ending June 30.</u>	<u>Los Coyotes 1993 Issue, Series A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 520,000	\$ 520,000
2023	465,000	504,888	969,888
2024	7,535,000	244,887	7,779,887
Total	\$ 8,000,000	\$ 1,269,775	\$ 9,269,775

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 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, 2021 were \$26,470,000.

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, 2021 were \$3,110,000.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Fiduciary Fund (Continued)

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

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 \$9,955,566 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$11,782,917.

Future debt service requirements on the bonds are as follows:

<u>Year Ending June 30,</u>	<u>Los Coyotes 2002 Issue, Series A</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 8,695,000	\$ 1,249,261	\$ 9,944,261
2023	8,660,000	818,728	9,478,728
2024	2,050,000	554,476	2,604,476
2025	10,175,000	252,508	10,427,508
Total	<u>\$ 29,580,000</u>	<u>\$ 2,874,973</u>	<u>\$ 32,454,973</u>

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 \$1,3070,350 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$11,782,917.

Bonds outstanding at June 30, 2021 were \$4,720,000. Future debt service requirements on the bonds are as follows:

<u>Year Ending June 30,</u>	<u>Los Coyotes 2002 Issue, Series B</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,090,000	\$ 217,100	\$ 1,307,100
2023	1,150,000	158,860	1,308,860
2024	1,210,000	97,500	1,307,500
2025	1,270,000	33,020	1,303,020
Total	<u>\$ 4,720,000</u>	<u>\$ 506,480</u>	<u>\$ 5,226,480</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 9 FUND BALANCE CLASSIFICATIONS

The City's fund balances at June 30, 2021 are tabulated below:

	Major Funds				Total Governmental Funds
	General	Housing Assets Special Revenue	Municipal Improvement Corporation Capital Projects Fund	Nonmajor Governmental Funds	
Nonspendable:					
Prepaid Items	\$ 500,867	\$ -	\$ -	\$ 23,866	\$ 524,733
Inventories	71,709	229,604	-	-	301,313
Advances to Other Funds	46,483,488	-	-	-	46,483,488
Advances to Fiduciary Funds	43,322,739	-	-	-	43,322,739
Total Nonspendable	90,378,803	229,604	-	23,866	90,632,273
Restricted:					
Business License Software	147,357	-	-	-	147,357
General Plan Update	321,606	-	-	-	321,606
Housing Assets Special Revenue	-	23,095,853	-	-	23,095,853
SB 821 - Bicycles/Pedestrians - Transportation Related Purposes	-	-	-	1,058,780	1,058,780
Proposition "A" Transportation Related Purposes	-	-	-	1,206,513	1,206,513
Proposition "C" Transportation Related Purposes	-	-	-	414,263	414,263
Assessment District #6 - Assessment Districts	-	-	-	79,319	79,319
Environmental Grants - Miscellaneous Grants	-	-	-	397	397
Air Quality Management District - Transportation Related Purposes	-	-	-	602,514	602,514
Measure "M" Transportation Related Purposes	-	-	-	408,283	408,283
Measure "R" Transportation Related Purposes	-	-	-	58,433	58,433
Measure "W" Transportation Related Purposes	-	-	-	306,243	306,243
Total Restricted	468,963	23,095,853	-	4,134,745	27,699,561
Assigned:					
Asset Replacement	700,000	-	-	-	700,000
Art Center Programs	9,673,400	-	-	-	9,673,400
Earthquake Preparedness	3,273,213	-	-	-	3,273,213
Art In Public Places	1,326,898	-	-	-	1,326,898
Self Insurance	3,000,000	-	-	-	3,000,000
Total Assigned	17,973,511	-	-	-	17,973,511
Unassigned:					
General Fund	70,723,775	-	-	-	70,723,775
Nonmajor Governmental Funds	-	-	(192,848)	(968,219)	(1,161,067)
Total Unassigned	70,723,775	-	(192,848)	(968,219)	69,562,708
Total	\$ 179,545,052	\$ 23,325,457	\$ (192,848)	\$ 3,190,392	\$ 205,868,053

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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	\$ 68,214,397	\$ 6,336,859	\$ 74,551,256
PARS	1,045,492	97,122	1,142,614
Total	<u>\$ 69,259,889</u>	<u>\$ 6,433,981</u>	<u>\$ 75,693,870</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	\$ 6,351,331	\$ 590,014	\$ 6,941,345
PARS	1,643,059	152,634	1,795,693
Difference Between Projected and and Actual Earnings on Pension Plan Investments:			
CalPERS Miscellaneous Plan	1,324,429	123,034	1,447,463
PARS	76,602	7,116	83,718
Change in Assumptions:			
PARS	269,995	25,081	295,076
Difference Between Expected and Actual Experience:			
CalPERS Miscellaneous Plan	<u>1,933,588</u>	<u>179,623</u>	<u>2,113,211</u>
Total Deferred Outflows of Resources	<u>\$ 11,599,004</u>	<u>\$ 1,077,502</u>	<u>\$ 12,676,506</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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:

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
Deferred Inflows of Resources:			
Change in Assumptions:			
PARS	\$ 34,125	\$ 3,170	\$ 37,295
Difference Between Expected and Actual Experience:			
PARS	354,702	32,950	387,652
Total Deferred Inflows of Resources	\$ 388,827	\$ 36,120	\$ 424,947

Pension Expense

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

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
CalPERS Miscellaneous Plan	\$ 8,312,629	\$ 772,211	\$ 9,084,840
PARS	692,988	64,376	757,364
Total	\$ 9,005,617	\$ 836,587	\$ 9,842,204

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

California Public Employees' Retirement System (CalPERS) Plan

B. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's Miscellaneous Plan, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2021 are summarized as follows:

	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 of service	5 years of service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55 to 60	55 to 60
Monthly Benefits, as a % of Eligible Compensation	2% to 3%	2% to 3%
Required Employee Contribution Rates	7.794%	7.794%
Required Employer Contribution Rates: Normal Cost Rate	12.237%	12.237%
Payment of Unfunded Liability	\$ 5,044,936	\$ -

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

California Public Employees' Retirement System (CalPERS) Plan (Continued)

B. General Information about the Pension Plan (Continued)

Employees Covered

At the measurement date ended June 30, 2020, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>
Active Employees	240
Inactive Employees or Beneficiaries Currently Receiving Benefits	331
Inactive Employees Entitled to But Not Yet Receiving Benefits	273
Total	844

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. City contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. The City made contributions to the Miscellaneous Plan during the fiscal year ended June 30, 2021 of \$6,941,345.

C. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

California Public Employees' Retirement System (CalPERS) Plan (Continued)

C. Net Pension Liability (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service.
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.
- (3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

Long-Term Expected Rate of Return

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

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

California Public Employees' Retirement System (CalPERS) Plan (Continued)

C. Net Pension Liability (Continued)

Long-Term Expected Rate of Return (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund 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+ 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 rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class (a)</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00 %	4.80%	5.98%
Global Fixed Income	28.00	1.00%	2.62%
Inflation Assets	-	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%
Total	<u>100.00 %</u>		

- (a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities
- (b) An expected inflation of 2.0% used for this period
- (c) An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

California Public Employees' Retirement System (CalPERS) Plan (Continued)

C. Net Pension Liability (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results in this disclosure.

D. Changes in the Net Pension Liability

The changes in the net pension liability for the Miscellaneous Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Position	Net Pension Liability / (Asset)
Balance at June 30, 2019 (Measurement Date)	\$ 247,647,726	\$ 179,256,478	\$ 68,391,248
Changes in the Year:			
Service Cost	3,237,307	-	3,237,307
Interest on the Total Pension Liability	17,554,548	-	17,554,548
Differences Between Expected and Actual Experience	1,810,807	-	1,810,807
Contributions from the Employer	-	6,413,343	(6,413,343)
Contributions from Employees	-	1,375,002	(1,375,002)
Net Investment Income	-	8,907,017	(8,907,017)
Benefit Payments Including Refunds of Employee Contributions	(11,118,075)	(11,118,075)	-
Administrative Expense	-	(252,708)	252,708
Other Miscellaneous Income (Expense)	-	-	-
Net Changes	<u>11,484,587</u>	<u>5,324,579</u>	<u>6,160,008</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 259,132,313</u>	<u>\$ 184,581,057</u>	<u>\$ 74,551,256</u>

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

The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan of 7.15%, as well as what the City's 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%)
CalPERS Miscellaneous Plan	<u>\$ 109,953,096</u>	<u>\$ 74,551,256</u>	<u>\$ 45,379,753</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

California Public Employees' Retirement System (CalPERS) Plan (Continued)

D. Changes in the Net Pension Liability (Continued)

Pension Plan Fiduciary Net Position

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

E. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the City recognized pension expense of \$9,084,840. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution Made After the Measurement Date	\$ 6,941,345	\$ -
Difference Between Expected and Actual Experience	2,113,211	-
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earning on Pension Plan Investments	1,447,463	-
Total	<u>\$ 10,502,019</u>	<u>\$ -</u>

\$6,941,345 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 year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 890,720
2023	1,004,708
2024	917,227
2025	748,019
2026	-
Thereafter	-

F. Payable to the Pension Plan

At June 30, 2021, the City had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement Services (PARS) Plan

A. 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.

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 50 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:

- a) 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.
- b) 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.

**CITY OF CERRITOS, CALIFORNIA
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement Services (PARS) Plan (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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 measurement date June 30, 2020, the following employees were covered by the benefit terms:

	PARS
Active Employees	87
Inactive Employees or Beneficiaries Currently Receiving Benefits	45
Total	132

Contributions

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

For the year ended June 30, 2021, the contributions were:

	PARS
Contributions - Employer	\$ 1,795,693
Contributions - Employee	-

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement Services (PARS) Plan (Continued)

B. Net Pension Liability

Actuarial Assumptions Used to Determine the Total Pension Liability

For the measurement period ended June 30, 2020, the total pension liability was determined by the June 30, 2019 actuarial valuation rolled forward to June 30, 2020 using standard update procedures. The June 30, 2019 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	5.75%
Inflation	2.50%
Salary Increases	Graded rates based on years of service, 3.40% after 22 years of service
Investment Rate of Return	5.75%
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%

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, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement Services (PARS) Plan (Continued)

B. Net Pension Liability (Continued)

Discount Rate (Continued)

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
U.S. Cash	6.67%	-0.32%	-0.32%
U.S. Core Fixed Income	65.05%	1.37%	1.26%
U.S. Equity Market	21.86%	5.33%	3.70%
Foreign Developed Equity	3.79%	6.27%	4.52%
Emerging Markets Equity	2.10%	8.64%	4.95%
U.S. REITs	0.53%	5.75%	3.57%
Assumed Inflation - Mean		2.30%	2.30%
Assumed Inflation - Standard Deviation		1.16%	1.16%
Portfolio Real Mean Return		2.48%	2.29%
Portfolio Nominal Mean Return		4.78%	4.65%
Portfolio Standard Deviation			5.34%
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:

Plan's Net Pension Liability (Asset)		
Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
\$ 2,878,228	\$ 1,142,614	\$ (263,010)

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement Services (PARS) Plan (Continued)

C. Changes in 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	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019 (Measurement Date)	\$ 11,852,280	\$ 9,400,538	\$ 2,451,742
Changes Recognized for the Measurement Period:			
Service Cost	280,802	-	280,802
Interest on the Total Pension Liability	676,957	-	676,957
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions from the Employer	-	1,727,805	(1,727,805)
Net Investment Income, Net of Administrative Expense	-	542,109	(542,109)
Benefit Payments Including Refunds of Employee Contributions	(730,021)	(730,021)	-
Administrative Expense	-	(3,027)	3,027
Net Changes	<u>227,738</u>	<u>1,536,866</u>	<u>(1,309,128)</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 12,080,018</u>	<u>\$ 10,937,404</u>	<u>\$ 1,142,614</u>

Pension Plan Fiduciary Net Position

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

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

For measurement date June 30, 2020, the City recognized pension expense of \$757,364, for the PARS Plan.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 10 RETIREMENT PLAN (CONTINUED)

Public Agency Retirement Services (PARS) Plan (Continued)

C. Changes in Net Pension Liability (Continued)

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

For measurement date June 30, 2020, the City reported deferred outflows resources and deferred inflows of resources related to PARS pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contribution Made After the Measurement Date	\$ 1,795,693	\$ -
Difference Between Expected and Actual Experience	-	(387,652)
Changes of Assumptions	295,076	(37,295)
Net Difference Between Projected and Actual Earning on Pension Plan Investments	83,718	-
Total	<u>\$ 2,174,487</u>	<u>\$ (424,947)</u>

\$1,795,693 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 year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to PARS pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ 120,071
2023	(91,949)
2024	(73,045)
2025	(1,230)
Thereafter	-
Total	<u>\$ (46,153)</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS

A. General Information about the Plan

Plan Description

In addition to the pension benefits described in Note 10, 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 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, 2020, there were 165 participants receiving these healthcare benefits.

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, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active Employees	179
Inactive Employees or Beneficiaries Currently Receiving Benefits	165
Inactive Employees Entitled to But not Yet Receiving Benefits	-
Total	344

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 2021, a contribution of \$1,431,507 was made to the trust, \$1,713,750 was contributed as insurance premiums, and an implicit subsidy \$423,798 totaling \$3,569,055.

B. Net OPEB Liability

The City’s net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020, using standard update procedures.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

B. Net OPEB Liability (Continued)

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2020, was determined using the following actuarial assumptions:

Actuarial Valuation Date	July 1, 2019
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, 2020	17 Years
Amortization Growth Rate	2.50%
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	2.75%
Discount Rate	5.75%

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Inflation-Indexed Bonds	16.00%	1.13%	1.03%
Long Credit Bonds	49.00%	2.98%	2.63%
Global Equity	22.00%	5.57%	4.21%
Global Real Estate REITs	8.00%	6.04%	4.26%
Commodities	5.00%	2.88%	1.27%
Assumed Inflation		2.20%	2.20%
Assumed Inflation - Standard Deviation		1.65%	1.65%
Portfolio Real Mean Return		3.49%	3.16%
Portfolio Nominal Mean Return		5.69%	5.43%
Portfolio Standard Deviation			7.72%
Long-Term Expected Rate of Return			5.75%

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

B. Net OPEB Liability (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75 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 City 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 Net 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, 2020:

	Plan's Net OPEB Liability (Asset)		
	Discount Rate -1%	Current Discount Rate	Discount Rate +1%
	(4.75%)	(5.75%)	(6.75%)
Net OPEB Liability (Asset)	\$ 776,971	\$ (5,829,938)	\$ (11,280,805)

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

The following presents the net OPEB liability of the City, as well as what the net 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, 2020:

	Plan's Net OPEB Liability (Asset)		
	Healthcare Cost Trend Rate -1%	Current Trend Rate	Trend Rate +1%
	(11,482,218)	(5,829,938)	1,213,902
Net OPEB Liability (Asset)	\$ (11,482,218)	\$ (5,829,938)	\$ 1,213,902

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

C. Change in Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability (Asset)</u>
Balance at June 30, 2019 (Measurement Date)	\$ 46,708,096	\$ 50,388,918	\$ (3,680,822)
Changes in the Year:			
Service Cost	1,611,055	-	1,611,055
Interest on the Total OPEB Liability	2,725,171	-	2,725,171
Differences Between Actual and Expected Experience	-	-	-
Changes In Assumptions	-	-	-
Contribution - Employer	-	3,239,740	(3,239,740)
Net Investment Income	-	3,271,714	(3,271,714)
Administrative Expenses	-	(26,112)	26,112
Benefit Payments	<u>(1,875,955)</u>	<u>(1,875,955)</u>	<u>-</u>
Net Changes	<u>2,460,271</u>	<u>4,609,387</u>	<u>(2,149,116)</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$ 49,168,367</u>	<u>\$ 54,998,305</u>	<u>\$ (5,829,938)</u>

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

For the year ended June 30, 2021, OPEB expense in the amount of \$991,587 is included in the accompanying statement of activities.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions Made After Measurement Date	\$ 3,569,055	\$ -
Differences Between Expected and Actual Experience	-	(220,994)
Changes of Assumptions	-	(747,972)
Net Difference Between Projected and Actual Earnings of OPEB Plan Investments	-	(362,172)
Total	<u>\$ 3,569,055</u>	<u>\$ (1,331,138)</u>

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 11 POSTEMPLOYMENT HEALTHCARE BENEFITS (CONTINUED)

C. Change in Net OPEB Liability (Continued)

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

The \$3,569,055 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:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ (396,029)
2023	(396,028)
2024	(479,682)
2025	(59,399)
2026	-
2027-2088	-
Total	<u>\$ (1,331,138)</u>

Changes of Assumptions

There were no significant changes of assumptions during the fiscal year.

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 (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority 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 California JPIA 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 primary 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.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION
(CONTINUED)**

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

Liability

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 \$100,000 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 \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

Workers' Compensation

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 \$75,000 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 \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2020-21 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

**NOTE 12 LIABILITY, PROPERTY AND WORKERS' COMPENSATION PROTECTION
(CONTINUED)**

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Cerritos. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City participates in the all-risk property protection program of the Authority. 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 Authority. City property currently has all-risk property insurance protection in the amount of \$305,417,596. 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 Authority.

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 Authority.

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 2020-21.

**CITY OF CERRITOS, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 13 OTHER REQUIRED DISCLOSURES

A. Deficit Net Position

At June 30, 2021, the following funds had a (deficit) fund balance/net position:

Fund	Deficit
Governmental Funds:	
Municipal Improvement Capital Project Fund	\$ (192,848)
Street Improvements Special Revenue Fund	(470,589)
Community Development Block Grant Special Revenue Fund	(448,764)
SB 821	(25,000)
Enterprise Funds:	
Water and Sewer	(2,320,995)
Electric Utility Fund	(27,824,523)
Fiduciary Fund:	
Successor Agency to the Cerritos Redevelopment Agency	(64,321,365)

Municipal Improvement Capital Project Fund – the deficit will be eliminated through receipt of revenue in fiscal year 2022.

Street Improvements and Community Development Block Grant Special Revenue Funds – the deficits will be eliminated through receipt of revenue in fiscal year 2022. The deficit equity has been created by recognition of reimbursable costs, where payment had not been received by the City within the recognition period for the year ended June 30, 2021.

Electric Utility Enterprise Fund – The Electric Utility Fund has a deficit net position of (\$27,824,523 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 (\$3,052,667), which is included in the total deficit of (\$27,824,523), 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 \$25,470,764 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 (\$2,320,995) as a result of operating expenses exceeding its operating revenues. The City is actively considering potential options to address the current operating deficit in the water and sewer funds and expects to have a comprehensive plan in place for the resolution of the deficit within the next two 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 (\$64,321,365) 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, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 as follows:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess Expenditures Over Appropriations</u>
General Fund	\$ 56,532,508	\$ 56,508,206	\$ (24,302)
Special Revenue Funds:			
Drainage	16,346	13,904	(2,442)
Measure "M"	76,007	51,749	(24,258)
Los Coyotes Lighting District	1,275,396	1,262,194	(13,202)

The General Fund and Special Revenue funds have actual expenditures exceeding budgeted expenditures for the Drainage, Measure "M", and Los Coyotes Lighting District 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, 2021, the City's lease income was \$7,773,539. Projected minimum lease payments to be received by the City as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 7,846,747
2023	8,454,990
2024	8,478,171
2025	8,501,920
2026	8,512,989
2027-2088	408,957,552
Total	<u>\$ 450,752,369</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, CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, 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. See Note 8 for debt related to the Magnolia Power Project. This contract provides for generating capacity of 4.2% of the output generated from the plant. During the fiscal year, the City's take or pay payment was approximately \$4,200,000.

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, 2021, settlement payable reflected in the general fund is \$36,337 and statement of net position is \$204,957.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
CalPERS MISCELLANEOUS PLAN
LAST TEN FISCAL YEARS *

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Period Ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability:				
Service Cost	\$ 3,237,307	\$ 3,310,335	\$ 3,211,358	\$ 3,170,426
Interest on Total Pension Liability	17,554,548	16,751,452	15,850,378	15,418,751
Differences Between Expected and Actual Experience	1,810,807	3,321,923	(2,581,182)	(4,370,245)
Changes in Assumptions	-	-	(889,556)	13,544,952
Changes in Benefits	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(11,118,075)	(10,089,894)	(9,571,522)	(8,632,827)
Net Change in Total Pension Liability	11,484,587	13,293,816	6,019,476	19,131,057
Total Pension Liability - Beginning of Year	247,647,726	234,353,910	228,334,434	209,203,377
Total Pension Liability - End of Year (a)	<u>\$ 259,132,313</u>	<u>\$ 247,647,726</u>	<u>\$ 234,353,910</u>	<u>\$ 228,334,434</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 6,413,343	\$ 5,624,680	\$ 4,966,169	\$ 5,465,459
Contributions - Employee	1,375,002	1,837,226	1,438,480	1,361,130
Net Investment Income	8,907,017	11,219,405	13,482,704	16,331,253
Benefit Payments	(11,118,075)	(10,089,894)	(9,571,522)	(8,632,827)
Net Plan to Plan Resource Movement	-	-	(395)	-
Other Miscellaneous Income (Expense)	(252,708)	(121,482)	(728,213)	(216,875)
Net Change in Plan Fiduciary Net Position	5,324,579	8,469,935	9,587,223	14,308,140
Plan Fiduciary Net Position - Beginning of Year	179,256,478	170,786,543	161,199,320	146,891,180
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 184,581,057</u>	<u>\$ 179,256,478</u>	<u>\$ 170,786,543</u>	<u>\$ 161,199,320</u>
Net Pension Liability - Ending (A)-(B)	<u>\$ 74,551,256</u>	<u>\$ 68,391,248</u>	<u>\$ 63,567,367</u>	<u>\$ 67,135,114</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.23%	72.38%	72.88%	70.60%
Covered Payroll	\$ 17,900,052	\$ 17,871,364	\$ 16,892,992	\$ 16,925,189
Net Pension Liability as Percentage of Covered Payroll	416.49%	382.69%	376.29%	396.66%

Notes to Schedule:

Benefit Changes:

There were no Changes in Benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 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. The discount rate of 7.50% used for the June 30, 2014 measure.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS (CONTINUED)
CaIPERS MISCELLANEOUS PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement Period Ended	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:			
Service Cost	\$ 2,965,498	\$ 3,020,515	\$ 3,240,470
Interest on Total Pension Liability	15,062,482	14,487,605	13,949,974
Differences Between Expected and Actual Experience	(1,769,960)	(2,262,020)	-
Changes in Assumptions	-	(3,806,191)	-
Changes in Benefits	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(8,474,088)</u>	<u>(7,917,777)</u>	<u>(7,345,114)</u>
Net Change in Total Pension Liability	7,783,932	3,522,132	9,845,330
Total Pension Liability - Beginning of Year	201,419,445	197,897,313	188,051,983
Total Pension Liability - End of Year (a)	<u>\$ 209,203,377</u>	<u>\$ 201,419,445</u>	<u>\$ 197,897,313</u>
Plan Fiduciary Net Position:			
Contributions - Employer	\$ 4,472,467	\$ 3,524,782	\$ 3,515,860
Contributions - Employee	1,521,739	1,430,858	1,544,713
Net Investment Income	744,239	3,275,852	22,074,825
Benefit Payments	(8,474,088)	(7,917,777)	(7,345,114)
Net Plan to Plan Resource Movement	-	-	-
Other Miscellaneous Income (Expense)	<u>(90,636)</u>	<u>(167,515)</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	(1,826,279)	146,200	19,790,284
Plan Fiduciary Net Position - Beginning of Year	148,717,459	148,571,259	128,780,975
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 146,891,180</u>	<u>\$ 148,717,459</u>	<u>\$ 148,571,259</u>
Net Pension Liability - Ending (A)-(B)	<u>\$ 62,312,197</u>	<u>\$ 52,701,986</u>	<u>\$ 49,326,054</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.21%	73.83%	75.07%
Covered Payroll	\$ 17,606,708	\$ 17,978,187	\$ 18,404,441
Net Pension Liability as Percentage of Covered Payroll	353.91%	293.14%	268.01%

Notes to Schedule:

Benefit Changes:

There were no Changes in Benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 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. The discount rate of 7.50% used for the June 30, 2014 measure.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

See accompanying Notes to Required Supplementary Information.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
CaIPERS MISCELLANEOUS PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially Determined Contribution	\$ 6,941,345	\$ 6,432,125	\$ 5,624,634	\$ 4,966,169
Contributions In Relation to the Actuarially Determined Contributions	<u>(6,941,345)</u>	<u>(6,432,125)</u>	<u>(5,624,634)</u>	<u>(4,966,169)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 17,900,052	\$ 17,900,052	\$ 17,871,364	\$ 16,892,992
Contributions as a Percentage of Covered Payroll	38.78%	35.93%	31.47%	29.40%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Methods and Assumptions used to Determine Contribution Rates:				
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.500%	2.625%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed.
(2) Depending on age, service and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS (CONTINUED)
CaIPERS MISCELLANEOUS PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially Determined Contribution	\$ 4,129,819	\$ 3,803,155	\$ 4,472,467
Contributions In Relation to the Actuarially Determined Contributions	<u>(5,472,464)</u>	<u>(4,474,477)</u>	<u>(4,472,467)</u>
Contribution Deficiency (Excess)	<u>\$ (1,342,645)</u>	<u>\$ (671,322)</u>	<u>\$ -</u>
Covered Payroll	\$ 16,925,184	\$ 17,606,708	\$ 17,978,187
Contributions as a Percentage of Covered Payroll	32.33%	25.41%	24.88%

Notes to Schedule:

Valuation Date	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions used to Determine Contribution Rates:			
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)
Investment Rate of Return	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

- (1) Level percentage of payroll, closed.
(2) Depending on age, service and type of employment.
(3) Net of pension plan investment expense, including inflation.
(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.
(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
PARS PENSION PLAN
LAST TEN FISCAL YEARS *

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Period Ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total Pension Liability:				
Service Cost	\$ 280,802	\$ 290,763	\$ 282,294	\$ 284,923
Interest on Total Pension Liability	676,957	695,382	693,839	688,464
Differences Between Expected and Actual Experience	-	(499,084)	-	-
Changes in Assumptions	-	(67,132)	(217,374)	765,852
Changes in Benefits	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(730,021)</u>	<u>(730,762)</u>	<u>(749,742)</u>	<u>(621,846)</u>
Net Change in Total Pension Liability	227,738	(310,833)	9,017	1,117,393
Total Pension Liability - Beginning of Year	<u>11,852,280</u>	<u>12,163,113</u>	<u>12,154,096</u>	<u>11,036,703</u>
Total Pension Liability - End of Year (a)	<u>\$ 12,080,018</u>	<u>\$ 11,852,280</u>	<u>\$ 12,163,113</u>	<u>\$ 12,154,096</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 1,727,805	\$ 1,727,805	\$ 1,331,501	\$ 1,450,583
Contributions - Employee	-	-	-	-
Net Investment Income	542,109	494,848	184,573	267,203
Benefit Payments	(730,021)	(730,762)	(749,742)	(621,846)
Administrative Expense	(3,027)	(2,953)	-	-
Other Miscellaneous Income (Expense)	-	-	(2,420)	(3,174)
Net Change in Plan Fiduciary Net Position	<u>1,536,866</u>	<u>1,488,938</u>	<u>763,912</u>	<u>1,092,766</u>
Plan Fiduciary Net Position - Beginning of Year	<u>9,400,538</u>	<u>7,911,600</u>	<u>7,147,688</u>	<u>6,054,922</u>
Plan Fiduciary Net Position - End of Year (b)	<u>10,937,404</u>	<u>9,400,538</u>	<u>7,911,600</u>	<u>7,147,688</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 1,142,614</u>	<u>\$ 2,451,742</u>	<u>\$ 4,251,513</u>	<u>\$ 5,006,408</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.54%	79.31%	65.05%	58.81%
Covered Payroll	\$ 8,298,119	\$ 8,076,033	\$ 8,797,761	\$ 9,905,146
Net pension liability as percentage of Covered Payroll	13.77%	30.36%	48.32%	50.54%

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown. When the City first implemented GASB 68, in fiscal year 2015, the City used a measurement period that is the same as the reporting period. In fiscal year 2019, the City changed the measurement period to June 30, 2018, therefore information related to measurement period ending June 30, 2014 is not available.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS (CONTINUED)
PARS PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Measurement Period Ended	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:			
Service Cost	\$ 276,624	\$ 212,170	Not Available
Interest on Total Pension Liability	586,984	653,773	
Differences Between Expected and Actual Experience	(603,157)	-	
Changes in Assumptions	1,959,820	-	
Changes in Benefits	-	-	
Benefit Payments, Including Refunds of Employee Contributions	<u>(588,456)</u>	<u>(523,749)</u>	
Net Change in Total Pension Liability	1,631,815	342,194	
Total Pension Liability - Beginning of Year	<u>9,404,888</u>	<u>9,062,694</u>	
Total Pension Liability - End of Year (a)	<u>\$ 11,036,703</u>	<u>\$ 9,404,888</u>	
Plan Fiduciary Net Position:			
Contributions - Employer	\$ 847,840	\$ 868,240	Not Available
Contributions - Employee	-	-	
Net Investment Income	(588,456)	14,398	
Benefit Payments	151,244	(523,749)	
Administrative Expense	-	-	
Other Miscellaneous Income (Expense)	<u>(1,427)</u>	<u>(2,289)</u>	
Net Change in Plan Fiduciary Net Position	409,201	356,600	
Plan Fiduciary Net Position - Beginning of Year	<u>5,645,721</u>	<u>5,289,121</u>	
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 6,054,922</u>	<u>\$ 5,645,721</u>	
Net Pension Liability - Ending (a)-(b)	<u>\$ 4,981,781</u>	<u>\$ 3,759,167</u>	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	54.86%	60.03%	
Covered Payroll	\$ 9,616,647	\$ 9,336,558	
Net pension liability as percentage of Covered Payroll	51.80%	40.26%	

Notes to Schedule:

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown. When the City first implemented GASB 68, in fiscal year 2015, the City used a measurement period that is the same as the reporting period. In fiscal year 2019, the City changed the measurement period to June 30, 2018, therefore information related to measurement period ending June 30, 2014 is not available.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
PARS PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially Determined Contribution	\$ 1,795,693	\$ 1,727,805	\$ 1,727,805	\$ 1,204,857
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,795,693)</u>	<u>(1,727,805)</u>	<u>(1,727,805)</u>	<u>(1,331,501)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (126,644)</u>
Covered Payroll	\$ 8,298,119	\$ 8,298,119	\$ 8,076,033	\$ 8,797,761
Contributions as a Percentage of Covered Payroll	21.64%	20.82%	21.39%	15.13%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2019	6/30/2017	6/30/2016
Methods and Assumptions used to Determine Contribution Rates:				
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.500%	2.625%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)
Investment Rate of Return	5.75% (3)	5.75% (3)	5.75% (3)	5.75% (3)
Retirement Age	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)

- (1) Level percent, closed for 7 years with 3.00% amortization growth rate.
(2) Graded rates based on years of service, 3.50% after 30 years of service.
(3) Net of pension plan investment and administrative expenses, including inflation
(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.
(5) 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 projection using Scale AA.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS (CONTINUED)
PARS PENSION PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Actuarially Determined Contribution	\$ 1,331,294	\$ 774,085	\$ 847,590
Contributions in Relation to the Actuarially Determined Contributions	<u>(1,450,583)</u>	<u>(847,840)</u>	<u>(868,240)</u>
Contribution Deficiency (Excess)	<u>\$ (119,289)</u>	<u>\$ (73,755)</u>	<u>\$ (20,650)</u>
Covered Payroll	\$ 9,905,146	\$ 9,616,647	\$ 9,336,558
Contributions as a Percentage of Covered Payroll	14.64%	8.82%	9.30%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013
Methods and Assumptions used to Determine Contribution Rates:			
Actuarial Cost Method	Entry Age	Entry Age	Entry Age
Amortization Method	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	15-Year Smoothed Market Method
Inflation	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)
Investment Rate of Return	5.75% (3)	5.75% (3)	5.75% (3)
Retirement Age	(4)	(4)	(4)
Mortality	(5)	(5)	(5)

- (1) Level percent, closed for 7 years with 3.00% amortization growth rate.
(2) Graded rates based on years of service, 3.50% after 30 years of service.
(3) Net of pension plan investment and administrative expenses, including inflation
(4) The probabilities of retirement are based on the 2010 CalPERS Experience Study report.
(5) 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 projection using Scale AA.

* Fiscal year 2015 was the first year of implementation and therefore only seven years are shown.

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY
AND RELATED RATIOS
OPEB PLAN
LAST TEN FISCAL YEARS *

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Period Ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability:				
Service Cost	\$ 1,611,055	\$ 1,240,483	\$ 1,152,240	Not Available
Interest on Total OPEB Liability	2,725,171	2,768,729	2,662,314	
Differences Between Expected and Actual Experience	-	(373,403)	-	
Changes in Assumptions	-	(1,263,816)	-	
Changes in Benefits	-	-	-	
Benefit Payments, Including Refunds of Employee Contributions	(1,875,955)	(1,857,533)	(1,657,007)	
Net Change in Total OPEB Liability	<u>2,460,271</u>	<u>514,460</u>	<u>2,157,547</u>	
Total OPEB Liability - Beginning of Year	<u>46,708,096</u>	<u>46,193,636</u>	<u>44,036,089</u>	
Total OPEB Liability - End of Year (a)	<u><u>\$ 49,168,367</u></u>	<u><u>\$ 46,708,096</u></u>	<u><u>\$ 46,193,636</u></u>	
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 3,239,740	\$ 3,188,056	\$ 4,115,834	Not Available
Contributions - Employee	-	-	-	
Net Investment Income	3,271,714	3,378,685	1,964,761	
Benefit Payments	(1,875,955)	(1,857,533)	(1,657,007)	
Other Miscellaneous Income (Expense)	(26,112)	(23,252)	(21,346)	
Net Change in Fiduciary Net Position	<u>4,609,387</u>	<u>4,685,956</u>	<u>4,402,242</u>	
Plan Fiduciary Net Position - Beginning of Year	<u>50,388,918</u>	<u>45,702,962</u>	<u>41,300,720</u>	
Plan Fiduciary Net Position - End of Year (a)	<u><u>\$ 54,998,305</u></u>	<u><u>\$ 50,388,918</u></u>	<u><u>\$ 45,702,962</u></u>	
Net OPEB Liability (Asset)	<u><u>\$ (5,829,938)</u></u>	<u><u>\$ (3,680,822)</u></u>	<u><u>\$ 490,674</u></u>	
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	89.40%	92.70%	101.07%	
Covered Payroll	\$ 17,900,052	\$ 17,871,364	\$ 16,096,388	
Net OPEB Liability (Asset) as Percentage of Covered Payroll	-32.57%	-20.60%	3.05%	

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2019 to June 30, 2020:

Discount rate was changed from 6.00% to 5.75%.

From fiscal year June 30, 2020 to June 30, 2021:

There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation and therefore only four years are shown. When the City implemented GASB 75, in fiscal year 2018, the City used a measurement period that is the same as the reporting period. In fiscal year 2019, the City changed the measurement period to June 30, 2018, therefore information related to measurement period ending June 30, 2017 is not available.

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF CONTRIBUTIONS
OPEB PLAN
LAST TEN FISCAL YEARS ***

Fiscal Year Ended	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially Determined Contribution	\$ 1,431,507	\$ 1,363,785	\$ 1,330,523	\$ 2,458,827
Contributions in Relation to the Actuarially Determined Contributions	<u>(3,569,055)</u>	<u>(3,239,740)</u>	<u>(3,188,056)</u>	<u>(4,115,834)</u>
Contribution Deficiency (Excess)	<u>\$ (2,137,548)</u>	<u>\$ (1,875,955)</u>	<u>\$ (1,857,533)</u>	<u>\$ (1,657,007)</u>
Covered-Employee Payroll	\$ 16,482,064	\$ 17,900,052	\$ 17,871,364	\$ 16,096,388
Contributions as a Percentage of Covered-Employee Payroll	21.65%	18.10%	17.84%	25.57%
Notes to Schedule:				
Valuation Date	6/30/2019	6/30/2019	6/30/2017	6/30/2017

* Fiscal year 2018 was the first year of implementation and therefore only three years are shown. During fiscal year 2018-2019 the City had a restatement for a change in measurement date of the OPEB plan, therefore the balances related to fiscal 2017-2018 and 2018-2019 include the same information, additional information not available prior to fiscal year 2018-2019 after the restatement.

**CITY OF CERRITOS, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property, Sales, and Other Taxes	\$ 45,101,207	\$ 48,775,746	\$ 53,427,519	\$ 4,651,773
Franchise	2,465,000	2,590,850	2,621,979	31,129
Licenses and Permits	3,082,000	2,904,450	2,764,442	(140,008)
Fines and Forfeitures	596,600	69,840	254,506	184,666
Investment and Rental Income	11,722,973	10,882,593	9,806,003	(1,076,590)
Revenues from Other Agencies	1,037,031	861,471	667,592	(193,879)
Current Fees and Services	4,273,940	823,633	814,019	(9,614)
Other Revenues	445,363	340,740	283,418	(57,322)
Total Revenues	<u>68,724,114</u>	<u>67,249,323</u>	<u>70,639,478</u>	<u>3,390,155</u>
EXPENDITURES				
Current:				
Legislative And Administration	1,875,546	2,103,107	3,071,944	(968,837)
Community Development	4,601,103	3,970,689	5,142,559	(1,171,870)
Public Works	12,839,401	12,806,939	12,462,047	344,892
Community And Safety Services	26,270,868	24,274,043	23,598,336	675,707
Administrative Services	13,435,853	11,158,435	10,183,294	975,141
Cerritos Center for the Performing Arts	4,549,631	2,194,993	2,019,584	175,409
Capital Outlay	-	-	54,744	(54,744)
Total Expenditures	<u>63,572,402</u>	<u>56,508,206</u>	<u>56,532,508</u>	<u>(24,302)</u>
Excess of Revenues Over Expenditures	5,151,712	10,741,117	14,106,970	3,365,853
OTHER FINANCING SOURCES (USES)				
Transfers In	126,100	126,100	183,130	(57,030)
Transfers Out	(6,602,873)	(8,822,328)	(6,406,658)	2,415,670
Total Other Financing Sources (Uses)	<u>(6,476,773)</u>	<u>(8,696,228)</u>	<u>(6,223,528)</u>	<u>2,358,640</u>
NET CHANGE IN FUND BALANCE	(1,325,061)	2,044,889	7,883,442	5,724,493
Fund Balance - Beginning of Year	<u>171,661,610</u>	<u>171,661,610</u>	<u>171,661,610</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 170,336,549</u>	<u>\$ 173,706,499</u>	<u>\$ 179,545,052</u>	<u>\$ 5,724,493</u>

See accompanying Notes to Required Supplementary Information.

**CITY OF CERRITOS, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
HOUSING ASSETS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment and Rental Income	\$ 354,200	\$ 339,200	\$ 255,437	\$ (83,763)
Revenues from Other Agencies	150,000	150,000	-	150,000
Other Revenues	180,000	-	28,240	28,240
Total Revenues	<u>684,200</u>	<u>489,200</u>	<u>283,677</u>	<u>(205,523)</u>
EXPENDITURES				
Current:				
Community Development	160,000	175,000	112,411	62,589
Total Expenditures	<u>160,000</u>	<u>175,000</u>	<u>112,411</u>	<u>62,589</u>
Excess of Revenues Over Expenditures	524,200	314,200	171,266	(142,934)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,000,000)	(2,000,000)	-	2,000,000
Total Other Financing Sources (Uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>	<u>2,000,000</u>
NET CHANGE IN FUND BALANCE	(1,475,800)	(1,685,800)	171,266	1,857,066
Fund Balance - Beginning of Year	<u>23,154,191</u>	<u>23,154,191</u>	<u>23,154,191</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 21,678,391</u>	<u>\$ 21,468,391</u>	<u>\$ 23,325,457</u>	<u>\$ 1,857,066</u>

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CITY OF CERRITOS, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2021

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, 2021.

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, 2021 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.

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SUPPLEMENTARY INFORMATION

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CITY OF CERRITOS, CALIFORNIA
DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

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 I, 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 nonrecurring 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.

CITY OF CERRITOS, CALIFORNIA
DESCRIPTION OF NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

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.

Measure “W” Fund – To account for Los Angeles County parcel tax increase of \$0.025 per square foot of impermeable space. Funds are reserved for the completion of projects relating to water quality improvements.

SB 821 Fund – To account for funds derived through SB-821 that are reserved for use on bicycle and pedestrian facilities.

American Rescue Plan Fund – To account for funds that are received as part of the American Rescue Plan Act of 2021 and that are reserved to offset COVID-19 pandemic-related revenue losses and negative impacts.

**CITY OF CERRITOS, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

Special Revenue Funds						
	Street Improvements	RMRA	Drainage	Proposition "A"	Proposition "C"	Measure "M"
ASSETS						
Cash and Investments	\$ -	\$ 889,887	\$ 594	\$ 1,308,197	\$ 414,263	\$ 408,283
Accounts Receivable	591,162	168,893	-	-	-	-
Prepaid Items	18,250	-	58	-	-	-
Total Assets	<u>\$ 609,412</u>	<u>\$ 1,058,780</u>	<u>\$ 652</u>	<u>\$ 1,308,197</u>	<u>\$ 414,263</u>	<u>\$ 408,283</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 313,573	\$ -	\$ 50	\$ 101,684	\$ -	\$ -
Accrued Salaries and Benefits	85,037	-	602	-	-	-
Due to Other Funds	114,746	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-
Total Liabilities	<u>513,356</u>	<u>-</u>	<u>652</u>	<u>101,684</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOW OF RESOURCES						
Unavailable Revenue	<u>566,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable	18,250	-	58	-	-	-
Restricted	-	1,058,780	-	1,206,513	414,263	408,283
Unassigned	(488,839)	-	(58)	-	-	-
Total Fund Balances	<u>(470,589)</u>	<u>1,058,780</u>	<u>-</u>	<u>1,206,513</u>	<u>414,263</u>	<u>408,283</u>
Total Liabilities and Fund Balances	<u>\$ 609,412</u>	<u>\$ 1,058,780</u>	<u>\$ 652</u>	<u>\$ 1,308,197</u>	<u>\$ 414,263</u>	<u>\$ 408,283</u>

**CITY OF CERRITOS, CALIFORNIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds						
	Assessment District #6	Los Coyotes Lighting District	Public Safety Grant Fund		Environmental Grants	AQMD	Measure "R"
			COPS Grant				
ASSETS							
Cash and Investments	\$ 77,044	\$ 27,770	\$ -	\$ 37,867	\$ 585,915	\$ 58,433	
Accounts Receivable	2,275	-	-	-	16,599	-	
Prepaid Items	-	5,558	-	-	-	-	
Total Assets	<u>\$ 79,319</u>	<u>\$ 33,328</u>	<u>\$ -</u>	<u>\$ 37,867</u>	<u>\$ 602,514</u>	<u>\$ 58,433</u>	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts Payable and Accrued Liabilities	\$ -	\$ 24,492	\$ -	\$ -	\$ -	\$ -	
Accrued Salaries and Benefits	-	8,836	-	-	-	-	
Due to Other Funds	-	-	-	-	-	-	
Unearned Revenues	-	-	-	37,470	-	-	
Total Liabilities	<u>-</u>	<u>33,328</u>	<u>-</u>	<u>37,470</u>	<u>-</u>	<u>-</u>	
DEFERRED INFLOW OF RESOURCES							
Unavailable Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
FUND BALANCES (DEFICITS)							
Nonspendable	-	5,558	-	-	-	-	
Restricted	79,319	-	-	397	602,514	58,433	
Unassigned	-	(5,558)	-	-	-	-	
Total Fund Balances	<u>79,319</u>	<u>-</u>	<u>-</u>	<u>397</u>	<u>602,514</u>	<u>58,433</u>	
Total Liabilities and Fund Balances	<u>\$ 79,319</u>	<u>\$ 33,328</u>	<u>\$ -</u>	<u>\$ 37,867</u>	<u>\$ 602,514</u>	<u>\$ 58,433</u>	

**CITY OF CERRITOS, CALIFORNIA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021**

	Special Revenue Funds				Total Other Governmental Funds
	Community Development Block Grant	Measure "W"	SB 821	American Rescue Plan Fund	
ASSETS					
Cash and Investments	\$ -	\$ 306,243	\$ -	\$ 3,135,800	\$ 7,250,296
Accounts Receivable	448,764	-	25,000	-	1,252,693
Prepaid Items	-	-	-	-	23,866
Total Assets	\$ 448,764	\$ 306,243	\$ 25,000	\$ 3,135,800	\$ 8,526,855
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 448,764	\$ -	\$ -	\$ -	\$ 888,563
Accrued Salaries and Benefits	-	-	-	-	94,475
Due to Other Funds	-	-	25,000	-	139,746
Unearned Revenues	-	-	-	3,135,800	3,173,270
Total Liabilities	448,764	-	25,000	3,135,800	4,296,054
DEFERRED INFLOW OF RESOURCES					
Unavailable Revenue	448,764	-	25,000	-	1,040,409
FUND BALANCES (DEFICITS)					
Nonspendable	-	-	-	-	23,866
Restricted	-	306,243	-	-	4,134,745
Unassigned	(448,764)	-	(25,000)	-	(968,219)
Total Fund Balances	(448,764)	306,243	(25,000)	-	3,190,392
Total Liabilities and Fund Balances	\$ 448,764	\$ 306,243	\$ 25,000	\$ 3,135,800	\$ 8,526,855

**CITY OF CERRITOS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds					
	Street Improvements	RMRA	Drainage	Proposition "A"	Proposition "C"	Measure "M"
REVENUES						
Investment and Rental Income (Loss)	\$ -	\$ 9,142	\$ -	\$ 8,429	\$ 2,990	\$ 6,198
Revenues from Other Agencies	1,345,512	926,816	-	1,222,406	846,311	720,173
Current Fees and Services	-	-	2,484	12,071	-	-
Franchise	84,000	-	-	-	-	-
Total Revenues	<u>1,429,512</u>	<u>935,958</u>	<u>2,484</u>	<u>1,242,906</u>	<u>849,301</u>	<u>726,371</u>
EXPENDITURES						
Current:						
Legislative and Administration	167,894	-	536	-	-	75,234
Community Development	-	-	-	531,966	625,606	-
Public Works	2,481,220	-	14,141	-	-	773
Administrative Services	522,338	-	1,669	-	-	-
Total Expenditures	<u>3,171,452</u>	<u>-</u>	<u>16,346</u>	<u>531,966</u>	<u>625,606</u>	<u>76,007</u>
Excess of Revenues Over (Under) Expenditures	(1,741,940)	935,958	(13,862)	710,940	223,695	650,364
OTHER FINANCING SOURCES (USES)						
Transfers In	2,450,350	-	13,862	-	-	-
Transfers Out	(1,409,041)	(623,403)	-	-	-	(650,727)
Total Other Financing Sources (Uses)	<u>1,041,309</u>	<u>(623,403)</u>	<u>13,862</u>	<u>-</u>	<u>-</u>	<u>(650,727)</u>
NET CHANGE IN FUND BALANCES	(700,631)	312,555	-	710,940	223,695	(363)
Fund Balances - Beginning of Year	<u>230,042</u>	<u>746,225</u>	<u>-</u>	<u>495,573</u>	<u>190,568</u>	<u>408,646</u>
FUND BALANCES - END OF YEAR	<u>\$ (470,589)</u>	<u>\$ 1,058,780</u>	<u>\$ -</u>	<u>\$ 1,206,513</u>	<u>\$ 414,263</u>	<u>\$ 408,283</u>

**CITY OF CERRITOS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds					Measure "R"
	Assessment District #6	Los Coyotes Lighting District	Public Safety	Environmental Grants	AQMD	
			Grant Fund COPS Grant			
REVENUES						
Investment and Rental Income (Loss)	\$ 204	\$ -	\$ -	\$ 397	\$ 4,883	\$ 808
Revenues from Other Agencies	159,301	98,612	156,727	26,403	66,152	635,613
Current Fees and Services	-	-	-	-	-	-
Franchise	-	-	-	-	-	-
Total Revenues	<u>159,505</u>	<u>98,612</u>	<u>156,727</u>	<u>26,800</u>	<u>71,035</u>	<u>636,421</u>
EXPENDITURES						
Current:						
Legislative and Administration	-	51,128	-	-	-	-
Community Development	-	-	-	-	14,492	-
Public Works	100,000	1,065,203	-	-	-	636,155
Administrative Services	-	159,065	-	-	-	-
Total Expenditures	<u>100,000</u>	<u>1,275,396</u>	<u>-</u>	<u>-</u>	<u>14,492</u>	<u>636,155</u>
Excess of Revenues Over (Under) Expenditures	59,505	(1,176,784)	156,727	26,800	56,543	266
OTHER FINANCING SOURCES (USES)						
Transfers In	-	1,176,784	-	-	-	-
Transfers Out	-	-	(156,727)	(26,403)	(36,250)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>1,176,784</u>	<u>(156,727)</u>	<u>(26,403)</u>	<u>(36,250)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	59,505	-	-	397	20,293	266
Fund Balances - Beginning of Year	<u>19,814</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,221</u>	<u>58,167</u>
FUND BALANCES - END OF YEAR	<u>\$ 79,319</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397</u>	<u>\$ 602,514</u>	<u>\$ 58,433</u>

**CITY OF CERRITOS, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Special Revenue Funds				Total Other Governmental Funds
	Community Development Block Grant	Measure "W"	SB 821	American Rescue Plan Fund	
REVENUES					
Investment and Rental Income (Loss)	\$ -	\$ 1,772	\$ -	\$ -	\$ 34,823
Revenues from Other Agencies	163,431	964,086	97,002	-	7,428,545
Current Fees and Services	-	-	-	-	14,555
Franchise	-	-	-	-	84,000
Total Revenues	<u>163,431</u>	<u>965,858</u>	<u>97,002</u>	<u>-</u>	<u>7,561,923</u>
EXPENDITURES					
Current:					
Legislative and Administration	-	-	-	-	294,792
Community Development	-	-	-	-	1,172,064
Public Works	-	-	-	-	4,297,492
Administrative Services	-	-	-	-	683,072
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,447,420</u>
Excess of Revenues Over (Under) Expenditures	163,431	965,858	97,002	-	1,114,503
OTHER FINANCING SOURCES (USES)					
Transfers In	1,413	-	-	-	3,642,409
Transfers Out	<u>(613,608)</u>	<u>(659,615)</u>	<u>(122,002)</u>	<u>-</u>	<u>(4,297,776)</u>
Total Other Financing Sources (Uses)	<u>(612,195)</u>	<u>(659,615)</u>	<u>(122,002)</u>	<u>-</u>	<u>(655,367)</u>
NET CHANGE IN FUND BALANCES	(448,764)	306,243	(25,000)	-	459,136
Fund Balances - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,731,256</u>
FUND BALANCES - END OF YEAR	<u>\$ (448,764)</u>	<u>\$ 306,243</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ 3,190,392</u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET IMPROVEMENTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from Other Agencies	\$ 3,779,703	\$ 3,779,959	\$ 1,345,512	\$ (2,434,447)
Franchise	84,000	84,000	84,000	-
Total Revenues	<u>3,863,703</u>	<u>3,863,959</u>	<u>1,429,512</u>	<u>(2,434,447)</u>
EXPENDITURES				
Current:				
Legislative and Administrative	159,311	151,860	167,894	(16,034)
Public Works	2,378,436	2,939,755	2,481,220	458,535
Administrative Services	654,592	496,974	522,338	(25,364)
Total Expenditures	<u>3,192,339</u>	<u>3,588,589</u>	<u>3,171,452</u>	<u>417,137</u>
Revenues Over (Under) Expenditures	671,364	275,370	(1,741,940)	(2,017,310)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,870,976	2,283,676	2,450,350	166,674
Transfers Out	(2,458,340)	(2,594,471)	(1,409,041)	1,185,430
Total Other Financing Sources (Uses)	<u>(587,364)</u>	<u>(310,795)</u>	<u>1,041,309</u>	<u>1,352,104</u>
NET CHANGE IN FUND BALANCE	84,000	(35,425)	(700,631)	(665,206)
Fund Balance - Beginning of Year	<u>230,042</u>	<u>230,042</u>	<u>230,042</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 314,042</u>	<u>\$ 194,617</u>	<u>\$ (470,589)</u>	<u>\$ (665,206)</u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RMRA SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ -	\$ -	\$ 9,142	\$ 9,142
Revenues from Other Agencies	957,800	957,800	926,816	(30,984)
Total Revenues	<u>957,800</u>	<u>957,800</u>	<u>935,958</u>	<u>(21,842)</u>
OTHER FINANCING USES				
Transfers Out	(934,200)	(1,390,930)	(623,403)	767,527
Total Other Financing Uses	<u>(934,200)</u>	<u>(1,390,930)</u>	<u>(623,403)</u>	<u>767,527</u>
NET CHANGE IN FUND BALANCE	23,600	(433,130)	312,555	745,685
Fund Balance - Beginning of Year	<u>746,225</u>	<u>746,225</u>	<u>746,225</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 769,825</u></u>	<u><u>\$ 313,095</u></u>	<u><u>\$ 1,058,780</u></u>	<u><u>\$ 745,685</u></u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRAINAGE SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Current Fees and Services	\$ 10,000	\$ 10,000	\$ 2,484	\$ (7,516)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>2,484</u>	<u>(7,516)</u>
EXPENDITURES				
Current:				
Legislative and Administrative	406	486	536	(50)
Public Works	11,835	11,839	14,141	(2,302)
Administrative Services	<u>1,669</u>	<u>1,579</u>	<u>1,669</u>	<u>(90)</u>
Total Expenditures	<u>13,910</u>	<u>13,904</u>	<u>16,346</u>	<u>(2,442)</u>
Revenues Over (Under) Expenditures	(3,910)	(3,904)	(13,862)	(9,958)
OTHER FINANCING SOURCES				
Transfers In	<u>3,910</u>	<u>7,914</u>	<u>13,862</u>	<u>5,948</u>
Total Other Financing Sources	<u>3,910</u>	<u>7,914</u>	<u>13,862</u>	<u>5,948</u>
NET CHANGE IN FUND BALANCE	-	4,010	-	(4,010)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 4,010</u>	<u>\$ -</u>	<u>\$ (4,010)</u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPOSITION "A" SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ 10,000	\$ 10,000	\$ 8,429	\$ (1,571)
Revenues from Other Agencies	1,070,000	1,205,000	1,222,406	17,406
Current Fees and Services	-	-	12,071	12,071
Total Revenues	<u>1,080,000</u>	<u>1,215,000</u>	<u>1,242,906</u>	<u>27,906</u>
EXPENDITURES				
Current:				
Community Development	<u>1,000,000</u>	<u>1,000,000</u>	<u>531,966</u>	<u>468,034</u>
Total Expenditures	<u>1,000,000</u>	<u>1,000,000</u>	<u>531,966</u>	<u>468,034</u>
Revenues Over (Under) Expenditures	80,000	215,000	710,940	495,940
Fund Balance - Beginning of Year	<u>495,573</u>	<u>495,573</u>	<u>495,573</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 575,573</u></u>	<u><u>\$ 710,573</u></u>	<u><u>\$ 1,206,513</u></u>	<u><u>\$ 495,940</u></u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
PROPOSITION "C" SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ 4,000	\$ 3,000	\$ 2,990	\$ (10)
Revenues from Other Agencies	800,000	800,000	846,311	46,311
Current Fees and Services	35,000	35,000	-	(35,000)
Total Revenues	<u>839,000</u>	<u>838,000</u>	<u>849,301</u>	<u>11,301</u>
EXPENDITURES				
Current:				
Community Development	<u>833,250</u>	<u>800,000</u>	<u>625,606</u>	<u>174,394</u>
Total Expenditures	<u>2,133,250</u>	<u>800,000</u>	<u>625,606</u>	<u>174,394</u>
Revenues Over (Under) Expenditures	(1,294,250)	38,000	223,695	185,695
Fund Balance - Beginning of Year	<u>190,568</u>	<u>190,568</u>	<u>190,568</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ (1,103,682)</u></u>	<u><u>\$ 228,568</u></u>	<u><u>\$ 414,263</u></u>	<u><u>\$ 185,695</u></u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE "M" SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ -	\$ -	\$ 6,198	\$ 6,198
Revenues from Other Agencies	753,611	753,611	720,173	(33,438)
Total Revenues	<u>753,611</u>	<u>753,611</u>	<u>726,371</u>	<u>(27,240)</u>
EXPENDITURES				
Current:				
Legislative and Administration	-	51,749	75,234	(23,485)
Public Works	-	-	773	(773)
Total Expenditures	<u>-</u>	<u>51,749</u>	<u>76,007</u>	<u>(24,258)</u>
Revenues Over (Under) Expenditures	753,611	701,862	650,364	(51,498)
OTHER FINANCING USES				
Transfers Out	-	(652,900)	(650,727)	2,173
Total Other Financing Uses	<u>-</u>	<u>(652,900)</u>	<u>(650,727)</u>	<u>2,173</u>
NET CHANGE IN FUND BALANCE	753,611	48,962	(363)	(49,325)
Fund Balance - Beginning of Year	<u>408,646</u>	<u>408,646</u>	<u>408,646</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 1,162,257</u></u>	<u><u>\$ 457,608</u></u>	<u><u>\$ 408,283</u></u>	<u><u>\$ (49,325)</u></u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ASSESSMENT DISTRICT #6 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ 150	\$ 150	\$ 204	\$ 54
Revenues from Other Agencies	<u>100,000</u>	<u>100,000</u>	<u>159,301</u>	<u>59,301</u>
Total Revenues	<u>100,150</u>	<u>100,150</u>	<u>159,505</u>	<u>59,355</u>
EXPENDITURES				
Current:				
Public Works	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Revenues Over (Under) Expenditures	150	150	59,505	59,355
Fund Balance - Beginning of Year	<u>19,814</u>	<u>19,814</u>	<u>19,814</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 19,964</u></u>	<u><u>\$ 19,964</u></u>	<u><u>\$ 79,319</u></u>	<u><u>\$ 59,355</u></u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LOS COYOTES LIGHTING DISTRICT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from Other Agencies	\$ 98,600	\$ 98,600	\$ 98,612	\$ 12
Total Revenues	<u>98,600</u>	<u>98,600</u>	<u>98,612</u>	<u>12</u>
EXPENDITURES				
Current:				
Legislative and Administration	33,186	46,246	51,128	(4,882)
Public Works	1,092,981	1,064,606	1,065,203	(597)
Administrative Services	<u>136,358</u>	<u>151,342</u>	<u>159,065</u>	<u>(7,723)</u>
Total Expenditures	<u>1,262,525</u>	<u>1,262,194</u>	<u>1,275,396</u>	<u>(13,202)</u>
Revenues Over (Under) Expenditures	(1,163,925)	(1,163,594)	(1,176,784)	(13,190)
OTHER FINANCING SOURCES				
Transfers In	<u>1,163,925</u>	<u>1,163,594</u>	<u>1,176,784</u>	<u>13,190</u>
Total Other Financing Sources	<u>1,163,925</u>	<u>1,163,594</u>	<u>1,176,784</u>	<u>13,190</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
COPS GRANT SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from Other Agencies	\$ 100,000	\$ 100,000	\$ 156,727	\$ 56,727
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>156,727</u>	<u>56,727</u>
OTHER FINANCING USES				
Transfers Out	(100,000)	(100,000)	(156,727)	(56,727)
Total Other Financing Uses	<u>(100,000)</u>	<u>(100,000)</u>	<u>(156,727)</u>	<u>(56,727)</u>
NET CHANGE IN FUND BALANCE	-	-	-	-
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
ENVIRONMENTAL GRANTS SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ 100	\$ 100	\$ 397	\$ 297
Revenues from Other Agencies	<u>26,000</u>	<u>26,000</u>	<u>26,403</u>	<u>403</u>
Total Revenues	26,100	26,100	26,800	700
OTHER FINANCING USES				
Transfers Out	<u>(26,100)</u>	<u>(26,100)</u>	<u>(26,403)</u>	<u>(303)</u>
Total Other Financing Uses	<u>(26,100)</u>	<u>(26,100)</u>	<u>(26,403)</u>	<u>(303)</u>
NET CHANGE IN FUND BALANCE	-	-	397	397
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397</u>	<u>\$ 397</u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
AQMD SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ 8,000	\$ 8,000	\$ 4,883	\$ (3,117)
Revenues from Other Agencies	<u>55,000</u>	<u>55,000</u>	<u>66,152</u>	<u>11,152</u>
Total Revenues	<u>63,000</u>	<u>63,000</u>	<u>71,035</u>	<u>8,035</u>
EXPENDITURES				
Current:				
Community Development	58,440	58,938	14,492	44,446
Capital Outlay	<u>350,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>408,440</u>	<u>58,938</u>	<u>14,492</u>	<u>44,446</u>
Revenues Over (Under) Expenditures	(345,440)	4,062	56,543	52,481
OTHER FINANCING USES				
Transfers Out	<u>-</u>	<u>(37,000)</u>	<u>(36,250)</u>	<u>750</u>
Total Other Financing Uses	<u>-</u>	<u>(37,000)</u>	<u>(36,250)</u>	<u>750</u>
NET CHANGE IN FUND BALANCE	(345,440)	(32,938)	20,293	53,231
Fund Balance - Beginning of Year	<u>582,221</u>	<u>582,221</u>	<u>582,221</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 236,781</u></u>	<u><u>\$ 549,283</u></u>	<u><u>\$ 602,514</u></u>	<u><u>\$ 53,231</u></u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE "R" SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ -	\$ -	\$ 808	\$ 808
Revenues from Other Agencies	665,020	665,020	635,613	(29,407)
Total Revenues	<u>665,020</u>	<u>665,020</u>	<u>636,421</u>	<u>(28,599)</u>
EXPENDITURES				
Current:				
Public Works	665,020	723,187	636,155	87,032
Total Expenditures	<u>665,020</u>	<u>723,187</u>	<u>636,155</u>	<u>87,032</u>
Revenues Over (Under) Expenditures	-	(58,167)	266	58,433
Fund Balance - Beginning of Year	<u>58,167</u>	<u>58,167</u>	<u>58,167</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 58,167</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 58,433</u></u>	<u><u>\$ 58,433</u></u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CDBG SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from Other Agencies	\$ 190,000	\$ 637,599	\$ 163,431	\$ (474,168)
Total Revenues	<u>190,000</u>	<u>637,599</u>	<u>163,431</u>	<u>(474,168)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,413	1,413
Transfers Out	<u>(190,000)</u>	<u>(637,599)</u>	<u>(613,608)</u>	<u>23,991</u>
Total Other Financing Sources (Uses)	<u>(190,000)</u>	<u>(637,599)</u>	<u>(612,195)</u>	<u>25,404</u>
NET CHANGE IN FUND BALANCE	(130,000)	(130,000)	(448,764)	(318,764)
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>\$ (448,764)</u>	<u>\$ (318,764)</u>

CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MEASURE W SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Investment and Rental Income (Loss)	\$ -	\$ -	\$ 1,772	\$ 1,772
Revenues from Other Agencies	1,000,000	940,000	964,086	24,086
Total Revenues	<u>1,000,000</u>	<u>940,000</u>	<u>965,858</u>	<u>25,858</u>
OTHER FINANCING SOURCES				
Transfers Out	(645,000)	(855,000)	(659,615)	195,385
Total Other Financing Sources	<u>(645,000)</u>	<u>(855,000)</u>	<u>(659,615)</u>	<u>195,385</u>
NET CHANGE IN FUND BALANCE	225,000	(45,000)	306,243	351,243
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 225,000</u>	<u>\$ (45,000)</u>	<u>\$ 306,243</u>	<u>\$ 351,243</u>

**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SB 821 SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from Other Agencies	\$ 25,000	\$ 122,002	\$ 97,002	\$ (25,000)
Total Revenues	25,000	122,002	97,002	(25,000)
OTHER FINANCING SOURCES				
Transfers Out	(25,000)	(122,002)	(122,002)	-
Total Other Financing Sources	(25,000)	(122,002)	(122,002)	-
NET CHANGE IN FUND BALANCE	(130,000)	(130,000)	(25,000)	105,000
Fund Balance - Beginning of Year	-	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>\$ (25,000)</u>	<u>\$ 105,000</u>

STATISTICAL SECTION

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CITY OF CERRITOS, CALIFORNIA, CALIFORNIA
DESCRIPTION OF STATISTICAL SECTION CONTENTS
JUNE 30, 2021

This part of the City of Cerritos's annual comprehensive 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>Pages</u>
Financial Trends These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	129 – 140
Revenue Capacity These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.	141 – 146
Debt Capacity 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.	147 – 152
Demographic and Economic Information These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	153
Operating Information 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.	154 – 158

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

**CITY OF CERRITOS, CALIFORNIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 283,412,755	\$ 278,297,578	\$ 272,713,095	\$ 262,647,222	\$ 257,355,170
Restricted for:					
Special Revenue	759,964	1,312,017	-	-	-
Street and Sewer Related Purposes	-	103,610	164,676	107,002	105,332
Transportation Related Purposes	-	-	1,081,590	1,477,308	1,703,058
Assessment Districts	-	-	134,111	127,306	84,023
Miscellaneous Grants	-	-	10,165	10,458	1,210
Asset Replacement	-	-	-	-	-
Other Post Employment Benefits	-	-	-	-	-
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	10,134,889	1,452,108	1,489,009	4,406,831	9,462,617
Municipal Improvements	-	-	-	-	-
Unrestricted	<u>181,493,275</u>	<u>183,279,880</u>	<u>184,788,078</u>	<u>138,360,180</u>	<u>97,927,171</u>
Total Governmental Activities Net Position	475,800,883	464,445,193	460,380,724	407,136,307	366,638,581
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	44,152,806	42,472,279	31,238,684	28,383,010	30,140,590
OPEB	-	-	-	-	-
Unrestricted	<u>(12,029,929)</u>	<u>(13,401,066)</u>	<u>(23,655,581)</u>	<u>(29,675,894)</u>	<u>(35,033,489)</u>
Total Business-Type Activities Net Position	32,122,877	29,071,213	7,583,103	(1,292,884)	(4,892,899)
PRIMARY GOVERNMENT					
Net Investment In Capital Assets	327,565,561	320,769,857	303,951,779	291,030,232	287,495,760
Restricted for:					
Special Revenue	759,964	1,312,017	-	-	-
Street and Sewer Related Purposes	-	103,610	164,676	107,002	105,332
Transportation Related Purposes	-	-	1,081,590	1,477,308	1,703,058
Assessment Districts	-	-	134,111	127,306	84,023
Miscellaneous Grants	-	-	10,165	10,458	1,210
Asset Replacement	-	-	-	-	-
Other Post Employment Benefits	-	-	-	-	-
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	10,134,889	1,452,108	1,489,009	4,406,831	9,462,617
Municipal Improvements	-	-	-	-	-
Unrestricted	<u>169,463,346</u>	<u>169,878,814</u>	<u>161,132,497</u>	<u>108,684,286</u>	<u>62,893,682</u>
Total Primary Government Net Position	<u>\$ 507,923,760</u>	<u>\$ 493,516,406</u>	<u>\$ 467,963,827</u>	<u>\$ 405,843,423</u>	<u>\$ 361,745,682</u>

Source: Finance Division, City of Cerritos.

**CITY OF CERRITOS, CALIFORNIA
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
GOVERNMENTAL ACTIVITIES					
Net Investment in Capital Assets	\$ 253,017,104	\$ 246,518,511	\$ 241,233,174	\$ 237,632,283	\$ 236,167,050
Restricted for:					
Special Revenue	-	-	-	-	-
Street and Sewer Related Purposes	190,120	202,392	87,816	827,933	1,365,023
Transportation Related Purposes	1,733,016	1,511,593	1,063,684	1,735,175	2,690,006
Assessment Districts	19,625	-	-	-	-
Miscellaneous Grants	1,396	677,241	816,046	-	469,360
Asset Replacement	-	-	-	-	-
Other Post Employment Benefits	-	-	-	-	5,334,393
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	20,447,575	22,359,381	22,765,009	23,154,191	23,095,853
Municipal Improvements	-	623,506	589,480	3,681,441	79,319
Unrestricted	131,068,266	115,756,640	127,204,497	125,486,394	129,097,671
Total Governmental Activities					
Net Position	406,477,102	387,649,264	393,759,706	392,517,417	398,298,675
BUSINESS-TYPE ACTIVITIES					
Net Investment in Capital Assets	29,586,939	28,179,466	26,841,009	25,722,500	24,887,048
OPEB	-	-	-	-	495,545
Unrestricted	(40,994,526)	(44,018,815)	(45,440,520)	(45,936,520)	(46,655,309)
Total Business-Type Activities					
Net Position	(11,407,587)	(15,839,349)	(18,599,511)	(20,214,020)	(21,272,716)
PRIMARY GOVERNMENT					
Net Investment In Capital Assets	282,604,043	274,697,977	268,074,183	263,354,783	261,054,098
Restricted for:					
Special Revenue	-	-	-	-	-
Street and Sewer Related Purposes	190,120	202,392	87,816	827,933	1,365,023
Transportation Related Purposes	1,733,016	1,511,593	1,063,684	1,735,175	2,690,006
Assessment Districts	19,625	-	-	-	-
Miscellaneous Grants	1,396	677,241	816,046	-	469,360
Asset Replacement	-	-	-	-	-
Other Post Employment Benefits	-	-	-	-	5,829,938
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	20,447,575	22,359,381	22,765,009	23,154,191	23,095,853
Municipal Improvements	-	623,506	589,480	3,681,441	79,319
Unrestricted	90,073,740	71,737,825	81,763,977	79,549,874	82,442,362
Total Primary Government Net Position	<u>\$ 395,069,515</u>	<u>\$ 371,809,915</u>	<u>\$ 375,160,195</u>	<u>\$ 372,303,397</u>	<u>\$ 377,025,959</u>

Source: Finance Division, City of Cerritos.

CITY OF CERRITOS, CALIFORNIA
CHANGES IN NET POSITION – EXPENSES AND PROGRAM REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
EXPENSES					
Legislative and Administration	\$ 6,419,681	\$ 2,529,809	\$ 4,264,280	\$ 4,883,485	\$ 2,465,291
Community Development	5,475,674	5,203,327	4,991,092	7,085,991	7,917,327
Public Works	14,954,988	14,303,051	18,261,026	16,714,186	17,268,089
Water and Power	254,155	22,232	3,431	2,180	142,503
Community and Safety Services	22,894,351	22,299,612	22,432,108	24,290,009	23,633,551
Administrative Services	13,102,290	12,112,586	11,123,229	11,173,285	12,390,186
Cerritos Center for the Performing Arts	8,922,981	7,420,483	6,934,822	6,891,247	6,821,863
Unallocated Infrastructure Depreciation	918,541	938,514	895,164	917,259	934,773
Land Transferred to Developer	-	-	-	-	-
Interest Expense	8,151,223	-	-	-	-
Total Governmental Activities Expenses	<u>81,093,884</u>	<u>64,829,614</u>	<u>68,905,152</u>	<u>71,957,642</u>	<u>71,573,583</u>
Water and Sewer	9,448,471	7,886,861	10,764,211	12,015,738	12,318,355
Reclaimed Water	895,664	1,001,303	976,476	1,361,003	1,222,306
Electric Utility	8,720,028	6,966,208	6,872,487	7,264,654	6,573,374
Total Business-Type Activities Expenses	<u>19,064,163</u>	<u>15,854,372</u>	<u>18,613,174</u>	<u>20,641,395</u>	<u>20,114,035</u>
Total Primary Government Expenses	100,158,047	80,683,986	87,518,326	92,599,037	91,687,618
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
Legislative and Administration	142,846	18,057	4,682	12,817	9,582
Community Development	1,268,682	935,105	2,756,838	2,350,352	1,982,017
Public Works	130,209	139,144	175,944	146,802	199,911
Community and Safety Services	3,526,634	3,857,319	3,587,773	3,416,288	3,192,486
Administrative Services	1,259,756	1,237,470	191,295	268,741	318,424
Cerritos Center for the Performing Arts	4,058,413	3,473,035	3,707,910	3,705,534	3,407,864
Operating Grants and Contributions	8,279,618	6,120,017	4,931,724	5,390,206	5,085,014
Capital Grants and Contributions	-	-	155,321	163,464	2,730,681
Total Governmental Activities Program Revenues	<u>18,666,158</u>	<u>15,780,147</u>	<u>15,511,487</u>	<u>15,454,204</u>	<u>16,925,979</u>
Business-Type Activities					
Charges for Services:					
Water and Sewer	7,863,166	7,548,709	7,639,804	9,039,367	7,652,183
Reclaimed Water	890,786	885,922	1,177,437	1,213,014	3,282,140
Electric Utility	5,012,358	4,260,721	5,343,831	6,274,036	5,262,263
Capital Grants and Contributions	125,956	78,771	113,913	282,624	320,264
Total Business-Type Activities Program Revenues	<u>13,892,266</u>	<u>12,774,123</u>	<u>14,274,985</u>	<u>16,809,041</u>	<u>16,516,850</u>
Total Primary Government Program Revenues	32,558,424	28,554,270	29,786,472	32,263,245	33,442,829
NET REVENUE (EXPENSE)					
Governmental Activities	(62,427,726)	(49,049,467)	(53,393,665)	(56,503,438)	(54,647,604)
Business-Type Activities	(5,171,897)	(3,080,249)	(4,338,189)	(3,832,354)	(3,597,185)
Total Primary Government Net Expense	<u>\$ (67,599,623)</u>	<u>\$ (52,129,716)</u>	<u>\$ (57,731,854)</u>	<u>\$ (60,335,792)</u>	<u>\$ (58,244,789)</u>

Source: Finance Division, City of Cerritos.

CITY OF CERRITOS, CALIFORNIA
CHANGES IN NET POSITION – EXPENSES AND PROGRAM REVENUES (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
EXPENSES					
Legislative and Administration	\$ 2,378,754	\$ 2,518,689	\$ 2,713,829	\$ 2,509,888	\$ 3,769,309
Community Development	6,622,743	5,917,823	6,097,709	6,040,084	6,450,142
Public Works	15,966,555	21,639,916	19,110,998	20,534,788	20,608,456
Water and Power	196,486	14,177	19,465	-	-
Community and Safety Services	22,361,018	26,170,530	26,799,680	28,017,979	24,915,839
Administrative Services	11,933,909	13,636,432	14,048,665	14,580,868	12,112,328
Cerritos Center for the Performing Arts	6,928,938	9,142,656	9,041,953	8,918,564	3,563,911
Unallocated Infrastructure Depreciation	932,215	851,011	861,392	921,562	1,140,880
Land Transferred to Developer	-	-	-	-	-
Interest Expense	-	-	-	-	-
Total Governmental Activities Expenses	<u>67,320,618</u>	<u>79,891,234</u>	<u>78,693,691</u>	<u>81,523,733</u>	<u>72,560,865</u>
Water and Sewer	14,418,126	12,685,248	12,778,281	13,392,782	13,634,515
Reclaimed Water	1,182,692	1,265,363	1,178,977	6,892,482	1,117,592
Electric Utility	5,785,529	6,685,111	5,857,811	1,205,028	6,164,539
Total Business-Type Activities Expenses	<u>21,386,347</u>	<u>20,635,722</u>	<u>19,815,069</u>	<u>21,490,292</u>	<u>20,916,646</u>
Total Primary Government Expenses	88,706,965	100,526,956	98,508,760	103,014,025	93,477,511
PROGRAM REVENUES					
Governmental Activities:					
Charges for Services:					
Legislative and Administration	10,691	5,451	4,207	12,245	3,894
Community Development	1,464,701	2,456,567	2,742,819	2,749,521	2,279,109
Public Works	212,402	605,302	269,137	287,193	279,223
Community and Safety Services	2,646,060	2,553,410	2,358,219	1,878,902	761,581
Administrative Services	305,357	283,063	270,528	272,745	263,318
Cerritos Center for the Performing Arts	4,320,222	5,739,821	6,088,635	4,566,056	595
Operating Grants and Contributions	6,211,435	6,124,018	5,983,320	5,925,205	8,309,776
Capital Grants and Contributions	66,852	237,883	187,606	-	163,431
Total Governmental Activities Program Revenues	<u>15,237,720</u>	<u>18,005,515</u>	<u>17,904,471</u>	<u>15,691,867</u>	<u>12,060,927</u>
Business-Type Activities					
Charges for Services:					
Water and Sewer	8,750,301	9,820,648	10,190,126	12,402,631	12,269,460
Reclaimed Water	1,087,403	1,173,266	945,186	5,077,817	1,200,034
Electric Utility	4,357,671	5,347,675	4,627,162	1,020,833	4,774,286
Capital Grants and Contributions	662,073	55,658	139,161	252,710	35,691
Total Business-Type Activities Program Revenues	<u>14,857,448</u>	<u>16,397,247</u>	<u>15,901,635</u>	<u>18,753,991</u>	<u>18,279,471</u>
Total Primary Government Program Revenues	30,095,168	34,402,762	33,806,106	34,445,858	30,340,398
NET REVENUE (EXPENSE)					
Governmental Activities	(52,082,898)	(61,885,719)	(60,789,220)	(65,831,866)	(60,499,938)
Business-Type Activities	(6,528,899)	(4,238,475)	(3,913,434)	(2,736,301)	(2,637,175)
Total Primary Government Net Expense	<u>\$ (58,611,797)</u>	<u>\$ (66,124,194)</u>	<u>\$ (64,702,654)</u>	<u>\$ (68,568,167)</u>	<u>\$ (63,137,113)</u>

Source: Finance Division, City of Cerritos.

CITY OF CERRITOS, CALIFORNIA
CHANGES IN NET POSITION – GENERAL REVENUES
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
GENERAL REVENUES AND OTHER					
CHANGES IN NET POSITION					
Governmental Activities:					
Taxes:					
Sales Taxes	\$ 23,036,906	\$ 26,306,965	\$ 26,719,271	\$ 27,071,289	\$ 32,846,913
Property Taxes	18,611,602	6,756,462	5,179,470	10,279,496	11,278,384
Motor Vehicle Taxes	4,336,940	4,451,795	4,585,486	-	-
Franchise Taxes	1,547,794	1,531,153	1,642,819	1,711,848	1,717,909
Transient Occupancy Taxes	445,413	460,809	504,289	697,835	1,129,526
Other Taxes	385,743	473,120	326,668	1,336,488	1,392,520
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-
Investment and Rental Income	13,473,853	7,767,576	10,327,623	9,596,362	10,020,263
Miscellaneous	125,248	54,991	43,570	321,260	1,668,528
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	-	-	-	-	(45,904,165)
Gain due to Payment of Long Range Property Management Plan	-	-	-	-	-
Loss due to Elimination of Pension Obligation due from Successor Agency	-	-	-	-	-
Transfers	8,668,536	-	-	-	-
Total Governmental Activities	<u>240,723,909</u>	<u>37,693,777</u>	<u>49,329,196</u>	<u>51,014,578</u>	<u>14,149,878</u>
Business-Type Activities:					
Investment and Rental Income	22,570	28,585	14,366	16,312	(2,830)
Gain (Loss) on Sale of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	-	-	-	-	-
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	<u>22,570</u>	<u>28,585</u>	<u>(17,149,921)</u>	<u>16,312</u>	<u>(2,830)</u>
Total Primary Government	240,746,479	37,722,362	32,179,275	51,030,890	14,147,048
CHANGES IN NET POSITION					
Governmental Activities	178,296,183	(11,355,690)	(4,064,469)	(5,488,860)	(40,497,726)
Business-Type Activities	<u>(5,149,327)</u>	<u>(3,051,664)</u>	<u>(21,488,110)</u>	<u>(3,816,042)</u>	<u>(3,600,015)</u>
Total Primary Government	<u>\$ 173,146,856</u>	<u>\$ (14,407,354)</u>	<u>\$ (25,552,579)</u>	<u>\$ (9,304,902)</u>	<u>\$ (44,097,741)</u>

Source: Finance Division, City of Cerritos.

CITY OF CERRITOS, CALIFORNIA
CHANGES IN NET POSITION – GENERAL REVENUES (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
GENERAL REVENUES AND OTHER					
CHANGES IN NET POSITION					
Governmental Activities:					
Taxes:					
Sales Taxes	\$ 33,689,474	\$ 33,607,144	\$ 34,780,357	\$ 33,382,067	\$ 38,748,343
Property Taxes	11,986,780	11,894,249	12,419,886	13,040,649	13,513,141
Motor Vehicle Taxes	-	-	-	-	-
Franchise Taxes	2,570,777	2,565,011	2,410,064	2,390,426	2,621,979
Transient Occupancy Taxes	1,187,002	1,214,387	1,045,417	1,023,825	924,051
Other Taxes	1,310,269	1,481,476	1,566,031	1,319,269	2,384,987
Gain (Loss) on Disposal of Capital Assets	-	(1,741,736)	-	-	-
Investment and Rental Income	9,482,419	10,151,736	13,120,657	12,543,010	9,550,944
Miscellaneous	234,179	60,031	108,425	49,818	56,185
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	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)	(859,130)	(1,518,434)
Total Governmental Activities	<u>91,921,419</u>	<u>66,898,099</u>	<u>64,592,467</u>	<u>62,889,934</u>	<u>66,281,196</u>
Business-Type Activities:					
Investment and Rental Income	14,211	20,018	80,570	104,771	60,045
Gain (Loss) on Sale of Assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	-	19,201	858,370	859,130	1,518,434
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	<u>14,211</u>	<u>39,219</u>	<u>938,940</u>	<u>963,901</u>	<u>1,578,479</u>
Total Primary Government	91,935,630	66,937,318	65,531,407	63,853,835	67,859,675
CHANGES IN NET POSITION					
Governmental Activities	39,838,521	5,012,380	3,803,247	(2,941,932)	5,781,258
Business-Type Activities	<u>(6,514,688)</u>	<u>(4,199,256)</u>	<u>(2,974,494)</u>	<u>(1,772,400)</u>	<u>(1,058,696)</u>
Total Primary Government	<u>\$ 33,323,833</u>	<u>\$ 813,124</u>	<u>\$ 828,753</u>	<u>\$ (4,714,332)</u>	<u>\$ 4,722,562</u>

Source: Finance Division, City of Cerritos.

**CITY OF CERRITOS, CALIFORNIA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
GENERAL FUND					
Nonspendable	\$ 57,906,335	\$ 60,663,598	\$ 65,838,456	\$ 68,888,425	\$ 80,996,354
Restricted	-	-	-	-	-
Assigned	21,941,464	22,203,228	24,017,566	24,372,415	21,416,153
Unassigned	67,305,842	63,903,057	57,595,524	61,925,251	57,367,241
Total General Fund	<u>\$ 147,153,641</u>	<u>\$ 146,769,883</u>	<u>\$ 147,451,546</u>	<u>\$ 155,186,091</u>	<u>\$ 159,779,748</u>
ALL OTHER GOVERNMENTAL FUNDS					
Unreserved, Reported in:					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	20,046,362	10,538,217	10,550,033	10,984,798	11,356,240
Assigned	-	-	-	-	-
Unassigned	(118,798)	-	(15,000)	-	-
Total All Other Governmental Funds	<u>\$ 19,927,564</u>	<u>\$ 10,538,217</u>	<u>\$ 10,535,033</u>	<u>\$ 10,984,798</u>	<u>\$ 11,356,240</u>

CITY OF CERRITOS, CALIFORNIA
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
GENERAL FUND					
Nonspendable	\$ 85,283,586	\$ 92,244,370	\$ 93,926,824	\$ 93,251,380	\$ 90,378,803
Restricted	-	145,795	249,694	363,533	468,963
Assigned	23,113,474	16,804,229	17,378,130	17,973,511	17,973,511
Unassigned	42,477,041	50,739,188	58,080,616	60,073,186	70,723,775
Total General Fund	<u>\$ 150,874,101</u>	<u>\$ 159,933,582</u>	<u>\$ 169,635,264</u>	<u>\$ 171,661,610</u>	<u>\$ 179,545,052</u>
ALL OTHER GOVERNMENTAL FUNDS					
Unreserved, Reported in:					
Nonspendable	\$ -	\$ -	\$ 167,794	\$ 409,215	\$ 253,470
Restricted	22,391,732	25,228,318	25,874,777	28,805,603	27,230,598
Assigned	-	1,549,968	1,549,967	-	-
Unassigned	-	-	(37,784)	(31,277)	(1,161,067)
Total All Other Governmental Funds	<u>\$ 22,391,732</u>	<u>\$ 26,778,286</u>	<u>\$ 27,554,754</u>	<u>\$ 29,183,541</u>	<u>\$ 26,323,001</u>

CITY OF CERRITOS, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
REVENUES					
Property, Sales, and Other Taxes	\$ 42,406,274	\$ 32,956,476	\$ 32,729,379	\$ 38,334,188	\$ 45,498,217
Licenses and Permits	1,836,228	1,876,262	2,776,265	3,299,686	3,118,986
Fines and Forfeitures	1,048,029	1,161,194	1,032,869	947,802	845,664
Investment and Rental Income	12,279,439	7,759,099	10,678,378	10,295,743	10,659,119
Revenues from Other Agencies	42,497,203	10,184,713	9,494,456	5,590,887	4,621,525
Current Fees and Services	6,889,141	6,303,623	5,912,674	5,683,067	5,313,010
Franchise	1,629,285	1,601,601	1,724,318	1,792,320	1,811,958
Other Revenues	978,588	1,522,350	492,344	525,089	2,540,878
Total Revenues	<u>109,564,187</u>	<u>63,365,318</u>	<u>64,840,683</u>	<u>66,468,782</u>	<u>74,409,357</u>
EXPENDITURES					
Current:					
Legislative and Administration	5,920,780	2,093,625	4,078,994	1,891,392	1,899,115
Community Development	34,261,653	5,233,924	5,128,714	5,217,726	6,274,695
Public Works	15,049,370	14,825,564	16,303,401	16,304,994	17,953,430
Water and Power	288,595	17,140	-	-	-
Community and Safety Services	21,797,914	22,150,378	22,265,436	22,266,516	22,494,774
Administrative Services	11,557,115	11,005,650	10,063,366	9,274,520	10,608,147
Cerritos Center for the Performing Arts	7,413,896	6,168,778	5,614,248	5,123,608	5,321,948
Capital Outlay	913,455	1,534,270	708,045	2,050,716	2,113,290
Debt Service:					
Principal Retirement	8,095,000	-	-	-	-
Interest	7,816,850	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>113,114,628</u>	<u>63,029,329</u>	<u>64,162,204</u>	<u>62,129,472</u>	<u>66,665,399</u>
Excess of Revenues Over (Under) Expenditures	(3,550,441)	335,989	678,479	4,339,310	7,743,958
OTHER FINANCING SOURCES (USES)					
Transfers In	6,044,861	3,495,893	2,538,165	4,011,926	6,693,682
Transfers Out	(6,044,861)	(3,495,893)	(2,538,165)	(4,011,926)	(6,693,682)
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)	-	-	-
Proceeds from Sale of Assets	-	-	-	3,845,000	3,390,836
Total Other Financing Sources (Uses)	<u>8,668,536</u>	<u>(10,109,094)</u>	<u>-</u>	<u>3,845,000</u>	<u>3,390,836</u>
Net Change In Fund Balances Before Extraordinary Item	5,118,095	(9,773,105)	678,479	8,184,310	11,134,794
SPECIAL ITEM					
Adjustment to Amount Due from Successor Agency					
Agency	-	-	-	-	(6,169,695)
Payments to Successor Agency	-	-	-	-	-
Gain (Loss) on Dissolution of the Former Cerritos Redevelopment Agency	15,571,548	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>\$ 20,689,643</u>	<u>\$ (9,773,105)</u>	<u>\$ 678,479</u>	<u>\$ 8,184,310</u>	<u>\$ 4,965,099</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES					
	14.18%	0.00%	0.00%	0.00%	0.00%

(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, CALIFORNIA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
REVENUES					
Property, Sales, and Other Taxes	\$ 47,087,509	\$ 47,005,564	\$ 48,597,758	\$ 47,605,084	\$ 53,427,519
Licenses and Permits	2,497,839	3,560,686	2,934,132	3,072,377	2,764,442
Fines and Forfeitures	591,148	571,017	530,924	399,420	254,506
Investment and Rental Income	10,272,458	11,288,748	15,003,339	13,643,216	10,058,395
Revenues from Other Agencies	5,989,277	5,925,146	5,977,632	5,727,943	8,392,910
Current Fees and Services	5,897,715	6,858,320	7,187,142	5,830,144	829,351
Franchise	2,666,159	2,649,011	2,494,064	2,474,426	2,705,979
Other Revenues	653,766	814,690	621,282	521,232	311,658
Total Revenues	<u>75,655,871</u>	<u>78,673,182</u>	<u>83,346,273</u>	<u>79,273,842</u>	<u>78,744,760</u>
EXPENDITURES					
Current:					
Legislative and Administration	2,054,772	1,956,223	1,902,399	2,001,819	3,366,736
Community Development	7,261,751	5,796,124	5,937,964	5,770,190	6,427,034
Public Works	18,980,316	20,983,741	18,679,980	19,408,995	20,746,765
Water and Power	-	-	-	-	-
Community and Safety Services	23,276,405	24,343,700	24,790,812	25,233,008	23,598,336
Administrative Services	11,281,082	12,140,106	12,321,143	12,656,658	10,866,366
Cerritos Center for the Performing Arts	6,062,322	7,448,010	7,316,611	6,932,283	2,019,584
Capital Outlay	1,034,683	2,787,119	1,060,844	2,756,626	5,178,603
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-
Total Expenditures	<u>69,951,331</u>	<u>75,455,023</u>	<u>72,009,753</u>	<u>74,759,579</u>	<u>72,203,424</u>
Excess of Revenues Over (Under) Expenditures	5,704,540	3,218,159	11,336,520	4,514,263	6,541,336
OTHER FINANCING SOURCES (USES)					
Transfers In	5,759,097	10,632,340	5,116,101	7,699,996	9,187,413
Transfers Out	(5,759,097)	(9,187,181)	(5,974,471)	(8,559,126)	(10,705,847)
Transfers In (From) Fiduciary Funds	-	-	-	-	-
Settlement Payment from City of Cerritos for the Dissolution of the Former Cerritos Redevelopment Agency	-	-	-	-	-
Proceeds from Sale of Assets	-	1,097,715	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>2,542,874</u>	<u>(858,370)</u>	<u>(859,130)</u>	<u>(1,518,434)</u>
Net Change In Fund Balances Before Extraordinary Item	5,704,540	5,761,033	10,478,150	3,655,133	5,022,902
SPECIAL ITEM					
Adjustment to Amount Due from Successor Agency					
	7,425,305	7,685,002	-	-	-
Payments to Successor Agency	(11,000,000)	-	-	-	-
Gain (Loss) on Dissolution of the Former Cerritos Redevelopment Agency	-	-	-	-	-
Total Special Item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,129,845</u>	<u>\$ 13,446,035</u>	<u>\$ 10,478,150</u>	<u>\$ 3,655,133</u>	<u>\$ 5,022,902</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Finance Division, City of Cerritos.

**CITY OF CERRITOS, CALIFORNIA
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	Fines and Forfeitures
2011-12	\$ 22,963,706	\$ 1,629,285	\$ 19,442,568	\$ 914,548	\$ 906,265	\$ 15,415	\$ 1,048,029
2012-13	26,089,265	1,601,601	6,867,211	926,774	922,389	27,099	1,161,194
2013-14	26,719,271	1,724,318	6,010,108	1,019,504	1,723,137	33,624	1,032,869
2014-15	27,071,289	1,792,320	11,262,899	1,027,101	2,240,780	31,805	947,802
2015-16	32,846,913	1,811,958	12,651,304	1,128,964	1,948,542	41,480	845,664
2016-17	33,689,474	2,666,159	13,398,035	1,063,850	1,397,633	36,356	591,148
2017-18	33,607,144	2,565,011	13,375,725	1,165,354	2,085,196	310,136	571,017
2018-19	34,780,357	2,494,064	13,817,401	1,190,631	1,673,590	69,911	530,924
2019-20	33,382,067	2,474,426	14,223,017	1,113,565	1,625,994	332,818	399,420
2020-21	38,748,343	3,705,979	14,679,176	1,142,379	1,322,899	299,164	254,506

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

**CITY OF CERRITOS, CALIFORNIA
GOVERNMENTAL ACTIVITIES (1) REVENUES BY SOURCES (CONTINUED)
LAST TEN FISCAL YEARS**

Fiscal Year	Investment and Rental Income	Investment Market Fluctuation	Charges For Services	From Other Agencies	Other	Expendable Trust Contributions	Totals
2011-12	\$ 12,279,439	\$ -	\$ 6,889,141	\$ 42,497,203	\$ 978,588	\$ -	\$ 109,564,187
2012-13	7,759,099	-	6,303,623	10,184,713	1,522,350	-	63,365,318
2013-14	10,678,378	5,912,671	5,912,674	9,494,456	492,344	64,840,682	64,840,683
2014-15	10,295,743	5,912,671	5,683,067	5,590,887	525,089	64,840,682	66,468,782
2015-16	10,659,119	5,912,671	5,313,010	4,621,525	2,540,878	64,840,682	74,409,357
2016-17	10,272,458	5,912,671	5,897,715	5,989,277	653,766	64,840,682	75,655,871
2017-18	11,288,748	5,912,671	6,858,320	5,925,146	921,385	64,840,682	78,673,182
2018-19	15,003,339	-	7,187,142	5,977,632	621,282	-	83,346,273
2019-20	13,643,216	-	5,830,144	5,727,943	521,232	-	79,273,842
2020-21	10,058,395	-	829,351	8,392,910	311,658	-	79,744,760

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

**CITY OF CERRITOS, CALIFORNIA
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Category	Fiscal Year				
	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Residential	\$ 4,729,519,127	\$ 4,853,973,263	\$ 4,977,340,010	\$ 5,198,430,172	\$ 5,452,662,517
Commercial	1,319,237,463	1,328,300,323	1,375,986,165	1,451,612,802	1,461,715,583
Industrial	956,167,409	998,702,972	1,059,593,438	1,039,888,633	1,064,647,720
Government	-	-	-	-	-
Institutional	21,387,674	22,968,422	33,259,181	24,120,806	24,598,861
Irrigated	340	346	352	352	358
Recreational	6,821,840	6,958,275	7,097,438	7,129,658	7,272,107
Vacant land	8,219,218	7,626,840	9,771,184	10,108,450	7,847,824
SBE nonunitary	2,597,624	2,597,624	2,597,624	2,597,624	2,597,624
Possessory interest	36,268,951	41,094,458	39,836,710	39,800,342	41,108,313
Unsecured	288,845,948	301,477,458	295,052,199	302,637,567	304,132,822
Exempt	(44,055,369)	(38,989,358)	(38,989,210)	(38,720,924)	(44,654,722)
Unknown	-	-	-	-	-
Subtotal	7,325,010,225	7,524,710,623	7,761,545,091	8,037,605,482	8,321,929,007
Add Back Exempt	44,055,369	38,989,358	38,989,210	38,720,924	44,654,722
Grand Total	<u>\$ 7,369,065,594</u>	<u>\$ 7,563,699,981</u>	<u>\$ 7,800,534,301</u>	<u>\$ 8,076,326,406</u>	<u>\$ 8,366,583,729</u>
Total Direct Rate	0.48243%	0.48023%	0.08552%	0.08558%	0.08565%

Source: Finance Division, City of Cerritos.

**CITY OF CERRITOS, CALIFORNIA
 ASSESSED VALUE OF TAXABLE PROPERTY (CONTINUED)
 LAST TEN FISCAL YEARS**

Category	Fiscal Year				
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Residential	\$ 5,664,862,220	\$ 5,985,120,470	\$ 6,262,589,166	\$ 6,558,161,474	\$ 6,801,438,135
Commercial	1,564,664,100	1,608,072,241	1,653,321,928	1,723,699,070	1,251,559,583
Industrial	1,136,434,293	1,204,290,890	1,250,629,963	1,299,456,065	1,389,502,499
Government	-	-	-	-	-
Institutional	38,647,793	29,800,634	45,245,961	49,914,765	68,225,677
Irrigated	362	368	374	380	386
Recreational	9,778,502	9,974,070	10,173,550	10,377,019	10,584,577
Vacant land	7,874,148	8,866,218	10,498,383	24,759,544	9,765,688
SBE nonunitary	2,597,624	1,090,020	1,090,020	1,090,020	1,090,020
Possessory interest	41,346,564	42,421,550	44,897,673	49,889,122	50,349,296
Unsecured	328,708,158	348,141,264	358,754,897	378,475,475	384,709,705
Exempt	(41,020,226)	(38,894,002)	(38,740,873)	(38,740,873)	(549,160,853)
Unknown	44	-	-	-	-
Subtotal	8,753,893,582	9,198,883,723	9,598,461,042	10,057,082,061	9,418,064,713
Add Back Exempt	41,020,226	38,894,002	38,740,873	38,740,873	549,160,853
Grand Total	<u>\$ 8,794,913,808</u>	<u>\$ 9,237,777,725</u>	<u>\$ 9,637,201,915</u>	<u>\$ 10,095,822,934</u>	<u>\$ 9,967,225,566</u>
Total Direct Rate	0.08572%	0.08572%	0.08575%	0.08613%	0.08628%

Source: Finance Division, City of Cerritos.

**CITY OF CERRITOS, CALIFORNIA
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)
2011	1.0000	0.0000	0.0560	0.0000	0.0037	1.0597	0.48117
2012	1.0000	0.0000	0.0464	0.0000	0.0037	1.0501	0.48243
2013	1.0000	0.0000	0.0505	0.0000	0.0035	1.0540	0.48023
2014	1.0000	0.0000	0.0875	0.0000	0.0035	1.0910	0.08552
2015	1.0000	0.0000	0.1236	0.0000	0.0035	1.1271	0.08558
2016	1.0000	0.0000	0.1232	0.0000	0.0035	1.1267	0.08730
2017	1.0000	0.0000	0.1293	0.0000	0.0035	1.1328	0.08572
2018	1.0000	0.0000	0.1253	0.0000	0.0035	1.1288	0.08572
2019	1.0000	0.0000	0.1252	0.0000	0.0035	1.1287	0.08609
2020	1.0000	0.0000	0.1768	0.0000	0.0035	1.1803	0.08613
2021	1.0000	0.0000	0.1712	0.0000	0.0035	1.1747	0.08628

(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, CALIFORNIA
TEN LARGEST SECURED TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Property Owner	Property Description	2020-21		2011-12	
		Assessed Valuations	Percentage of Total (1)	Assessed Valuations	Percentage of Total (1)
Macerich Cerritos, LLC	Commercial	\$ 376,429,151	3.78%	\$ -	0.00%
ICON Owner Pool 1	Industrial	160,007,220	1.61%	-	0.00%
Teachers Insurance and Annuity Assn.	Industrial	94,165,932	0.94%	-	0.00%
TPG Cerritos Acquisitions	Residential	83,029,398	0.83%	-	0.00%
Cerritos Retail Centercal, LLC	Commercial	77,724,118	0.78%	-	0.00%
AVB Cerritos, LLC	Residential	61,847,200	0.62%	-	0.00%
SBMC Cerritos	Industrial	54,917,511	0.55%	-	0.00%
Cerritos Promenade	Commercial	53,531,608	0.54%	-	0.00%
Cerritos Park, LLC	Industrial	48,210,439	0.48%	-	0.00%
JCC California Properties	Industrial	45,370,520	0.46%	-	0.00%
Macerich Cerritos LLC	Commercial	-	0.00%	\$ 292,733,172	3.97%
City of Cerritos	Commercial	-	0.00%	149,513,735	2.03%
Walton CWCA O'Donnell Cerritos	Industrial	-	0.00%	132,810,211	1.80%
Cerritos Office Center I LLC	Commercial	-	0.00%	89,385,000	1.21%
TA Western LLC	Industrial	-	0.00%	60,494,529	0.82%
Cerritos Best Plaza, LLC	Commercial	-	0.00%	55,000,000	0.75%
Cerritos Towne Center LLC	Commercial	-	0.00%	47,715,247	0.65%
Cerritos Corporate Tower LLP	Commercial	-	0.00%	37,060,000	0.50%
Cerritos Promenade LLC	Commercial	-	0.00%	36,800,000	0.50%
Dayton Hudson Corporation - Target	Industrial	-	0.00%	32,421,658	0.44%
Total		\$ 1,055,233,097	10.59%	933,933,552	12.67%
(1) 20120-21 and 2011-12 Total Secured Assessed Valuation is:		\$ 9,967,225,546		\$ 7,369,065,594	

Source: Finance Division, City of Cerritos.

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**CITY OF CERRITOS, CALIFORNIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Property Tax Collections
2011-12	\$ 14,732,189
2012-13	-
2013-14	-
2014-15	-
2015-16	-
2016-17	-
2017-18	-
2018-19	-
2019-20	-
2020-21	-

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.

**CITY OF CERRITOS, CALIFORNIA
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
2011-12	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012-13	-	-	-	-	-	-
2013-14	-	-	-	-	-	-
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
2016-17	-	-	-	-	-	-
2017-18	-	-	-	-	-	-
2018-19	-	-	-	-	-	-
2019-20	-	-	-	-	-	-
2020-21						

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

**CITY OF CERRITOS, CALIFORNIA
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				
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)
2019-20	2,500,000 (c)	7,500,000 (c)	10,000,000	49,994	200	(a)
2020-21	2,408,750 (c)	7,226,250 (c)	9,635,000	50,143	192	(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.

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**CITY OF CERRITOS, CALIFORNIA
SCHEDULE OF DIRECT AND OVERLAPPING BONDED DEBT
LAST TEN FISCAL YEARS**

2020-21 Assessed Valuation: \$ 9,967,225,546

	Total Debt (3) 6/30/2021	% Applicable (1)	City's Share of Debt 6/30/21
OVERLAPPING TAX AND ASSESSMENT DEBT			
Los Angeles County Flood Control District	\$ 26,830,000	30.500%	\$ 121,971
Cerritos Community College District	392,415,943	18.979	81,678,387
ABC Unified School District	77,910,530	58.703	53,442,246
Bellflower Unified School District	75,700,000	3.595	2,994,482
Total Overlapping Tax and Assessment Debt			<u>\$ 138,237,086</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Los Angeles County General Fund Obligations	\$ 2,618,507,256	0.583%	\$ 15,265,897
Los Angeles County Superintendent of Schools Certificates of Participation	4,565,373	0.583	26,616
Bellflower Unified School District Certificates of Participation	12,275,000	3.959	485,967
City of Cerritos General Fund Obligations	-	100	-
Los Angeles County Sanitation District No. 2 Authority	2,507,996	0.856	21,468
Los Angeles County Sanitation District No. 3 Authority	1,905,682	0.347	6,613
Los Angeles County Sanitation District No. 18 Authority	1,402,108	7.030	98,568
Los Angeles County Sanitation District No. 19 Authority	451,736	41.853	189,065
Total Direct and Overlapping General Fund Debt			<u>\$ 16,094,194</u>
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$ 42,300,000	100%	\$ 42,300,000
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 181,685,429
COMBINED TOTAL DEBT			\$ 181,685,429 (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 2020-21 ASSESSED VALUATION

Overlapping Tax and Assessment Debt	1.24%
Total Direct Debt	0.00%
Combined Total Debt	1.82%

**RATIOS TO REDEVELOPMENT SUCCESSOR AGENCY
INCREMENTAL VALUATION (\$4,233,353,275)**

Total Overlapping Tax Increment Debt	1.00%
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Source: California Municipal Statistics, Inc.

**CITY OF CERRITOS, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
Debt Limit	\$ 1,112,986,620	\$ 1,142,098,479	\$ 1,176,293,833	\$ 1,219,571,424	\$ 1,263,255,833
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	<u>\$ 1,112,986,620</u>	<u>\$ 1,142,098,479</u>	<u>\$ 1,176,293,833</u>	<u>\$ 1,219,571,424</u>	<u>\$ 1,263,255,833</u>
Total Net Debt Applicable to the Limit as a Percent of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal
Year 2020-21:
Assessed Value
Add Back: Exempt Real Property
Total Assessed Value

Debt Limit (15% of Total Assessed Value)
Debt Applicable to Limit
Legal Debt Margin

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, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION (CONTINUED)
LAST TEN FISCAL YEARS**

	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
Debt Limit	\$ 1,326,564,282	\$ 1,394,812,766	\$ 1,523,688,647	\$ 1,523,688,647	\$ 1,495,083,832
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal Debt Margin	<u>\$ 1,326,564,282</u>	<u>\$ 1,394,812,766</u>	<u>\$ 1,523,688,647</u>	<u>\$ 1,523,688,647</u>	<u>\$ 1,495,083,832</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 2020-21:					
Assessed Value					\$ 9,967,225,546
Add Back: Exempt Real Property					-
Total Assessed Value					<u>\$ 9,967,225,546</u>
Debt Limit (15% of Total Assessed Value)					\$ 1,495,083,832
Debt Applicable to Limit					-
Legal Debt Margin					<u>\$ 1,495,083,832</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, CALIFORNIA
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)
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%
2019-20	49,994	(a)	(a)	3.60%
2020-21	50,143	(a)	(a)	8.50%

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

**CITY OF CERRITOS, CALIFORNIA
FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Department	2011-12	2012-13	2013-14 (a)	2014-15 (a)	2015-16 (a)	2016-17 (a)	2017-18 (a)	2018-19 (a)	2019-20(a)	2020-21(a)
Legislative and Administration	8	8	7	7	7	6	7	6	7	11
Community Development	19	18	17	17	18	17	19	17	16	16
Public Works	84	78	71	69	67	68	72	65	65	60
Water and Power	17	15	14	13	15	13	16	14	12	12
Community and Safety Services	292	294	246	248	253	234	307	248	235	177
Administrative Services		129	121	115	118	119	132	116	123	103
Cerritos Center for the Performing Arts	198	197	76	71	87	84	92	78	76	57
Total	<u>618</u>	<u>739</u>	<u>552</u>	<u>540</u>	<u>565</u>	<u>541</u>	<u>645</u>	<u>544</u>	<u>534</u>	<u>436</u>
Full-Time Employees	230	214	209	189	181	186	175	174	174	180
Part-Time Employees	<u>552</u>	<u>544</u>	<u>530</u>	<u>363</u>	<u>359</u>	<u>379</u>	<u>366</u>	<u>370</u>	<u>360</u>	<u>256</u>
Total	782	758	739	552	540	565	541	544	534	436

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

**CITY OF CERRITOS, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
PUBLIC WORKS					
Maintenance:					
Graffiti Removal (Average Incidence)	7,500	5,500	6,000	5,500	4,750
Streetsweeping Miles	7,100	7,100	7,100	7,100	7,100
Trees Maintained	28,500	28,700	28,900	28,000	28,000
Trees Trimmed	7,500	4,000	4,000	2,700	5,255
WATER AND POWER					
Water:					
Number of Customer Accounts	15,714	15,676	15,655	15,792	15,752
Average Daily Consumption (Millions of Gallons)	8	8	8	8	6
Water Samples Taken (Annual)	2,052	2,702	2,130	2,061	2,086
COMMUNITY AND SAFETY SERVICES					
Police (1):					
Number of Sworn Officers	62	67	68	65	63
Community Service Officers (Non-Sworn)	15	16	3	3	3
Calls Dispatched	14,469	15,110	15,798	16,469	11,608
Crime Reports	4,887	5,725	4,990	4,747	3,467
Moving Citations	6,518	7,372	7,336	6,351	2,857
Parking Citations	509	413	463	664	412
Culture and Recreation:					
Leisure Classes Attendance	47,317	49,957	47,583	43,636	40,613
Indoor Park Reservation Attendance	79,264	76,953	78,284	69,264	71,224
Picnic Shelter Attendance	80,785	76,376	65,953	48,869	60,013
Swim Lessons Attendance	252,221	250,341	237,457	213,559	218,618
Recreational Swim Attendance	54,695	55,330	55,656	48,162	42,294
Volunteer Hours	13,760	15,599	15,855	14,948	13,902
ADMINISTRATIVE SERVICES					
Library:					
Number of Patrons	1,035,263	964,412	935,480	912,852	1,955,332

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

* Zero attendance at facilities and programs as result of closures associated with COVID-19

**CITY OF CERRITOS, CALIFORNIA
OPERATING INDICATORS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
PUBLIC WORKS					
Maintenance:					
Graffiti Removal (Average Incidence)	6,270	4,600	2,100	2,622	5,408
Streetsweeping Miles	7,100	7,100	7,100	7,100	7,100
Trees Maintained	28,000	28,000	28,400	28,500	28,500
Trees Trimmed	5,284	7,900	8,000	6,500	7,000
WATER AND POWER					
Water:					
Number of Customer Accounts	15,714	15,567	15,403	15,809	15,757
Average Daily Consumption (Millions of Gallons)	8	6	6	7	6
Water Samples Taken (Annual)	2,111	2,088	2,151	2,107	2,000
COMMUNITY AND SAFETY SERVICES					
Police (1):					
Number of Sworn Officers	66	66	65	65	65
Community Service Officers (Non-Sworn)	3	3	3	3	19
Calls Dispatched	20,067	18,378	17,696	15,787	14,646
Crime Reports	6,145	5,457	5,487	4,699	4,191
Moving Citations	3,941	6,031	6,397	4,821	3,220
Parking Citations	645	856	1,316	7,723	3,399
Culture and Recreation:					
Leisure Classes Attendance	38,262	36,228	31,856	17,894	0*
Indoor Park Reservation Attendance	65,618	64,723	66,585	39,846	0*
Picnic Shelter Attendance	73,409	70,988	59,416	32,444	0*
Swim Lessons Attendance	202,077	157,908	140,147	103,577	0*
Recreational Swim Attendance	44,842	42,000	42,810	10,439	0*
Volunteer Hours	12,027	10,021	10,566	7,330	0*
ADMINISTRATIVE SERVICES					
Library:					
Number of Patrons	2,652,290	2,781,673	552,212	376,010	0*

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

* Zero attendance at facilities and programs as result of closures associated with COVID-19

**CITY OF CERRITOS, CALIFORNIA
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2011-12	2012-13	2013-14	2014-15	2015-16
PUBLIC WORKS					
Sewers:					
Miles of Sanitary Sewers	124	124	124	124	124
Sewer Lines (Miles)	109	109	109	109	109
Streets and Highways:					
Streets (Miles)	136	136	136	136	136
Sidewalks (Miles)	242	242	242	242	242
Curb and Gutter (Miles)	256	256	256	256	256
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	269,926	265,789	252,108	266,647	264,316

Source: Finance Division, City of Cerritos.

**CITY OF CERRITOS, CALIFORNIA
CAPITAL ASSETS BY FUNCTION (CONTINUED)
LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2016-17	2017-18	2018-19	2019-20	2020-21
PUBLIC WORKS					
Sewers:					
Miles of Sanitary Sewers	124	124	124	124	124
Sewer Lines (Miles)	109	109	109	109	109
Streets and Highways:					
Streets (Miles)	136	136	136	136	136
Sidewalks (Miles)	242	242	242	242	242
Curb and Gutter (Miles)	256	256	256	256	256
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	265,507	268,772	247,091	284,849	317,218

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CITY OF CERRITOS, CALIFORNIA

APPROPRIATIONS LIMIT WORKSHEET NO. 6

**INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES APPLIED TO
APPROPRIATIONS LIMIT WORKSHEET NO. 6**

YEAR ENDED JUNE 30, 2021



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Honorable City Council
of the City of Cerritos
Cerritos, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Worksheet No. 6 of the City of Cerritos, California, (the "City") for the year ended June 30, 2021. The City's management is responsible for the Appropriations Limit Worksheet No. 6.

The City and the League of California Cities (as presented in the League publication entitled "Article XIII-B Appropriations Limit Uniform Guidelines") have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are as follows:

- a. We obtained the completed Appropriations Limit Worksheet No. 6 for the year ended June 30, 2021 and compared the limit and annual adjustment factors included in that worksheet to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheet to those that were selected by a recorded vote of the City Council.

No exceptions were noted as a result of our performing this procedure.

- b. For the Appropriations Limit Worksheet No. 6, we added last year's limit to the total adjustments, and compared the resulting amount to this year's limit. We also recalculated the adjustment factor and the adjustment for inflation and population, and compared the results to the amounts on Worksheet No. 6.

No exceptions were noted as a result of our performing this procedure.

- c. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council for the prior year.

No exceptions were noted as a result of our performing this procedure.

City Council
City of Cerritos
Cerritos, California

We were engaged by the City to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 28, 2021

**CITY OF CERRITOS
 APPROPRIATIONS LIMIT WORKSHEET NO. 6
 YEAR ENDED JUNE 30, 2021**

Appropriations Limit for Fiscal Year Ended June 30, 2020 (see Note 2) \$ 200,744,505

Adjustments Factors for the Fiscal Year Ended June 30, 2021 (see Note 2):

Inflation Factor (Note 3)	Population Factor (Note 4)	Combined Factor	
1.0373000	1.0000000	1.0373000	x 0.03730
Adjustment for Inflation and Population			7,487,770
Other Adjustments (Note 5)			-
Total Adjustments			7,487,770
Appropriations Limit for Fiscal Year Ended June 30, 2021			\$ 208,232,275

CITY OF CERRITOS
NOTES TO APPROPRIATIONS LIMIT WORKSHEET NO. 6
JUNE 30, 2021

NOTE 1 PURPOSE OF LIMITED PROCEDURES REVIEW

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), California governmental agencies are restricted as to the amount of annual appropriations from proceeds of taxes. Effective for years beginning on or after July 1, 1990, under Section 1.5 of Article XIII B, the annual calculation of the appropriations limit is subject to a limited procedures review in connection with the annual audit.

NOTE 2 METHOD OF CALCULATION

Under Section 10.5 of Article XIII B, for fiscal years beginning on or after July 1, 1990, the appropriations limit is required to be calculated based on the limit for the fiscal year 1986-87, adjusted for the inflation and population factors discussed at Notes 3 and 4 below.

NOTE 3 INFLATION FACTORS

A California governmental agency may adjust its appropriations limit by either the percentage change in California per capita personal income from the preceding year (which is supplied by the State Department of Finance), or the percentage change in the local assessment roll from the preceding year due to the change of local nonresidential construction. The factor adopted by the City of Cerritos (the "City") for fiscal year 2020-2021 represents the percentage change in California per capita personal income from the preceding year.

NOTE 4 POPULATION FACTORS

A California governmental agency may adjust its appropriations limit by either the annual percentage change of the jurisdiction's own population, or the annual percentage change in population in the County where the jurisdiction is located. The factor adopted by the City for fiscal year 2020-2021 represents the annual percentage change in the population in the City.

NOTE 5 OTHER ADJUSTMENTS

A California governmental agency may be required to adjust its appropriations limit when certain events occur, such as the transfer of responsibility for municipal services to, or from, another governmental agency or private entity. The City had no such adjustments for the year ended June 30, 2021.



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

City Council
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 City of Cerritos (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise City of Cerritos's basic financial statements, and have issued our report thereon dated December 28, 2021.

Internal Control Over Financial Reporting

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

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

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described below that we consider to be significant deficiencies.



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Budget

Condition: The City adopts an annual budget which includes revenue, expenditures, and transfers. The general ledger system has budgeted amounts entered for the General Fund only but not for all other Funds. In addition, budget amounts for interfund transfers are not entered into the general ledger for any fund.

Criteria or specific requirement: An important element of budgetary control and analysis is having the budget for each fund in the general ledger.

Effect: The City operates many funds, and to analyze performance of the funds management needs meaningful data, such as a budget to actual comparison. Because the general ledger does not have budgets outside of the General Fund, management cannot effectively determine the availability of appropriations and the performance of the other City funds.

Cause: The City has implemented General Fund based budgeting.

Recommendation: We recommend the City implement procedures to have all revenues, expenditures, and transfers budgeted input into the general ledger system to allow management to effectively track the performance of the City in comparison to the budgeted expectation by fund.

Views of responsible officials and planned corrective actions: The City is aware of the inherent deficiencies associated with a General Fund based budgeting approach and is currently reviewing potential alternatives that would facilitate a transition to a fund-based budgeting approach.

Deficit Net Position

Condition: The City Water and Sewer and Electric Utility Enterprise funds have deficit net position at June 30, 2021.

Criteria or specific requirement: Each City fund should be able to maintain a positive net position/fund balance or have a plan to alleviate a deficit net position/fund balance.

Effect: When the operations of a fund are not anticipated to eliminate a deficit net position, management should make appropriate requests to transfer the necessary funds from the General Fund to eliminate the deficit. While management is exploring options to reduce deficits in the Water and Sewer and Electric Utility Funds, the deficits in these Funds continue to increase. These deficits resulted from total expenses exceeding revenues. In addition, the General Fund has a significant receivable from these Funds for which repayment is uncertain. This could have a significant impact on the General Fund's fund balance if the General Fund ends up absorbing these deficits.

Cause: The Sewer and Water and Electric Utility Enterprise funds had an operating loss and deficit change in net position for the year ended June 30, 2021.

Recommendation: We recommend that each of these funds be analyzed to determine whether future revenue sources will be sufficient to eliminate the fund balance deficits. If future revenue funding will not be available to cover the costs being incurred, we recommend that management make appropriation requests to transfer the necessary funds from the General Fund to eliminate the deficits.

Views of responsible officials and planned corrective actions: The City remains aware of the deficit position that the Water, Sewer and Electric Utility proprietary funds continue to maintain. The City Council continues to actively consider options to alleviate the deficit positions of all the referenced funds. Among the options under consideration are a fee increase within the sewer fund and the expansion of service provision within the electric utility to provide service to residential customers. Decisions regarding the implementation of both of these options are expected within the upcoming calendar year.

Compliance and Other Matters

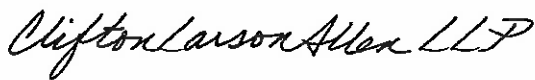
As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

City's Response to Findings

The City's responses to the findings identified in our audit are described above. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Irvine, California
December 28, 2021



The Honorable City Council
of the City of Cerritos
Cerritos, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Cerritos (the City) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 28, 2021. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Cerritos are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies were not changed during fiscal year ended 2021.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.
- The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the City's public defined benefit plans with PARS are based on actuarial valuations provided by a third-party consultant.

- The Other Postemployment Benefit (OPEB) expense, net OPEB liability (asset), and corresponding deferred outflows of resources and deferred inflows of resources for the City's OPEB plans are based on certain actuarial assumptions and methods prepared by an outside consultant.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the retirement commitments reported in Note 10 to the financial statements
- The disclosure of the OPEB commitments reported in Note 11 to the financial statements

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2021.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other information in documents containing audited financial statements

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the combining and individual nonmajor fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 28, 2021.

The introductory and statistical sections accompanying the financial statements, which are the responsibility of management, were prepared for purposes of additional analysis and are not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

* * *

The Honorable City Council
City of Cerritos
Page 4

This communication is intended solely for the information and use of the City Council and management of the City of Cerritos and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
December 28, 2021