



City of Cerritos, California

Comprehensive Annual Financial Report

for the Fiscal Year ended June 30, 2014



CITY OF CERRITOS, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2014

Prepared by:

Administrative Services Department

City of Cerritos
Comprehensive Annual Financial Report
For the year ended June 30, 2014

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CITY OF CERRITOSSM

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November 3, 2014

OFFICE OF THE CITY MANAGER
ART GALLUCCI

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

It is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the City of Cerritos (the City) for the fiscal year ended June 30, 2014.

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 sufficient 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 Pun & McGeady, LLP, a firm of certified public accountants which was selected via a competitive bid process. The auditors have issued unmodified opinions on these financial statements. Such opinions state that the auditors feel the City followed all accounting rules appropriately and that the financial report is a fair representation of the City's financial condition. Their report is located at the front of the financial section of this report.

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

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

If over \$500,000 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. For the year ended June 30, 2014, the City did not expend more than \$500,000 on Federal financial assistance programs; and therefore, a single audit is not required.

Profile of the City of Cerritos

The City of Cerritos is located approximately 20 miles southeast of Los Angeles along the border of Orange County. Beginning as an unincorporated area known for its strawberry farms and dairy operations, the City experienced a major transformation into a more urban environment beginning in the late 1960s. In 1973, a unique and innovative General Plan was adopted, which has guided development 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 nearly 50,000 residents and several large business organizations. Cerritos enjoys the tradition of being a large sales tax generator, resulting in significant revenues to support City 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, the 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.

Strategic planning and hard work have brought Cerritos to its current position as a community with financial strength, excellent municipal services, and a reputation as a great place to live, work and do business. 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 continues to protect its financial resources tenaciously through appropriate involvement in the legislative arena.

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

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

Economic Outlook and Major Initiatives

Regarded by many as the pre-eminent commercial center of southeast Los Angeles County, the City continually strives to maintain an exemplary business climate. Though not immune to the challenging financial and economic environment, Cerritos has significant economic stability resulting from the automotive sector at the Cerritos Auto Square, the retail presence at the Los Cerritos Center, and continuing business stability at the Cerritos Towne Center.

Since its inception nineteen years ago, the Cerritos Towne Center has established itself as one of Southern California's most successful centers of commercial, recreational and business activity. The ongoing success of such strong retailers as Kohl's, Ross, Trader Joe's and Best Buy has been enhanced by the Edwards Cinemas and various dining establishments. Continuous maintenance and upkeep have allowed the Cerritos Towne Center to attract newer tenants such as Golfsmith, PetSmart and Pacific Sales. The establishments have added to the Towne Center's eclectic mix of retail, recreational and commercial business and have allowed it to maintain its place as a premier destination within the region.

Despite the challenging economic environment, the Cerritos Center for the Performing Arts (CCPA) enjoyed another successful year with an impressive array of performances. The CCPA has become a destination point within the Towne Center, and intentional marketing efforts will help to ensure the success of the Towne Center in future years.

Additionally, the City is home to one of Southern California's largest retail centers, the Los Cerritos Center. As one of the nation's elite shopping destinations, the Los Cerritos Center has responded successfully to changing economic cycles many times since its opening in 1971. The mall's ownership group, the Macerich Corporation, has demonstrated its ongoing stewardship of the mall through an unwavering commitment to maintaining the mall's economic vitality. Specifically, the continued success of the Forever 21 flagship store, and the flagship-quality Nordstrom store, along with the existence of cutting edge boutiques and restaurants have only enhanced the mall's reputation. Additionally, the City Council has recently approved further improvements to the shopping center which include a theater and additional retail and dining establishments.

Despite the recent prolonged period of bleak economic news for the automotive sector, the Cerritos Auto Square continues its status as the world's largest auto center. For more than three decades, the Cerritos Auto Square has served as a cornerstone of the City's economic stability. It has defined the concept of the "one-stop" auto mall, and it is still recognized as the world's prototypical auto center. Despite the challenging economy, the auto dealers are continuing to make significant investments in their enterprises. For example the dealerships installed a new free standing regional center identification sign alongside the I-605 freeway, equipped with LED screens and cutting-edge technology, to continue marketing and branding efforts for the commercial center.

Major projects completed within the City included the renovation of the Chevron Gas and convenience store located at Carmenita Road and South Street, and the renovation of the Best Plaza which added dining establishments complementing the existing dining and commercial stores.

Major capital projects completed during the fiscal year included the removal of sand and installation of playground surfacing and equipment at various City Parks, completion of the Cerritos Library Teen Studio, sidewalk curb and gutter rehabilitation, installation of wheelchair accessible ramps at various City locations, and resurfacing of various traffic arteries including College Place west of Studebaker Road.

Additionally, during the upcoming fiscal year, the City expects the commencement of development projects such as the 198-unit luxury apartment complex, Aria, at the northeast corner of Artesia Boulevard and Bloomfield Avenue and the 25-unit residential townhouse condominium complex located at 18810 Pioneer Boulevard. The developments are poised to increase the City's demographics and expand on its economic and sales tax base.

Fiscal Year 2013-14 marked the ninth year of the Electric Utility in supplying energy to retail consumers in Cerritos. The Electric Utility now serves approximately 300 accounts and during the last fiscal year supplied almost 70.2 million kilowatt-hours to the retail customers. This is in contrast to the first year of operations (2005), when select City accounts and six ABC Unified School District accounts served as the Utility's contracted customers.

The challenging State budget crisis and the continuing instability in the global financial world have added additional review and analysis to the City's fiscal evaluation. Specifically, the State of California has increased its oversight of municipalities who maintained viable Redevelopment Agencies and conducted various examinations of their books and records.

Thus, as a result of the California State Controller's ("State Controller") Asset Transfer Review Report dated October 8, 2013 a demand was made for the City to transfer assets to the Successor Agency in the amount of \$170.8 million including \$21.3 million in cash payments. However, following the issuance of the report, the State Controller ruled the Governmental Purpose assets should remain with the City and thus reducing the amount of the assets to be transferred by the City back to the Successor Agency. The City is challenging the constitutionality of the Asset Transfer Review and its findings.

Despite the challenging economic climate, our long term economic outlook should be sustained through careful planning and with the outstanding relationships we have built with business leaders and residents in the City. Indeed, much of the City's recent success has been attributed to bold and innovative economic decisions which were made early in our history, and which have secured the community's viable fiscal position. The challenging economy has created opportunities for the business environment to continually reinvent itself for the benefit of the City and its local surroundings.

The City of Cerritos will continue to work to preserve its resources while seeking to maintain and provide the highest level of service to its residents. In fulfilling this mission, compliance with new rules, regulations and procedures has always been the highest priority in the past, and will continue to be in the future.

Short-Term and Long-Term Financial Planning

In accordance with the provisions of the City of Cerritos Charter, a City budget covering operating revenue and expenditures, labor usage, sources and uses of funds is prepared annually based on national and local economic assumptions.

For financial planning purposes, the City conducts comprehensive citywide financial forecasting in conjunction with its revenue consultants and other sources.

During the past six years the City has utilized a range of temporary and permanent cost reduction initiatives, economic development and revenue generation priorities, outside grants and the use of fiscal reserves only as necessary. As a result, the City has weathered the effects of the recession while providing critical services to the public in such areas as public safety, facility maintenance, parks maintenance and infrastructure improvements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Cerritos for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. The Certificate is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. The report satisfied both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement from the GFOA is valid for a period of one year. We believe that this 2013-14 CAFR continues to conform to the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

The preparation and publication of this report would not have been possible without the dedication, professionalism, and teamwork of the entire staff of the Finance Division within the Administrative Services Department and the City's independent auditors, Pun & McGeedy, LLP, Certified Public Accountants. 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 dark ink, appearing to read 'Art Gallucci', followed by a long horizontal line extending to the right.

Art Gallucci
CITY MANAGER

CITY OF CERRITOS

City Council

Mark E. Pulido, Mayor
Carol K. Chen, Mayor Pro Tem
Bruce W. Barrows
Joseph Cho, Ph.D.
George Ray

Economic Development Commission

Robert D. Buell, Chair
Dan Padelford, Vice Chair
Rosalinda Law
Pat Patnaik
Rif Wiguna

Fine Arts and Historical Commission

Elayne Shiohama, Chair
Nora T. Benzon, Vice Chair
Janet L. Beach
Doris T. Iglesias
Julietta C. Williams

Parks and Recreation Commission

Cindy Yen Chen, Chair
Brad Beach, Vice Chair
Kenneth Cha
Jack Reidy
James Fong Yee, Ph.D.

Planning Commission

Nick Kim, Chair
Becky Lingad, Vice Chair
Naresh Solanki
Chuong Vo
Tatiana Yokoyama

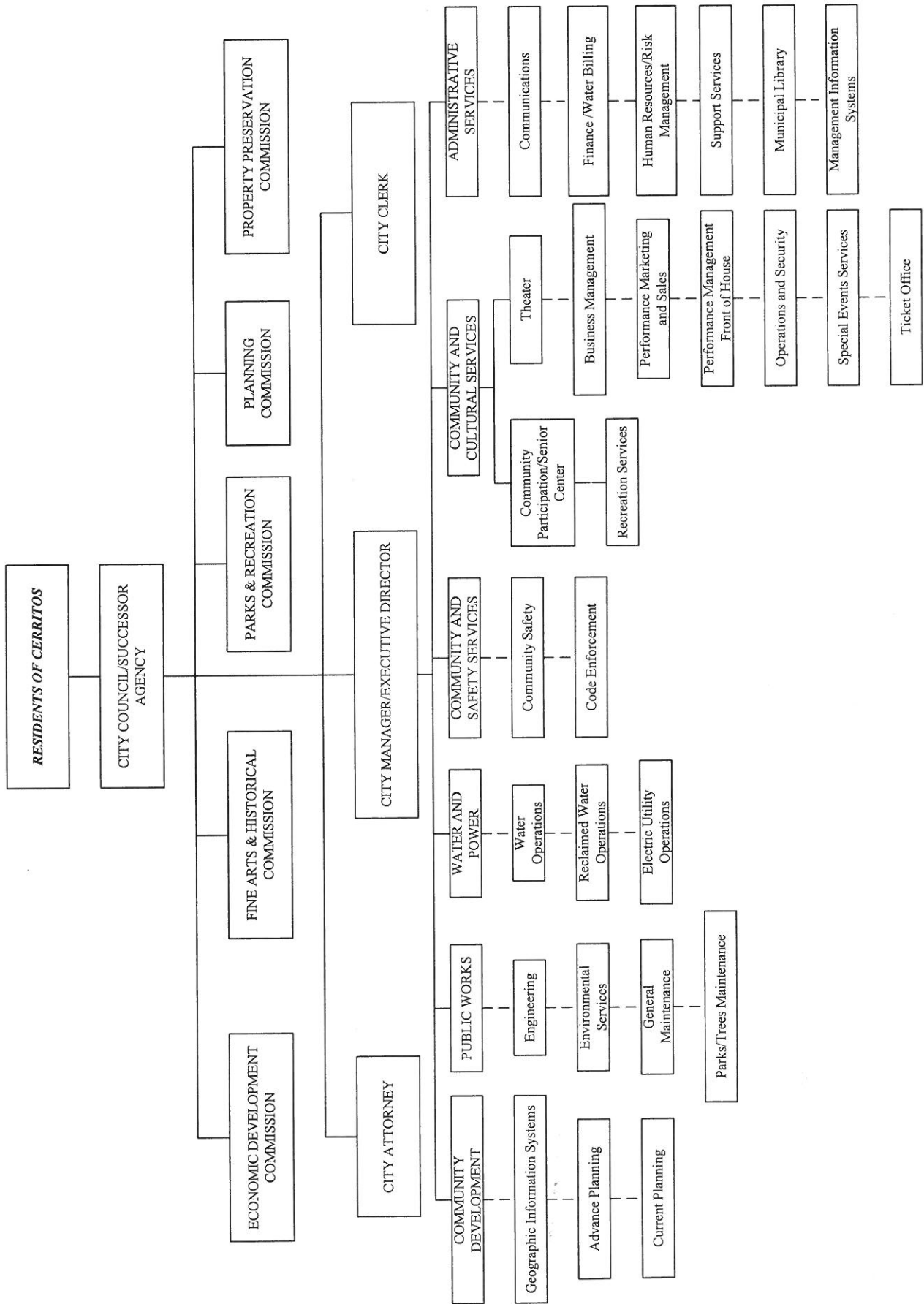
Property Preservation Commission

Levi A. Javier, Chair
Waldo Arballo, Vice Chair
Sam Chu
Philip H. Hickok
Allen Wood

Charter Employees

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

ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of Cerritos
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cerritos, California (the "City"), as of and for the year ended June 30, 2014, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of GASB Statement No. 65

As discussed in Note 1 to the basic financial statements, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The adoption of this standard required retrospective application of previously reported net position and reclassification of certain accounts as of July 1, 2013 as described in Note 14 to the basic financial statements. Our opinion is not modified with respect to this matter.

Cerritos Redevelopment Agency Asset Transfer Review from California State Controller

As discussed in Note 17G to the basic financial statements, in October 2013, the California State Controller's Office released its report on the Cerritos Redevelopment Agency Asset Transfer Review for January 1, 2011 through January 31, 2012. The State Controller's Office has determined in their review that \$170,836,440 of assets that were transferred to the City were unallowable. The City is disputing the State Controller's decision and pursuing legal actions against the State Controller. Following the issuance of the Asset Transfer Review, the State Controller ruled the governmental purpose assets should remain with the City and thus reducing the amount of the unallowable assets to be transferred back by the City to the Successor Agency. The City is challenging the constitutionality of the Asset Transfer Review along with its findings. The basic financial statements do not include any adjustments that might result from the outcome of these uncertainties. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, and Schedules of Funding Progress of the Defined Pension Plan and the Other Post Employment Benefits on pages 7 through 18 and 85 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information


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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2014 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Paul J. McGeady LLP". The signature is written in a cursive, flowing style.

Irvine, California
November 3, 2014

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cerritos, California (the "City"), as of and for the year ended June 30, 2014, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 3, 2014.

Internal Control Over Financial Reporting

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

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

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

To the Honorable Mayor and Members of the City Council
of the City of Cerritos
Cerritos, California
Page 2

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "PwC & Mc Geady LLP". The signature is written in a cursive, flowing style.

Irvine, California
November 3, 2014

City of Cerritos
Management's Discussion and Analysis
For the Year Ended June 30, 2014

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, 2014. 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 exceeded its liabilities at June 30, 2014 by \$467.9 million, which is referred to as the net position of the City. Of this amount, \$303.9 million is net investment in capital assets, \$2.9 million is restricted and \$161.1 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 decreased \$25.6 million, which is mainly attributable to an extraordinary item transfer of Long-Term Debt, 2003 Magnolia Bonds ("Magnolia Bonds"), made by the Successor Agency to the Cerritos Redevelopment Agency ("Successor Agency") in the amount of \$12.3 million to the City's Electric Utility Fund and the payment of the Water Replenishment District ("WRD") litigation in the amount of \$4.9 million. Additionally, the City's net position decrease is also attributable to the combined operating loss for the City's Enterprise funds in the amount of \$4.3 million and potential costs related to an Environmental Lawsuit in the amount of \$2.5 million.
- Governmental funds for the City reported combined fund balances of \$158.0 million. Of this amount, \$73.5 million is nonspendable, \$2.9 million is restricted by external parties, \$24.0 million has been assigned by City management and \$57.6 million is unassigned fund balance which is available for future appropriation.
- As of June 30, 2014, General Fund expenditures are \$57.6 million, which represent 100.0% of the unassigned fund balance.
- As of June 30, 2014, the cash and investments of the General Fund are \$86.3 million, which represent 58.5% of the total fund balance for the Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Financial Statements (Continued)

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).

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

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

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

Fund Financial Statements

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

- **Governmental Funds**

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

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

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- **Governmental Funds (Continued)**

The City of Cerritos maintains sixteen 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 following major funds: General Fund, Housing Assets Special Revenue Fund, and from the other fourteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor 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.

- **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, which are considered major funds of the City. Conversely, the internal service fund is shown as a separate reporting category on the Proprietary Funds statements.

- **Fiduciary Funds**

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

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

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table summarizes the Statement of Net Position for fiscal years ending June 30, 2014 and June 30, 2013.

City of Cerritos Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Cash and investments	\$ 104.7	\$ 107.0	\$ 1.7	\$ 4.9	\$ 106.4	\$ 111.9
Other Assets	97.9	89.5	(21.1)	(16.6)	76.8	72.9
Capital Assets	272.7	278.3	41.1	42.5	313.8	320.8
Total Assets	475.3	474.8	21.7	30.8	497.0	505.6
Other Liabilities	13.4	8.0	2.3	1.5	15.7	9.5
Long term liabilities outstanding	1.6	2.4	11.8	0.2	13.4	2.6
Total Liabilities	15.0	10.4	14.1	1.7	29.1	12.1
Net Position						
Net investment in capital assets	272.7	278.3	31.2	42.5	303.9	320.8
Restricted	2.9	2.9	0.0	0.0	2.9	2.9
Unrestricted	184.7	183.2	(23.6)	(13.4)	161.1	169.8
Total Net Position	\$ 460.3	\$ 464.4	\$ 7.6	\$ 29.1	\$ 467.9	\$ 493.5

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

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 \$467.9 million as of June 30, 2014. The net position decreased \$25.6 million, or 5.2%, during fiscal year 2013-14. Additionally, total assets decreased by \$8.6 million or 1.7% and liabilities increased \$16.5 million or 136.4% when compared to June 30, 2013. The increase in the City's liabilities is mainly attributable to the transfer of the Magnolia Bonds from the Successor Agency to the City's Electric Utility fund in the amount of \$12.3 million and potential litigation costs related to an environmental lawsuit in the amount of \$2.5 million.

The largest portion of the City's net position at June 30, 2014 (\$303.9 million, or 64.9% 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 both governmental and enterprise activities investment in capital assets is attributable to normal depreciation of existing capital assets. The City did not incur any significant capital asset purchases during the year. The restricted portion of the City's net position \$2.9 million or 0.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$161.1 million may be used to meet the government's ongoing obligations to citizens and creditors.

Cash and investments decreased 4.9%, or \$5.5 million when compared to the previous fiscal year. The decrease is largely as a result of an increase in expenditures related to the City's Enterprise Activities, specifically the Water and Sewer Fund.

The unrestricted net position deficit for the City's Enterprise Activities increased (\$10.2) million or 76.1% as a result of the transfer of debt from the Successor Agency to the Electric Utility Fund and an increase in other assets deficit. The deficit in other assets increase of (\$4.5) million represents advances made by the Governmental Activities to the Business-Type Activities, specifically the Water and Sewer and Electric Utility funds.

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Cerritos Change in Net Position (in millions)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 10.4	\$ 9.7	\$ 14.2	\$ 12.7	\$ 24.6	\$ 22.4
Operating grants and contributions	4.9	6.1	-	-	4.9	6.1
Capital grants and contributions	0.2	-	0.1	0.1	0.3	0.1
General revenues:						
Taxes	39.0	39.8	-	-	39.0	39.8
Investment income	10.3	7.8	-	-	10.3	7.8
Miscellaneous	-	0.1	-	-	-	0.1
Total revenues	<u>64.8</u>	<u>63.5</u>	<u>14.3</u>	<u>12.8</u>	<u>79.1</u>	<u>76.3</u>
Expenses:						
Legislative and administration	4.3	2.5	-	-	4.3	2.5
Community development	5.0	5.2	-	-	5.0	5.2
Public works	18.3	14.3	-	-	18.3	14.3
Water and power	-	-	-	-	-	-
Community and safety services	22.4	22.3	-	-	22.4	22.3
Administrative services	11.1	12.1	-	-	11.1	12.1
Cerritos Center for the Performing Arts	6.9	7.4	-	-	6.9	7.4
Unallocated infrastructure depreciation	0.9	1.0	-	-	0.9	1.0
Interest expense	-	-	-	-	-	-
Water and Sewer	-	-	10.7	7.8	10.7	7.8
Reclaimed water	-	-	1.0	1.0	1.0	1.0
Electric Utility	-	-	6.9	7.0	6.9	7.0
Total expenses	<u>68.9</u>	<u>64.8</u>	<u>18.6</u>	<u>15.8</u>	<u>87.5</u>	<u>80.6</u>
Change in net position						
before special item and extraordinary loss and transfers	(4.1)	(1.3)	(4.3)	(3.0)	(8.4)	(4.3)
Special Item gain / (loss)	-	-	(4.9)	-	(4.9)	-
Extraordinary gain / (loss)	-	(10.1)	(12.3)	-	(12.3)	(10.1)
Transfers	-	-	-	-	-	-
Change in net position	(4.1)	(11.4)	(21.5)	(3.0)	(25.6)	(14.4)
Net position, beginning of year	<u>464.4</u>	<u>475.8</u>	<u>29.1</u>	<u>32.1</u>	<u>493.5</u>	<u>507.9</u>
Net position, end of year	<u>\$ 460.3</u>	<u>\$ 464.4</u>	<u>\$ 7.6</u>	<u>\$ 29.1</u>	<u>\$ 467.9</u>	<u>\$ 493.5</u>

The City's total revenues were \$79.1 million in fiscal year 2013-2014, while the total cost of all programs and services was \$87.5 million. Revenues increased by \$2.8 million, as a result of increases in charges for services and investment income received.

The increase in charges for services is largely due to growth in revenue received from the Electric Utility Operation.

City of Cerritos

Management's Discussion and Analysis (Continued)

For the Year Ended June 30, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Expenses increased \$6.9 million, or 8.6% when compared to fiscal year 2012-13 as a result of rising expenses related to the operations for the water and sewer utilities and public works programs.

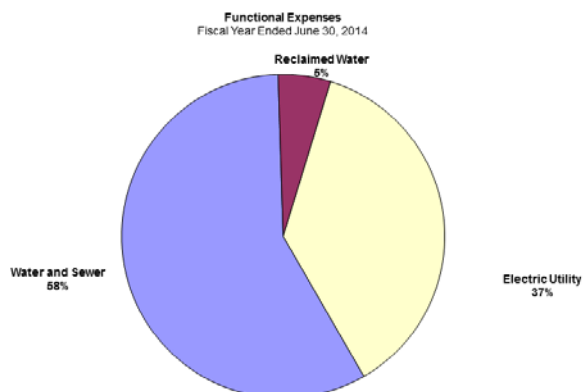
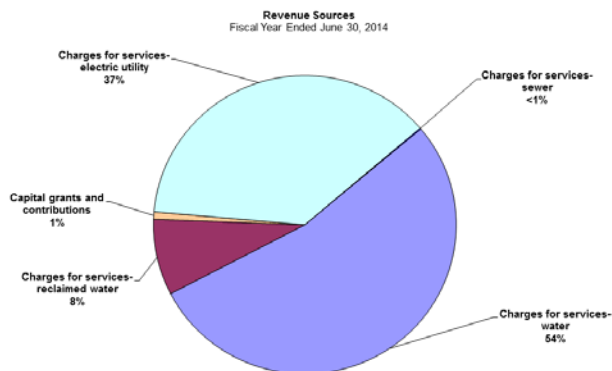
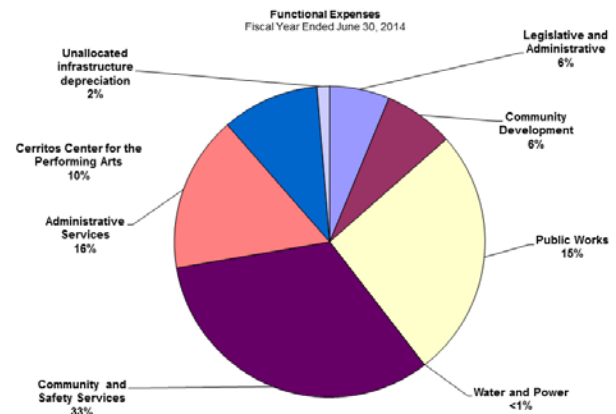
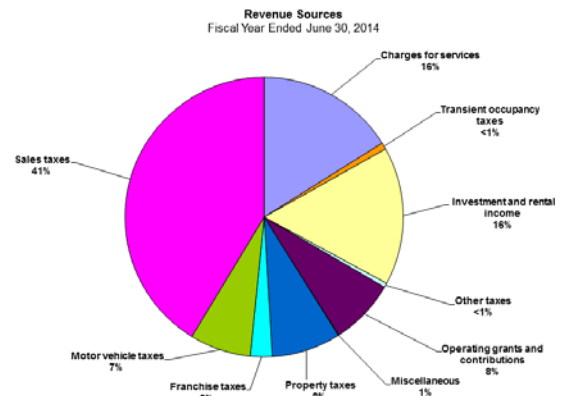
As previously noted, the City's net position decreased by \$25.6 million during the current fiscal year.

Approximately 49.3% of all revenues this past year came from some form of tax (decrease from 52.2% in fiscal year 2012-13).

Governmental Activities

Revenues associated with governmental activities increased \$1.3 million compared to the prior year, mainly due to an increase in investment income and a corresponding decrease in operating grants and contributions. Additionally, taxes decreased \$0.8 million due to a decline in the City's receipt of property taxes. Charges for services increased \$0.7 million when compared to the previous year. The increase was a result of increased economic activity within the City specifically a rise in building permit fees.

Expenses associated with governmental activities increased \$4.1 million when compared to the previous year as a result of a settlement regarding potential future environmental related expenditures in the amount \$2.5 million and an increase in legislative and administrative expenses in the amount of \$1.8 million.



Business-Type Activities

Business-type activities decreased the City's net position by \$21.5 million when compared to fiscal year 2012-13. The decrease is attributable to a transfer of the Magnolia Bonds from the Successor Agency to the Electric Utility Fund, special item expense to the WRD in the amount of \$4.9 million and an operating loss in the amount of \$4.3 million. Charges for services increased by \$1.5 million, or 11.8%, when compared to the prior fiscal year. The increase in revenues is mainly attributable to rise in sale of electricity.

Expenses increased \$2.8 million, as a result of payments made by the Water and Sewer Fund to the WRD. However, the Electric and Reclaimed fund's expenditures remained stable as a result of the City's dedication in streamlining and achieving cost containment for their utility operations.

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

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 \$158.0 million, representing an increase of \$0.7 million from the prior fiscal year. Nonspendable fund balances total \$73.5 million for such items as long-term receivables (\$72.8 million) from the Cerritos Auto Square Dealer's Association, Successor Agency, Electric Utility, Water and Sewer Funds, inventories and prepaid expenses (\$0.7 million). Restricted fund balances, legally restricted by external parties, total \$2.9 million. An additional \$24.0 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 balances are categorized as unassigned.

The General Fund is the main operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$57.6 million, which represents 39.1% of the total fund balance. The remaining fund balance for the General Fund includes nonspendable of \$65.9 million and \$24.0 million is assigned.

The City's General Fund balance increased \$0.7 million due to an overall rise in revenues, specifically other revenues such as licenses and permits.

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 housing projects.

Proprietary Funds

The City's major proprietary funds are the Water and Sewer, Electric Utility and Reclaimed Water funds. Net position of these funds at the end of the fiscal year totaled \$7.6 million. The total change in net position for these funds was a decrease of \$21.4 million. The major component of this decrease was the transfer of the Magnolia Debt from the Successor Agency to the Electric Utility Fund, special item expense to the WRD and combined operating loss of \$4.3 million for the City's utility operations. Additionally, the proprietary's cash and investments decreased \$3.2 million when compared to fiscal year 2012-13. The reduction in cash and investments is due largely to a decrease in cash for the Water and Sewer funds as result of payments made to Water Replenishment district and a corresponding increase in the Electric Utility funds cash. Additionally, the Electric Utility funds operating revenues increased \$1.0 million due to the increase in consumption and utility customers.

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds (Continued)

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

Operating expenses exceeded operating revenues in each of the major proprietary funds, with the exception of the Reclaimed Water fund, resulting in a decline in net position. The City has not implemented a rate increase in the past seven years, calling upon existing net position to subsidize operations.

Fiduciary Funds

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

The City presents one fiduciary fund which is the Private Purpose Trust Fund. At June 30, 2014, the net position maintained a deficit balance in the amount of \$139.9 million.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, there was a \$0.2 million increase in projected revenues between the original and final budget due largely to an increase in total revenues specifically a rise in licenses and permits in the amount of \$0.5 million, along with a corresponding decrease in investment and rental income in the amount of \$0.3 million. Additionally, for the fifth consecutive year, all line items were reviewed with special emphasis on necessary expenditures, while items such as travel, training, and supplies were reduced.

General Fund revenues have declined over the past few years; however sales tax experienced an increase during the current fiscal year. The increase in sales tax along with rental income has helped offset decreases in tax increment that the City no longer receives as a result of the dissolution of the former Cerritos Redevelopment Agency.

Additionally, projected Investment Income as noted in the final budget compared with actual revenues resulted in a positive variance in the amount of \$1.9 million. This was as a result of the City's investments earning a higher rate of return, and gain on sale of existing investments.

General Fund Expenditures as noted in the final budget when compared with actual expenses resulted in a positive variance in the amount of \$3.2 million. The variance is attributed to lower than anticipated expenditures in the Community and Safety and Administrative Services departments

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

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, 2014, amounts to \$313.8 million (net of accumulated depreciation) a decrease of \$7.0 million from the prior fiscal year. This investment in capital assets includes land, streets, water, sewer and storm drain systems, buildings and improvements, machinery and equipment, vehicles, public works of art, parking structures, water rights and electric rights.

The following table presents the capital assets of the City of Cerritos at June 30, 2014.

City of Cerritos Capital Assets (in millions)						
	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 85.8	\$ 85.8	\$ -	\$ -	\$ 85.8	\$ 85.8
Parking structure rights	3.8	3.8	-	-	3.8	3.8
Right-of-way	49.1	49.1	-	-	49.1	49.1
Public art	4.4	4.4	-	-	4.4	4.4
Trees	1.4	1.4	-	-	1.4	1.4
Construction in progress	0.5	0.4	-	-	0.5	0.4
Buildings and structures	106.7	111.5	3.4	3.6	110.1	115.1
Improvements other than buildings	4.9	4.7	-	-	4.9	4.7
Infrastructure/water mains and lines/sewer mains	14.1	14.9	24.9	25.8	39.0	40.7
Water rights	-	-	1.6	1.6	1.6	1.6
Electric Rights	-	-	9.9	10.3	9.9	10.3
Furniture and equipment	2.1	2.3	1.3	1.2	3.4	3.5
Total	<u>\$ 272.7</u>	<u>\$ 278.3</u>	<u>\$ 41.1</u>	<u>\$ 42.5</u>	<u>\$ 313.8</u>	<u>\$ 320.8</u>

Major capital asset events during the fiscal year included the following:

- Rehabilitation of facilities at Bettencourt Park, Heritage Park, and Playground Surfaces totaling \$0.4 million.
- Construction of the Cerritos Library Teen Studio in the amount of \$0.3 million.
- Street pavement and rehabilitation for College Place, west of Studebaker Road in the amount of \$0.1 million

Detailed information relating to capital assets can be found in Note 6 to the basic financial statements.

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-term debt

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

Additionally, the Successor Agency transferred the Magnolia Bonds to the City in the amount of \$12.3 million.

At the end of the current fiscal year, the Successor Agency had total debt outstanding of \$124.3 million.

Successor Agency Long-Term Debt (in millions)		
	2014	2013
Los Cerritos Revenue Bonds	\$ 25.2	\$ 31.2
Los Coyotes Revenue Bonds	96.2	111.2
Add Deferred Amounts	2.5	1.4
Subtotal - Revenue Bonds	<u>\$ 123.9</u>	<u>\$ 143.8</u>
Note Payable	<u>0.4</u>	<u>0.6</u>
Total Long-Term Debt	<u><u>\$ 124.3</u></u>	<u><u>\$ 144.4</u></u>

At the end of the current fiscal year, the City had total debt outstanding of \$11.9 million which consisted of the Magnolia Bonds transferred by the Successor Agency to the City's Electric fund.

Detailed information relating to long-term debt can be found in Note 9 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

While the previous five years of the Great Recession along with the abrupt dissolution of redevelopment agencies has been difficult for everyone, they have been especially difficult years for the public sector in California. Not only has the long, slow recovery created a new fiscal environment of resource scarcity, but the loss of redevelopment has taken away a vital tool that cities have used traditionally to mitigate it. In addition, highly publicized media reports regarding service reductions, municipal bankruptcies and intractable political issues have brought little reassurance to an increasingly skeptical public.

While Cerritos has been able to avoid the most severe repercussions, there is no doubt that the last five years have been among the most challenging that the City has faced. And because we are not immune from the larger problems of the public sector, the challenges show no signs of abating any time soon. There is much work to do in re-establishing fiscal stability for California's public sector.

City of Cerritos
Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONTINUED)

While we await a more hopeful legislative environment, our track record tells us that the most lasting and satisfying solutions will result from within, based on our own ability to address challenges through innovation and creativity. From the development of the General Plan and Cerritos Auto Square, construction of a pioneering reclaimed water system, our photovoltaic project at the Corporate Yard, and the wildly popular Teen Studio at the Library, we have been able to identify and deliver solutions that have been unorthodox, innovative and successful.

Additionally, despite the continuation of the most sweeping nationwide economic downturn in eighty years and the effects of the State of California's budgetary crises, the City of Cerritos has been able to maintain its vibrant business community, and as a result, the community has enjoyed a high level of fiscal stability due to the success and visibility of its commercial sector. The City has been able to maintain its levels of service to the community by positioning itself to withstand fluctuations in the economic environment. The combined tax revenues, particularly sales tax and income from investments and ground leases have made it possible to progress with the planned level of development while maintaining a high degree of financial stability.

The City's ability to maintain a positive business climate was evidenced with the commencement of renovating the Ralphs Shopping Center located on the northwest corner of South Street and Carmenita Road and construction of a 198-unit luxury apartment complex across from the City's Towne Center development. Additionally, the City Council approved for development of a 25-unit residential townhouse condominium complex at 18810 Pioneer Boulevard. These accomplishments are strong examples of the City's continued ability to generate significant tax revenues and enhance its economic base.

Despite the challenging economic environment, careful management of expenditures will enable the City to maintain its ability to fund current levels of services to its residents without the need to use large amounts of its fund balances. The City has, in the past, used unassigned fund balance for specific capital projects, but continues to take a cautious approach to spending in light of the ongoing national and state-wide economic crises. Management is confident that the City can sustain its current level of services while satisfying the funding needs of future capital projects. Future planned capital projects include renovation to City park facilities and libraries along with ongoing street improvement projects.

The recent fluctuations in revenues, continuing demand for the City's service levels, and potential revenue reductions from the State's actions to eliminate the State budget deficit continue to be taken into account by the City when budgeting its expenses for the upcoming year. The City of Cerritos continues to adopt a budget that not only serves as a financial plan, but also a communication device, policy tool and operations guide for the City Council and the citizens of Cerritos.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Cerritos
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 104,653,605	\$ 1,665,322	\$ 106,318,927
Accounts receivable	6,607,056	2,261,802	8,868,858
Interest receivable	90,193	-	90,193
Internal balances	23,366,151	(23,366,151)	-
Loans receivable	456,705	-	456,705
Prepaid items	707,139	44,774	751,913
Inventories	42,454	-	42,454
Advances to Fiduciary Funds (Note 5)	48,936,489	-	48,936,489
Net OPEB assets	17,762,705	-	17,762,705
Capital assets:			
Nondepreciable	145,047,234	-	145,047,234
Depreciable, net	127,665,861	41,112,184	168,778,045
Total capital assets, net	272,713,095	41,112,184	313,825,279
Total Assets	475,335,592	21,717,931	497,053,523
LIABILITIES			
Accounts payable and accrued liabilities	3,354,295	1,834,305	5,188,600
Accrued salaries and benefits	4,307,877	66,441	4,374,318
Claims payable	160,000	-	160,000
Unearned revenue	1,864,256	-	1,864,256
Deposits payable	667,265	45,818	713,083
Interest payable	-	70,268	70,268
Settlement payable	2,450,000	-	2,450,000
Compensated absences:			
Due within one year	537,794	53,249	591,043
Due in more than one year	1,613,381	159,747	1,773,128
Long-term debt:			
Due within one year	-	280,000	280,000
Due in more than one year	-	11,625,000	11,625,000
Total Liabilities	14,954,868	14,134,828	29,089,696
NET POSITION			
Net investment in capital assets	272,713,095	31,238,684	303,951,779
Restricted for:			
Housing assets	1,489,009	-	1,489,009
Assessment districts	134,111	-	134,111
Street improvements	164,676	-	164,676
Transportation	1,081,590	-	1,081,590
Miscellaneous grants	10,165	-	10,165
Unrestricted (deficit)	184,788,078	(23,655,581)	161,132,497
Total Net Position	\$ 460,380,724	\$ 7,583,103	\$ 467,963,827

City of Cerritos
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Legislative and Administration	\$ 4,264,280	\$ 4,682	\$ 558,208	\$ -
Community Development	4,991,092	2,756,838	1,755,176	155,321
Public Works	18,261,026	175,944	2,403,859	-
Water and Power	3,431	-	-	-
Community and Safety Services	22,432,108	3,587,773	132,878	-
Administrative Services	11,123,229	191,295	2,000	-
Cerritos Center for the Performing Arts	6,934,822	3,707,910	79,603	-
Unallocated infrastructure depreciation	895,164	-	-	-
Total Governmental Activities	68,905,152	10,424,442	4,931,724	155,321
Business-Type Activities:				
Water and Sewer	10,764,211	7,639,804	-	113,913
Reclaimed Water	976,476	1,177,437	-	-
Electric Utility	6,872,487	5,343,831	-	-
Total Business-Type Activities	18,613,174	14,161,072	-	113,913
Total	\$ 87,518,326	\$ 24,585,514	\$ 4,931,724	\$ 269,234

City of Cerritos
Statement of Activities (Continued)
For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
Legislative and Administration	\$ (3,701,390)	\$ -	\$ (3,701,390)
Community Development	(323,757)	-	(323,757)
Public Works	(15,681,223)	-	(15,681,223)
Water and Power	(3,431)	-	(3,431)
Community and Safety Services	(18,711,457)	-	(18,711,457)
Administrative Services	(10,929,934)	-	(10,929,934)
Cerritos Center for the Performing Arts	(3,147,309)	-	(3,147,309)
Unallocated infrastructure depreciation	(895,164)	-	(895,164)
Total Governmental Activities	(53,393,665)	-	(53,393,665)
Business-Type Activities:			
Water and Sewer	-	(3,010,494)	(3,010,494)
Reclaimed Water	-	200,961	200,961
Electric Utility	-	(1,528,656)	(1,528,656)
Total Business-Type Activities	-	(4,338,189)	(4,338,189)
Total	(53,393,665)	(4,338,189)	(57,731,854)
General Revenues:			
Taxes:			
Sales taxes	26,719,271	-	26,719,271
Property taxes	5,179,470	-	5,179,470
Motor vehicle taxes	4,585,486	-	4,585,486
Franchise taxes	1,642,819	-	1,642,819
Transient occupancy taxes	504,289	-	504,289
Other taxes	326,668	-	326,668
Investment and rental income	10,327,623	14,366	10,341,989
Miscellaneous	43,570	-	43,570
Special Item and Extraordinary Item:			
Special item - Water assessment payment (Note 7)	-	(4,908,733)	(4,908,733)
Extraordinary item - Transfer of Magnolia debt from Successor Agency to the City (Note 7)	-	(12,255,554)	(12,255,554)
Total General Revenues, Special Item and Extraordinary Item	49,329,196	(17,149,921)	32,179,275
Changes in Net Position	(4,064,469)	(21,488,110)	(25,552,579)
Net Position - Beginning of Year	464,445,193	29,071,213	493,516,406
Net Position - End of Year	\$ 460,380,724	\$ 7,583,103	\$ 467,963,827

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Cerritos
Balance Sheet
Governmental Funds
June 30, 2014

	Major Funds		Nonmajor	Total
		Housing	Governmental	Governmental
	General	Assets Special Revenue	Funds	Funds
ASSETS				
Cash and investments	\$ 86,375,259	\$ 1,489,009	\$ 1,781,569	\$ 89,645,837
Receivables:				
Accounts	6,082,197	-	524,859	6,607,056
Interest	90,193	-	-	90,193
Loans	456,705	-	-	456,705
Prepaid items	707,139	-	-	707,139
Inventories	42,454	-	-	42,454
Advances to other funds	23,366,151	-	-	23,366,151
Advances to fiduciary funds	41,266,007	7,670,482	-	48,936,489
Total Assets	\$ 158,386,105	\$ 9,159,491	\$ 2,306,428	\$ 169,852,024
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,408,372	\$ -	\$ 857,125	\$ 3,265,497
Accrued salaries and benefits	4,266,135	-	41,742	4,307,877
Deposits payable	667,265	-	-	667,265
Claims payable	160,000	-	-	160,000
Unearned revenue	1,832,237	-	32,019	1,864,256
Total Liabilities	9,334,009	-	930,886	10,264,895
Deferred Inflow of Resources:				
Unavailable revenue	1,600,550	-	-	1,600,550
Total Deferred Inflow of Resources	1,600,550	-	-	1,600,550
Fund Balances:				
Nonspendable	65,838,456	7,670,482	-	73,508,938
Restricted	-	1,489,009	1,390,542	2,879,551
Assigned	24,017,566	-	-	24,017,566
Unassigned	57,595,524	-	(15,000)	57,580,524
Total Fund Balances	147,451,546	9,159,491	1,375,542	157,986,579
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	\$ 158,386,105	\$ 9,159,491	\$ 2,306,428	\$ 169,852,024

City of Cerritos
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2014

Total Fund Balances - Total Governmental Funds	\$ 157,986,579
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Amounts reported for governmental activities in the statement of net position are different because:

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

	Governmental Funds	
Cost	\$ 399,697,786	
Less: Accumulated depreciation	(127,316,022)	
		272,381,764

Revenue earned but not available to pay for current period expenditures for governmental funds is deferred.	1,600,550
---	-----------

Internal service funds are used by management to charge the costs of various city activities to individual government. The assets and liabilities of the internal service funds are included in the statement of net position.	15,250,301
--	------------

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

Settlement payable	\$ (2,450,000)	
Compensated absences payable	(2,151,175)	
		(4,601,175)

Net other post employment benefit asset is not available to pay for current period expenditures and therefore is not reported in the governmental funds.	17,762,705
--	------------

Net Position of Governmental Activities	\$ 460,380,724
--	-----------------------

City of Cerritos
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds		Nonmajor	Total
	General	Housing Assets Special Revenue	Governmental Funds	Governmental Funds
REVENUES:				
Property, sales, and other taxes	\$ 32,729,379	\$ -	\$ -	\$ 32,729,379
Franchise	1,642,820	-	81,498	1,724,318
Licenses and permits	2,776,265	-	-	2,776,265
Fines and forfeitures	1,032,869	-	-	1,032,869
Investment and rental income	10,651,543	16,136	10,699	10,678,378
Revenues from other agencies	5,070,784	-	4,423,672	9,494,456
Current fees and services	5,881,326	-	31,348	5,912,674
Other revenues	471,579	20,765	-	492,344
Total Revenues	60,256,565	36,901	4,547,217	64,840,683
EXPENDITURES:				
Current:				
Legislative and Administration	3,929,362	-	149,632	4,078,994
Community Development	3,882,304	-	1,246,410	5,128,714
Public Works	11,989,973	-	4,313,428	16,303,401
Community and Safety Services	22,265,436	-	-	22,265,436
Administrative Services	9,752,726	-	310,640	10,063,366
Cerritos Center for the Performing Arts	5,614,248	-	-	5,614,248
Capital outlay	122,000	-	586,045	708,045
Total Expenditures	57,556,049	-	6,606,155	64,162,204
REVENUES OVER (UNDER) EXPENDITURES	2,700,516	36,901	(2,058,938)	678,479
OTHER FINANCING SOURCES (USES):				
Transfers in	123,128	-	2,415,037	2,538,165
Transfers out	(2,141,981)	-	(396,184)	(2,538,165)
Total Other Financing Sources (Uses)	(2,018,853)	-	2,018,853	-
Net change in fund balances	681,663	36,901	(40,085)	678,479
FUND BALANCES:				
Beginning of Year	146,769,883	9,122,590	1,415,627	157,308,100
End of Year	<u>\$ 147,451,546</u>	<u>\$ 9,159,491</u>	<u>\$ 1,375,542</u>	<u>\$ 157,986,579</u>

City of Cerritos
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes
in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2014

Net Change in Fund Balance - Total Governmental Funds:	<u>\$ 678,479</u>
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 708,045	
Depreciation expense	<u>(6,535,385)</u>	(5,827,340)

The net effect of adjustment involving disposal of capital assets.	(88,474)
--	----------

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in governmental funds.	(15,522)
--	----------

Internal service funds are used by management to charge the costs of certain activities, such as equipment replacement and inventory usage fees to individual funds. The change in net position of internal service funds is reported within governmental activities.	(330,824)
---	-----------

Change in net other post employment benefit asset reported in the Statements of Activities does not use current financial resources and, therefore, is not reported as an expenditure in governmental funds.	3,712,418
--	-----------

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

Change in settlement payable	(2,450,000)	
Change in compensated absences payable	<u>256,794</u>	

Change in Net Position of Governmental Activities	<u><u>\$ (4,064,469)</u></u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Cerritos
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds			Total Enterprise Funds	
	Water and Sewer	Electric Utility	Reclaimed Water		
ASSETS					
Current Assets:					
Cash and investments	\$ 14,101	\$ 928,137	\$ 723,084	\$ 1,665,322	\$ 15,007,768
Accounts receivable	1,256,930	719,188	285,684	2,261,802	-
Prepaid items	16,889	2,853	25,032	44,774	-
Total Current Assets	1,287,920	1,650,178	1,033,800	3,971,898	15,007,768
Noncurrent Assets:					
Capital assets:					
Building and structures	5,707,673	-	1,315,000	7,022,673	-
Water mains and lines	28,171,877	-	13,088,252	41,260,129	-
Equipment	4,693,772	-	120,278	4,814,050	351,053
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	(27,688,703)	(4,231,500)	(8,189,048)	(40,109,251)	(19,722)
Total Noncurrent Assets	24,904,202	9,873,500	6,334,482	41,112,184	331,331
Total Assets	26,192,122	11,523,678	7,368,282	45,084,082	15,339,099
LIABILITIES					
Current Liabilities:					
Accounts payable	860,085	951,616	22,604	1,834,305	88,798
Accrued salaries and benefits	60,539	2,366	3,536	66,441	-
Deposits payable	45,818	-	-	45,818	-
Interest payable	-	70,268	-	70,268	-
Long-term debt - due within one year	-	280,000	-	280,000	-
Compensated absences - due within one year	53,249	-	-	53,249	-
Total Current Liabilities	1,019,691	1,304,250	26,140	2,350,081	88,798
Noncurrent Liabilities:					
Advances from other funds	3,816,774	19,549,377	-	23,366,151	-
Long-term debt - due in more than one year	-	11,625,000	-	11,625,000	-
Compensated absences - due in more than one year	159,747	-	-	159,747	-
Total Noncurrent Liabilities	3,976,521	31,174,377	-	35,150,898	-
Total Liabilities	4,996,212	32,478,627	26,140	37,500,979	88,798
NET POSITION					
Net investment in capital assets	24,904,202	-	6,334,482	31,238,684	331,331
Unrestricted (deficit)	(3,708,292)	(20,954,949)	1,007,660	(23,655,581)	14,918,970
Total Net Position	\$ 21,195,910	\$ (20,954,949)	\$ 7,342,142	\$ 7,583,103	\$ 15,250,301

City of Cerritos
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds				
	Water and Sewer	Electric Utility	Reclaimed Water	Total Enterprise Funds	
OPERATING REVENUES:					
Sales of water:					
Regular	\$ 5,996,985	\$ -	\$ 1,177,437	\$ 7,174,422	\$ -
Wholesale	939,305	-	-	939,305	-
Sales of electricity:					
Regular	-	5,159,834	-	5,159,834	-
Fire lines	258,428	-	-	258,428	-
Charges for services	72,880	-	-	72,880	-
Other agency contribution	372,206	-	-	372,206	-
Other revenues	-	183,997	-	183,997	-
Total Operating Revenues	7,639,804	5,343,831	1,177,437	14,161,072	-
OPERATING EXPENSES:					
Management	2,728,668	85,104	227,052	3,040,824	-
Production and distribution	5,209,512	-	52,750	5,262,262	-
Operations	1,268,473	5,297,004	321,748	6,887,225	438,764
Inspections	335,609	-	37,290	372,899	-
Billings and collection	186,843	-	27,919	214,762	-
Depreciation	1,001,973	470,167	309,717	1,781,857	19,722
Total Operating Expenses	10,731,078	5,852,275	976,476	17,559,829	458,486
OPERATING INCOME (LOSS)	(3,091,274)	(508,444)	200,961	(3,398,757)	(458,486)
NONOPERATING REVENUES (EXPENSES):					
Investment income/(loss)	10,468	(1,751)	5,649	14,366	127,662
Interest expense - debt service	-	(582,396)	-	(582,396)	-
Interest expense - advances	(33,133)	(437,816)	-	(470,949)	-
Total Nonoperating Revenues (Expenses)	(22,665)	(1,021,963)	5,649	(1,038,979)	127,662
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(3,113,939)	(1,530,407)	206,610	(4,437,736)	(330,824)
CAPITAL CONTRIBUTIONS:					
Capital contributions	113,913	-	-	113,913	-
INCOME (LOSS) BEFORE SPECIAL ITEM AND EXTRAORDINARY ITEM	(3,000,026)	(1,530,407)	206,610	(4,323,823)	(330,824)
SPECIAL ITEM:					
Water assessment payment (Note 7)	(4,859,646)	-	(49,087)	(4,908,733)	-
EXTRAORDINARY ITEM:					
Transfer of debt to City from Successor Agency (Note 7)	-	(12,255,554)	-	(12,255,554)	-
Changes in Net Position	(7,859,672)	(13,785,961)	157,523	(21,488,110)	(330,824)
NET POSITION:					
Beginning of the Year	29,055,582	(7,168,988)	7,184,619	29,071,213	15,581,125
End of the Year	<u>\$ 21,195,910</u>	<u>\$ (20,954,949)</u>	<u>\$ 7,342,142</u>	<u>\$ 7,583,103</u>	<u>\$ 15,250,301</u>

See accompanying Notes to the Basic Financial Statements.

City of Cerritos
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds			Total Enterprise Funds	
	Water and Sewer	Electric Utility	Reclaimed Water		
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	\$ 7,670,152	\$ 5,370,424	\$ 1,062,801	\$ 14,103,377	\$ -
Cash paid to other suppliers of goods or services	(6,534,526)	(5,229,229)	(465,384)	(12,229,139)	(376,398)
Cash paid to employees	(2,731,480)	(97,476)	(226,148)	(3,055,104)	-
Net Cash Provided by (Used in) Operating Activities	(1,595,854)	43,719	371,269	(1,180,866)	(376,398)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Special item - water assessment settlement	(4,859,646)	-	(49,087)	(4,908,733)	-
Cash advances from other funds	2,491,446	736,223	-	3,227,669	-
Net Cash Provided by Noncapital Financing Activities	(2,368,200)	736,223	(49,087)	(1,681,064)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(343,993)	-	(3,399)	(347,392)	(351,053)
Proceeds from sale of capital assets	39,543	-	-	39,543	-
Interest and fiscal charges	(33,133)	-	-	(33,133)	-
Cash advances from other funds	-	862,682	-	862,682	-
Principal paid on debt	-	(270,000)	-	(270,000)	-
Interest paid on debt	-	(592,682)	-	(592,682)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(337,583)	-	(3,399)	(340,982)	(351,053)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income received (loss from investments)	10,468	(1,751)	5,649	14,366	127,662
Net Cash Provided by (Used in) Investing Activities	10,468	(1,751)	5,649	14,366	127,662
Net Increase (Decrease) in Cash and Cash Equivalents	(4,291,169)	778,191	324,432	(3,188,546)	(599,789)
CASH AND CASH EQUIVALENTS:					
Beginning of Year	4,305,270	149,946	398,652	4,853,868	15,607,557
End of Year	<u>\$ 14,101</u>	<u>\$ 928,137</u>	<u>\$ 723,084</u>	<u>\$ 1,665,322</u>	<u>\$ 15,007,768</u>
NONCASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Debt transferred from Successor Agency to City	<u>\$ -</u>	<u>\$ (12,255,554)</u>	<u>\$ -</u>	<u>\$ (12,255,554)</u>	<u>\$ -</u>

See accompanying Notes to the Basic Financial Statements.

City of Cerritos
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds			Total Enterprise Funds	
	Water and Sewer	Electric Utility	Reclaimed Water		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ (3,091,274)	\$ (508,444)	\$ 200,961	\$ (3,398,757)	\$ (458,486)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	1,001,973	470,167	309,717	1,781,857	19,722
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	25,509	26,593	(114,636)	(62,534)	-
(Increase) decrease in prepaid items	(360)	(154)	(1,545)	(2,059)	-
Increase (decrease) in accounts payable	466,271	67,929	(24,132)	510,068	62,366
Increase (decrease) in accrued salaries and benefits	10,937	(12,372)	904	(531)	-
Increase (decrease) in deposits payable	4,839	-	-	4,839	-
Increase (decrease) in compensated absences	(13,749)	-	-	(13,749)	-
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (1,595,854)</u></u>	<u><u>\$ 43,719</u></u>	<u><u>\$ 371,269</u></u>	<u><u>\$ (1,180,866)</u></u>	<u><u>\$ (376,398)</u></u>

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FIDUCIARY FUND FINANCIAL STATEMENTS

City of Cerritos
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Successor Agency to the Cerritos Redevelopment Agency
ASSETS	
Cash and investments	\$ 17,634,899
Cash and investments with fiscal agents	15,532,600
Interest receivable	12,968
Total Assets	33,180,467
DEFERRED OUTFLOW OF RESOURCES	
Loss on refunding of debt	1,276,058
Total deferred outflow of resources	1,276,058
LIABILITIES	
Current liabilities:	
Interest payable	1,094,813
Long-term debt - due within one year	9,520,000
Total current liabilities	10,614,813
Noncurrent liabilities:	
Advances from City of Cerritos	48,936,489
Long-term debt - due in more than one year	114,785,634
Total noncurrent liabilities	163,722,123
Total Liabilities	174,336,936
NET POSITION	
Unrestricted (deficit)	(139,880,411)
Total Net Position (Deficit)	\$ (139,880,411)

City of Cerritos
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2014

	Successor Agency to the Cerritos Redevelopment Agency
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 19,986,874
Investment income	<u>467,513</u>
Total additions	<u>20,454,387</u>
DEDUCTIONS:	
Administrative expenses	523,820
Interest on long-term debt	6,913,720
Fiscal charges	<u>10,650</u>
Total deductions	<u>7,448,190</u>
Change in net position before extraordinary item	13,006,197
EXTRAORDINARY ITEM:	
Transfer of debt to the City of Cerritos (Note 7)	<u>12,255,554</u>
Change in net position	25,261,751
NET POSITION (DEFICIT):	
Beginning of Year, as Restated (Note 14)	<u>(165,142,162)</u>
End of Year	<u><u>\$ (139,880,411)</u></u>

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City of Cerritos
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

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City of Cerritos
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City of Cerritos
Notes to the Basic Financial Statements
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

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

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

The City had no blended or discretely presented component units.

B. Basis of Accounting and Measurement Focus

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

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

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Government-Wide Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

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

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

The City reports the following major governmental funds:

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

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

Proprietary Fund Financial Statements

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

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

The City reports the following major proprietary funds:

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

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

The Reclaimed Water Enterprise Fund is used to account for the construction, operation, and maintenance of the City owned reclaimed wastewater system.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Additionally, the City reports the following fund:

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary fund:

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

C. Cash and Cash Equivalents

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

D. Investments

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

E. Inventories

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

F. 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 estimated fair market value at the date of contribution. Generally, capital asset purchases in excess of \$2,500 are capitalized if they have an expected useful life of 1 year or more.

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

F. Capital Assets (Continued)

For infrastructure systems, the City elected to use the “Basic Approach” and depreciate over its estimated useful life.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

G. Compensated Absences Payable

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

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

H. 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 but not reported.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

I. 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

J. Fund Balances and Net Position

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

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

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

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

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

Unassigned Fund Balance – Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed or designated as nonspendable.

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

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 1 – Summary of Significant Accounting Policies (Continued)

J. Fund Balances and Net Position, Continued

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

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

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

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

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

K. Estimates

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

L. Accounting Changes

GASB has issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The requirements of this statement improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. This statement became effective for periods beginning after December 15, 2012 and result in certain restatements as disclosed in Note 14 to the basic financial statements and reclassification of certain accounts as presented in the statement of net position.

GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. This statement became effective for periods beginning after December 15, 2012 and did not have a significant impact on the City's financial statements for year ended June 30, 2014.

GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this statement enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This statement also enhances the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This statement also augments the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This statement became effective for period beginning after June 15, 2013 and did not have a significant impact on the City's financial statements for the year ended June 30, 2014.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

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, 2014:

	Government-Wide Statement of Net Position			Fiduciary Fund Statement of Net Position	Total
	Governmental Activities	Business-Type Activities	Total		
Cash and investments	\$ 104,653,605	\$ 1,665,322	\$ 106,318,927	\$ 17,634,899	\$ 123,953,826
Restricted cash and investments:					
Investments with fiscal agents	-	-	-	15,532,600	15,532,600
Total cash and investments	\$ 104,653,605	\$ 1,665,322	\$ 106,318,927	\$ 33,167,499	\$ 139,486,426

The City's cash and investments at June 30, 2014 in more detail:

Cash and cash equivalents:	
Petty cash	\$ 10,210
Demand deposits	1,224,892
Total cash and cash equivalents	1,235,102
Investments:	
Local Agency Investment Fund	54,948,197
U.S. Government Sponsored Enterprise Securities	75,975,228
Certificates of Deposits	3,431,586
Investment Contracts	3,206,533
Money Market Mutual Funds	689,780
Total investments	138,251,324
Total cash and investments	\$ 139,486,426

A. Deposits

The carrying amounts of the City's demand deposits were \$1,224,892 at June 30, 2014. Bank balances were \$1,735,177 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below.

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

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Cash and Investments (Continued)

B. Investments

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

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

N/A - Not Applicable

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

C. Investments Authorized by Debt Agreements

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures

Interest Rate Risk – The City’s investment policy manages exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The policy limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuating interest rates. Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments at maturity:

Investment Type	Remaining Maturity (in Months)			Total
	12 Months or Less	13 - 60 Months	Greater than 60 Months	
Local Agency Investment Fund (LAIF)	\$ 54,948,197	\$ -	\$ -	\$ 54,948,197
Federal Home Loan Bank (FHLB)	2,027,560	25,305,230	-	27,332,790
Federal National Mortgage Association (FNMA)	-	16,855,990	-	16,855,990
Federal Home Loan Mortgage Corporation (FHLMC)	-	11,881,700	-	11,881,700
Federal Farm Credit Bank (FFCB)	2,000,280	17,904,200	-	19,904,480
Government Nat'l Mortgage Association (GNMA)	-	268	-	268
Certificates of Deposits	596,099	2,835,487	-	3,431,586
Investment Contracts	-	-	3,206,533	3,206,533
Money Market (MMkt) Mutual Funds	689,780	-	-	689,780
Total	\$ 60,261,916	\$ 74,782,875	\$ 3,206,533	\$ 138,251,324

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating at time of purchase for each investment type:

Investment Type	Total as of June 30, 2014	Minimum Legal Rating	Aaa	Unrated	Not Required to be Rated
LAIF	\$ 54,948,197	N/A	\$ -	\$ -	\$ 54,948,197
FHLB	27,332,790	N/A	27,332,790	-	-
FNMA	16,855,990	N/A	16,855,990	-	-
FHLMC	11,881,700	N/A	11,881,700	-	-
FFCB	19,904,480	N/A	19,904,480	-	-
GNMA	268	N/A	268	-	-
Certificates of Deposits	3,431,586	N/A	-	3,431,586	-
Investment Contracts	3,206,533	N/A	3,206,533	-	-
MMkt Mutual Funds	689,780	N/A	-	689,780	-
Total	\$ 138,251,324		\$ 79,181,761	\$ 4,121,366	\$ 54,948,197

N/A - Not Applicable

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 2 – Cash and Investments (Continued)

D. Risk Disclosures (Continued)

Custodial Credit Risk – For deposits, custodial credit risk is the risk that, in the event of the failure of a deposit financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the provision for deposits stated in Note 2A. At June 30, 2014, City’s deposits with financial institutions are fully insured by FDIC.

E. Investments in State Investment Pool

The City is a participant in LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City’s investments with LAIF at June 30, 2014, included a portion of pool funds invested in Structured Notes and Asset-Backed Securities:

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

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

As of June 30, 2014, the City had \$54,948,197 invested in LAIF, which had invested 1.86% of the pool investment funds in Structured Notes and Asset-Backed securities.

Note 3 –Loans Receivable

A. Loan Receivable

At June 30, 2014, the outstanding balance of Loans receivable was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Auto Square Loan	\$ -	\$ 463,881	\$ (7,176)	\$ 456,705
Total	\$ -	\$ 463,881	\$ (7,176)	\$ 456,705

In November 2013, the City approved funding for the renovation and improvement to the Cerritos Auto Square Freeway Sign (“Sign”). Upon completion of the Sign, the City provided funds to the Cerritos Auto Square Dealer’s Association (“Association”) for the total cost of the Sign in the amount of \$927,761. The Association entered into a Loan Agreement with the City for 50 percent of the Sign’s cost, which amounted to \$463,881 payable monthly over 60 months at an annual rate of 3%. Payments towards the Loan Receivable commenced on June 1, 2014 and are due monthly until May 1, 2019. Payments received during the fiscal year for principal and interest totaled \$8,335. At June 30, 2014, the outstanding principal balance on the Loan was \$456,705, plus interest, for a total of \$471,057.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 3 –Loans Receivable (Continued)

B. Residential Assistance and Loan Program

At June 30, 2014, the outstanding balances of the Residential Assistance and Loan Programs are as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Residential Assistance Program	\$ 2,040,000	\$ -	\$ -	\$ 2,040,000
Residential Loan Program	261,085	-	(20,765)	240,320
Subtotal	2,301,085	\$ -	\$ (20,765)	2,280,320
Less: Allowance for uncollectible	(2,301,085)			(2,280,320)
Total	\$ -			\$ -

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

Note 4 – Interfund Transactions

A. Government-Wide Financial Statements

At June 30, 2014, the City had the following internal receivable and payable:

Internal Payable	Internal Receivable
	Governmental Activities
Business-Type Activities	\$ 23,366,151

B. Fund Financial Statements

Advances To/From Other Funds - At June 30, 2014, the City had the following advances to/from other funds:

Advances from Other Funds	Advances to Other Funds
	Governmental Funds
	General Fund
Enterprise Funds:	
Water and Sewer Enterprise Fund:	
Water - Operations	\$ 1,886,744
Sewer - Operations	1,930,030
Subtotal	3,816,774
Electric Utility Enterprise Fund:	
Operations	18,686,695
Debt service	862,682
Subtotal	19,549,377
	\$ 23,366,151

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 4 – Interfund Transactions (Continued)

Advances were made to the Water and Sewer Enterprise Fund from the General Fund on June 30, 2014. 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. At June 30, 2014, the outstanding balance was \$3,816,774.

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, 2014, interest of \$437,816 was incurred and added to the outstanding loan balance while an additional \$736,223 was borrowed. At June 30, 2014, the outstanding balance was \$18,686,695.

Due to the dissolution of the former Cerritos Redevelopment Agency, the State of California Department of Finance (“DOF”) initially recognized the Magnolia Bond, 2003 Issue – Series B (“Magnolia Debt”) in the Successor Agency’s Recognized Obligations Payment Schedule (“ROPS”). Subsequently, on August 14, 2013, the DOF submitted a final determination that the Magnolia Debt is denied as an enforceable obligation. The Magnolia Debt was then transferred to the City’s Electric Utility Enterprise Fund as of July 1, 2013. As a result of the transfer to the City, additional advances were incurred by the Electric Utility Enterprise Fund in the amount of \$862,682 as of June 30, 2014. The City is contesting, via litigation, the determination made by the DOF.

Transfers - At June 30, 2014, the City had the following transfers in/out:

Transfers In			
Governmental Funds			
	General Fund	Nonmajor Governmental Funds	Total
Transfers Out			
Governmental Funds:			
General Fund	\$ -	\$ 2,141,981	\$ 2,141,981
Nonmajor Governmental Funds	123,128	273,056	396,184
Total	<u>\$ 123,128</u>	<u>\$ 2,415,037</u>	<u>\$ 2,538,165</u>

The transfers of \$2,141,981 from the General Fund to the Nonmajor Governmental Funds relate to capital projects costs and administrative costs within the Street Improvements, Los Coyotes Lighting District, and Municipal Improvement Funds.

The transfers of \$123,128 from the Nonmajor Governmental Funds to the General Fund relate to the funding of capital projects and administrative costs within the Local Law Enforcement Grant, COPS Grant and Environmental Grants Funds.

The transfer of \$273,056 between the Nonmajor Governmental Funds relates to the funding of transportation related costs between the Proposition “A” and Proposition “C” Funds.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 5 – Advances to Fiduciary Funds

The balance of Advances to Fiduciary Funds at June 30, 2014 is \$48,936,489.

Advances from the General Fund to the Successor Agency to the Cerritos Redevelopment Agency Fiduciary Fund were provided to fund capital improvement projects in both the Los Cerritos and Los Coyotes projects areas. Interest on the outstanding balance on advances was assessed at an annual rate of 8% to the Successor Agency. Since the dissolution of the Redevelopment Agency, no interest has been charged on the outstanding balances on advances. At June 30, 2014, the outstanding balances on the advances were \$41,266,007.

Advances from the Housing Assets Special Revenue Fund to the Successor Agency were used to make the payment for the former Redevelopment Agency's share of the Supplemental Educational Revenue Augmentation Fund ("SERAF") due to the State of California. No interest is charged on the outstanding balances on advances payable. At June 30, 2014, the outstanding balances on the advances were \$7,670,482.

On April 7, 2014, the DOF, via its review of the ROPS for the period July 1, 2014 through December 31, 2014, approved the SERAF loan repayment as an enforceable obligation for the Successor Agency in the amount of \$2,814,589. The amount approved by the DOF represents the maximum annual payment allowed by the Successor Agency to be made for repayment of its outstanding loan obligations.

Note 6 – Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2014:

	Governmental Activities				Balance June 30, 2014
	Balance July 1, 2013	Additions	Deletions	Reclassifications	
Capital assets, not being depreciated:					
Land	\$ 85,755,817	\$ -	\$ -	\$ -	\$ 85,755,817
Parking structure rights	3,760,000	-	-	-	3,760,000
Right-of-way	49,184,582	-	-	-	49,184,582
Public art	4,440,521	-	-	-	4,440,521
Trees	1,355,909	-	-	-	1,355,909
Construction in progress	490,774	160,890	(88,474)	(12,785)	550,405
Total capital assets, not being depreciated	144,987,603	160,890	(88,474)	(12,785)	145,047,234
Capital assets, being depreciated:					
Buildings	190,114,028	-	-	-	190,114,028
Improvements other than buildings	6,015,749	402,488	-	-	6,418,237
Furniture and equipment	23,747,747	387,263	-	12,785	24,147,795
Infrastructure	34,216,208	108,457	(3,120)	-	34,321,545
Total capital assets, being depreciated	254,093,732	898,208	(3,120)	12,785	255,001,605
Less accumulated depreciation for:					
Buildings	(78,623,583)	(4,840,450)	-	-	(83,464,033)
Improvements other than buildings	(1,328,858)	(219,360)	-	-	(1,548,218)
Furniture and equipment	(21,484,156)	(600,133)	-	-	(22,084,289)
Infrastructure	(19,347,160)	(895,164)	3,120	-	(20,239,204)
Total accumulated depreciation	(120,783,757)	(6,555,107)	3,120	-	(127,335,744)
Total capital assets, being depreciated, net	133,309,975	(5,656,899)	-	12,785	127,665,861
Governmental activities capital assets, net	\$ 278,297,578	\$ (5,496,009)	\$ (88,474)	\$ -	\$ 272,713,095

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 6 – Capital Assets (Continued)

Depreciation expense was charged to the functions/programs of governmental activities for the year ended June 30, 2014 as follows:

Legislative and Administrative	\$ 551,761
Community Development	74,685
Public Works	130,380
Water and Power	16,695
Community and Safety Services	1,522,262
Administrative Services	1,700,817
Cerritos Center for the Performing Arts	1,643,621
Equipment Replacement Internal Service Fund	19,722
Unallocated infrastructure depreciation	895,164
Total depreciation expense	\$ 6,555,107

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2014:

	Business-Type Activities			
	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital assets, being depreciated:				
Buildings and structures	\$ 7,022,673	\$ -	\$ -	\$ 7,022,673
Water mains and lines	41,153,516	169,210	(62,597)	41,260,129
Equipment	4,521,955	292,095	-	4,814,050
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	80,822,727	461,305	(62,597)	81,221,435
Less accumulated depreciation for:				
Buildings and structures	(3,458,605)	(141,221)	-	(3,599,826)
Water mains and lines	(20,811,120)	(768,622)	23,054	(21,556,688)
Equipment	(3,347,237)	(188,596)	-	(3,535,833)
Water rights acquired	(621,327)	(56,484)	-	(677,811)
Electric utility rights acquired	(3,761,333)	(470,167)	-	(4,231,500)
Sewer mains	(6,350,826)	(156,767)	-	(6,507,593)
Total accumulated depreciation	(38,350,448)	(1,781,857)	23,054	(40,109,251)
Total capital assets, being depreciated, net	42,472,279	(1,320,552)	(39,543)	41,112,184
Business-type activities capital assets, net	\$ 42,472,279	\$ (1,320,552)	\$ (39,543)	\$ 41,112,184

Depreciation expense for business-type activities for the year ended June 30, 2014 was charged as follows:

Water and Sewer	\$ 1,001,973
Electric Utility	470,167
Reclaimed Water	309,717
Total depreciation expense	\$ 1,781,857

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 7 – Special Item and Extraordinary Item

Special Item

In August 2010, the City and neighboring municipalities filed a lawsuit against the Water Replenishment District ("WRD") asserting the process followed by WRD to establish Replenishment Assessments ("RA") did not comply with Proposition 218 and therefore the RA imposed was illegal. As a result of the filing, the City and neighboring municipalities began withholding payment to the WRD related to the RA assessment beginning in April 2011.

However, on October 30, 2013, the Court of Appeal issued a decision requesting the cities pay the withheld RA. The City's portion of the RA withheld for the period March 2011 through June 30, 2013 totaled \$4,908,733. A check was issued to the WRD on January 8, 2014 representing the RA owed by the City through June 30, 2013. The matter continues to be litigated by the City and neighboring municipalities.

The payment was recorded as a special item in the amount of (\$4,908,733), which is comprised of (\$4,859,646) in the Water and Sewer Enterprise Fund and (\$49,087) in the Reclaimed Water Enterprise Fund.

Extraordinary Item

Due to the dissolution of the former Cerritos Redevelopment Agency, the DOF initially recognized the Magnolia Debt in the Successor Agency's ROPS. Subsequently, on August 14, 2013, the DOF submitted a final determination that the Magnolia Debt is denied as an enforceable obligation. The Magnolia Debt was then transferred from the Successor Agency Private-Purpose Trust Fund to the City's Electric Utility Enterprise Fund as of July 1, 2013. The transfer was recorded as an extraordinary item in the amount of (\$12,255,554), which was comprised of (\$12,175,000) for principal and (\$80,554) for interest associated with the debt. The City is contesting, via litigation, the determination made by the DOF.

Note 8 – Compensated Absences

Summary of changes in compensated absences for governmental activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in more than One Year
Compensated absences	\$ 2,407,969	\$ 1,441,190	\$ (1,697,984)	\$ 2,151,175	\$ 537,794	\$ 1,613,381
Total long-term liabilities	\$ 2,407,969	\$ 1,441,190	\$ (1,697,984)	\$ 2,151,175	\$ 537,794	\$ 1,613,381

Summary of changes in compensated absences for business-type activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in more than One Year
Compensated absences - Water and Sewer Fund	\$ 226,745	\$ -	\$ (13,749)	\$ 212,996	\$ 53,249	\$ 159,747
Total long-term liabilities	\$ 226,745	\$ -	\$ (13,749)	\$ 212,996	\$ 53,249	\$ 159,747

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt

City Long-Term Debt – Business-Type Activities

Summary of changes in long-term debt for the City’s Business-Type Activities for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Transferred from Successor Agency	Additions	Deletions	Balance June 30, 2014	Due within One Year	Due in more than One Year
Los Cerritos Redevelopment							
Project Revenue Bonds:							
2003 Issue, Series B, \$3,526,250	\$ -	\$ 3,043,750	\$ -	\$ (67,500)	\$ 2,976,250	\$ 70,000	\$ 2,906,250
Los Coyotes Redevelopment							
Project Revenue Bonds:							
2003 Issue, Series B, \$10,578,750	-	9,131,250	-	(202,500)	8,928,750	210,000	8,718,750
Total Revenue Bonds	-	12,175,000	-	(270,000)	11,905,000	280,000	11,625,000
Total long-term liabilities	\$ -	\$ 12,175,000	\$ -	\$ (270,000)	\$ 11,905,000	\$ 280,000	\$ 11,625,000

Los Cerritos and Los Coyotes Redevelopment Project - 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.

In June 2005, the former Redevelopment Agency Debt Service Fund assumed the City’s debt related to the sales agreement with SCPPA. As the energy derived from the plant serves and benefits both the Los Cerritos and Los Coyotes Capital Project Areas, it was deemed appropriate that the former Redevelopment Agency assume the debt. Debt assumed was allocated 25%, which was \$3,526,250, to the Los Cerritos Project Area and 75%, which was \$10,578,750, to the Los Coyotes Project Area.

Due to the dissolution of the former Cerritos Redevelopment Agency, the DOF initially recognized the Magnolia debt in the Successor Agency’s ROPS. Subsequently, on August 14, 2013, the DOF submitted a final determination that the Magnolia bond, 2003 Issue - Series B is denied as an enforceable obligation in the Successor Agency’s ROPS. The Magnolia debt was then transferred to the City’s Electric Utility Enterprise Fund as of July 1, 2013 in the amount of \$12,175,000. The City is contesting, via litigation, the determination made by the DOF.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

City Long-Term Debt – Business-Type Activities (Continued)

Los Cerritos and Los Coyotes Redevelopment Project - Magnolia Power Project B, Series 2003 Revenue Bonds (Continued)

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

The debt is payable from the sales of electricity. A loan from the General Fund has been established to cover any shortfall to pay the debt (See Note 4B). Principal and interest paid for the current year amounted to \$857,200.

Bonds outstanding at June 30, 2014 amounted to \$2,976,250 for Los Cerritos and \$8,928,750 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
2015	\$ 70,000	\$ 144,310	\$ 214,310	\$ 210,000	\$ 432,930	\$ 642,930
2016	73,125	141,631	214,756	219,375	424,894	644,269
2017	76,250	138,742	214,992	228,750	416,227	644,977
2018	78,750	135,692	214,442	236,250	407,077	643,327
2019	81,875	132,492	214,367	245,625	397,477	643,102
2020-2024	467,500	606,152	1,073,652	1,402,500	1,818,457	3,220,957
2025-2029	588,125	484,530	1,072,655	1,764,375	1,453,594	3,217,969
2030-2034	751,875	321,844	1,073,719	2,255,625	965,530	3,221,155
2035-2037	788,750	87,532	876,282	2,366,250	262,594	2,628,844
TOTAL	\$ 2,976,250	\$ 2,192,925	\$ 5,169,175	\$ 8,928,750	\$ 6,578,780	\$ 15,507,530

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

Successor Agency Long-Term Debt

Summary of changes in long-term debt for the Successor Agency to the Cerritos Redevelopment Agency Fiduciary Fund for the year ended June 30, 2014 is as follows:

	Balance July 1, 2013	Additions	Deletions	Transferred to City	Balance June 30, 2014	Due within One Year	Due in more than One Year
Los Cerritos Redevelopment							
Project Revenue Bonds:							
2002 Issue, Series A, \$31,550,000	\$ 24,205,000	\$ -	\$ (2,570,000)	\$ -	\$ 21,635,000	\$ 2,660,000	\$ 18,975,000
2002 Issue, Series B, \$7,550,000	3,995,000	-	(430,000)	-	3,565,000	445,000	3,120,000
2003 Issue, Series B, \$3,526,250	3,043,750	-	-	(3,043,750)	-	-	-
Los Coyotes Redevelopment							
Project Revenue Bonds:							
1993 Issue, Series A, \$42,155,000	8,000,000	-	-	-	8,000,000	-	8,000,000
1993 Issue, Series B, \$63,765,000	29,150,000	-	(3,825,000)	-	25,325,000	4,120,000	21,205,000
1998 Issue, Series A, \$3,760,000	730,000	-	(355,000)	-	375,000	375,000	-
2002 Issue, Series A, \$64,710,000	53,970,000	-	(1,420,000)	-	52,550,000	1,460,000	51,090,000
2002 Issue, Series B, \$12,225,000	10,230,000	-	(250,000)	-	9,980,000	260,000	9,720,000
2003 Issue, Series B, \$10,578,750	9,131,250	-	-	(9,131,250)	-	-	-
Subtotal	142,455,000	-	(8,850,000)	(12,175,000)	121,430,000	9,320,000	112,110,000
Add (less) deferred amounts:							
Bond premium	3,373,676	-	(306,696)	-	3,066,980	-	3,066,980
Bond discount	(677,982)	-	61,636	-	(616,346)	-	(616,346)
Total Revenue Bonds	145,150,694	-	(9,095,060)	(12,175,000)	123,880,634	9,320,000	114,560,634
Notes Payable	625,000	-	(200,000)	-	425,000	200,000	225,000
Total long-term liabilities	\$ 145,775,694	\$ -	\$ (9,295,060)	\$ (12,175,000)	\$ 124,305,634	\$ 9,520,000	\$ 114,785,634

A. 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.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

Successor Agency Long-Term Debt (Continued)

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

The 2002 bonds are broken into two segments:

Term Bonds - \$27,940,000

The Term Bonds are payable in annual installments ranging from \$260,000 to \$3,240,000 until maturity on November 1, 2020. Interest is payable semiannually on May 1 and November 1, with rates ranging from 2.00% to 5.00%. Bonds outstanding at June 30, 2014 were \$19,665,000.

Special Escrow Bonds - \$3,610,000

The Special Escrow bonds are payable in annual installments ranging from \$195,000 to \$320,000 until maturity on November 1, 2020. Interest is payable semiannually on May 1 and November 1, with rates ranging from 3.40% to 4.55%. Bonds outstanding at June 30, 2014 were \$1,970,000.

The 2002 Los Cerritos Redevelopment Project Tax Allocation Revenue Bonds, Series A, are payable solely from and secured by Redevelopment Property Tax Trust Fund ("RPTTF") revenues received by the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 25% of net property tax increment revenues. Principal and interest paid for the current year amounted to \$3,683,875 and total tax revenue (total deposits less total administrative distributions) for the Los Cerritos Project Area was \$10,377,555.

Bonds outstanding at June 30, 2014 were \$21,635,000.

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

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

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

The 2002 Los Cerritos Redevelopment Project Tax Allocation Revenue Bonds, Series B, are payable solely from and secured by RPTTF revenues received by the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 10% of net property tax increment revenues. Principal and interest paid for the current year amounted to \$605,068 and total tax revenue (total deposits less total administrative distributions) for the Los Cerritos Project Area was \$10,377,555.

Bonds outstanding at June 30, 2014 were \$3,565,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

Successor Agency Long-Term Debt (Continued)

C. Los Cerritos Redevelopment Project - Magnolia Power Project B, Series 2003 Revenue Bonds

Due to the dissolution of the former Cerritos Redevelopment Agency, the DOF initially recognized the Magnolia debt in the Successor Agency's ROPS. Subsequently, on August 14, 2013, the DOF submitted a final determination that the Magnolia bond, 2003 Issue - Series B is denied as an enforceable obligation in the Successor Agency's ROPS. The Los Cerritos portion of Magnolia debt was then transferred to the City's Electric Utility Enterprise Fund as of July 1, 2013 in the amount of \$3,043,750. The City is contesting, via litigation, the determination made by the DOF.

D. 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.

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 \$24,261,274.

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

Bonds outstanding at June 30, 2014 amounted to \$8,000,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

Successor Agency Long-Term Debt (Continued)

E. Los Coyotes Redevelopment Project 1993 Revenue Bonds, Series B

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

The 1993 Los Coyotes Redevelopment Project Revenue Bonds, Series B, are payable solely from and secured by RPTTF revenues received from the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 35% of net property tax increment revenues. Principal and interest paid for the current year was \$5,948,568 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,261,274.

Bonds outstanding at June 30, 2014 were \$25,325,000.

F. Los Coyotes Redevelopment Project 1998 Tax Allocation Bonds, Series A

In January 2001, the Los Coyotes Redevelopment Project issued \$3,760,000 in 1998 Tax Allocation Bonds, Series A. The proceeds were used in the construction of a shared parking structure, which serves both the retail complex and tenants within an adjacent office building. The City will retain parking rights to the structure. The interest rate on the bonds is 6.5% with principal and interest payable annually on May 1.

The 1998 Los Coyotes Redevelopment Project Tax Allocation 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. Principal and interest payments paid for the current year was \$402,450 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,261,274.

Bonds outstanding at June 30, 2014 were \$375,000.

G. 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 advance refunding met the requirements of an in-substance defeasance, therefore, the bonds were not included in the accompanying financial statements. The principal balance on the 1993 Revenue Bonds, Series A, at June 30, 2003 that was paid by the trustee from the escrow fund was \$24,510,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

Successor Agency Long-Term Debt (Continued)

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

The bonds were broken into two segments:

Term Bonds - \$53,675,000

The Term Bonds are payable in annual installments ranging from \$775,000 to \$9,345,000 until maturity on November 1, 2024. Interest is payable semiannually on May 1 and November 1, with rates ranging from 2.00% to 5.00%. Bonds outstanding at June 30, 2014 were \$45,180,000.

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, 2014 were \$7,370,000.

The 2002 Los Coyotes Redevelopment Project Tax Allocation Revenue Bonds, Series A, are payable solely from and secured by RPTTF revenues received by the Successor Agency. Annual principal and interest payments on the bonds are expected to require less than 25% of net property tax increment revenues. Principal and interest paid for the current year was \$4,038,927 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,261,274.

Bonds outstanding at June 30, 2014 were \$52,550,000.

H. 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 \$751,485 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,261,274.

Bonds outstanding at June 30, 2014 were \$9,980,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 9 – Long-Term Debt (Continued)

Successor Agency Long-Term Debt (Continued)

I. Los Coyotes Redevelopment Project - Magnolia Power Project B, Series 2003 Revenue Bonds

Due to the dissolution of the former Cerritos Redevelopment Agency, the DOF initially recognized the Magnolia debt in the Successor Agency's ROPS. Subsequently, on August 14, 2013, the DOF submitted a final determination that the Magnolia bond, 2003 Issue - Series B is denied as an enforceable obligation in the Successor Agency's ROPS. The Los Coyotes portion of Magnolia debt was then transferred to the City's Electric Utility Enterprise Fund as of July 1, 2013 in the amount of \$9,131,250. The City is contesting, via litigation, the determination made by the DOF.

J. Los Cerritos Redevelopment Project - Note Payable

In September 2005, the former Redevelopment Agency entered into an agreement to purchase land owned by Southeast Regional Occupational Program within the Los Cerritos Project Area for \$1,205,662.

In connection with the purchase, the former Redevelopment Agency provided a note payable in the amount of \$1,025,000. Interest will be charged annually at the rate equal to the annual average of the City's investment fund return.

Interest only payments were due on each anniversary date through 2010. Thereafter, annual principal and interest payments will be due through the maturity date, September 26, 2015, with principal in the amount of \$200,000 per year on the sixth through ninth year anniversary dates and \$225,000 on the maturity date.

Principal outstanding at June 30, 2014 amounted to \$425,000.

The debt service to maturity schedules for the Successor Agency debts can be found in the separately issued Successor Agency Financial Statements.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 10 – Fund Balance Classifications

The City's fund balances at June 30, 2014 are tabulated below:

	Major Funds		Nonmajor	
		Housing Assets	Governmental	
	General	Special Revenue	Funds	Total
Nonspendable:				
Loans receivable	\$ 456,705	\$ -	\$ -	\$ 456,705
Prepaid items	707,139	-	-	707,139
Inventories	42,454	-	-	42,454
Advances to other funds	23,366,151	-	-	23,366,151
Advances to fiduciary funds	41,266,007	7,670,482	-	48,936,489
Total nonspendable	65,838,456	7,670,482	-	73,508,938
Restricted:				
Housing Assets special revenue	-	1,489,009	-	1,489,009
Street Improvements - street and sewer related purposes	-	-	160,684	160,684
SB 821 - Bicycles / Pedestrians - transportation related purposes	-	-	299	299
Drainage - street and sewer related purposes	-	-	3,992	3,992
Proposition "A" - transportation related purposes	-	-	713,512	713,512
Assessment District #6 - assessment districts	-	-	134,111	134,111
Local Law Enforcement Grant - miscellaneous grants	-	-	9,482	9,482
COPS Grant - miscellaneous grants	-	-	60	60
Environmental Grants - miscellaneous grants	-	-	623	623
Air Quality Management District - transportation related purposes	-	-	367,469	367,469
Measure "R" - transportation related purposes	-	-	310	310
Total restricted	-	1,489,009	1,390,542	2,879,551
Assigned:				
Asset replacement	700,000	-	-	700,000
Art Center programs	10,616,355	-	-	10,616,355
Earthquake preparedness	2,358,660	-	-	2,358,660
Advance repayment holding	7,342,551	-	-	7,342,551
Self Insurance	3,000,000	-	-	3,000,000
Total assigned	24,017,566	-	-	24,017,566
Unassigned:				
General Fund	57,595,524	-	-	57,595,524
Los Coyotes Lighting District - assessment districts	-	-	(15,000)	(15,000)
Total unassigned	57,595,524	-	(15,000)	57,580,524
Total	\$ 147,451,546	\$ 9,159,491	\$ 1,375,542	\$ 157,986,579

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Retirement Plan

A. Defined Benefit Pension Plan

Plan Description

The City's defined benefit pension plan, the Miscellaneous Plan for the City (the "plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is part of the Public Agency portion of the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by the State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Employees hired after July 1, 2011 are required to pay seven percent (7%) of their base salary to be applied by the City to the employee's contribution to CalPERS. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The City's required employer contribution rate for fiscal year 2013-14 was 19.883%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2013-14, the City's actual and contributed annual pension cost was \$3,432,914. The required contribution for fiscal year 2013-14 was determined as part of an amended contract between the City and CalPERS which became effective September 23, 2004, which included an actuarial valuation dated June 30, 2011 using the entry age normal actuarial cost method with the contributions determined as a percentage of pay. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service from 3.30% to 14.20% and (c) a 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of the plan's assets were determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The plan's unfunded actuarial excess assets are being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was 28 years.

The following is the three-year trend information:

THREE-YEAR TREND INFORMATION FOR CALPERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2012	\$ 3,400,807	100%	\$ -
6/30/2013	3,256,660	100%	-
6/30/2014	3,432,914	100%	-

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Retirement Plan (Continued)

A. Defined Benefit Pension Plan (Continued)

Funding Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the plan was 71.8% funded. The actuarial accrued liability for benefits was \$179.2 million, and the actuarial value of assets was \$128.7 million, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$50.6 million. The covered payroll (annual payroll for active employees covered by the plan) was \$17.9 million, and the ratio of the UAAL to the covered payroll was 283.1%.

The schedule of funding progress presented as Required Supplementary Information following the Notes to the Basic Financial Statements presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. Post-Retirement Health Care Benefits

Plan Description

In addition to the pension benefits described in Note 11A, the City provides other post-employment benefits (“OPEB”) through the California Employer’s Retiree Benefit Trust Fund (the “CERBT”), an agent multiple-employer defined benefit healthcare plan administered by CalPERS, by contributing an approximate amount of \$872 for each eligible retiree and spouse toward health insurance. These benefits are provided per contract between the City and the City’s management, professional and general employees. Health insurance premiums for the City Manager, City Attorney and City Council are fully covered per Council decision. As of June 30, 2014, there were 139 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.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council, and/or the employee associations. Currently, contributions are not required from plan members. On November 19, 2007, the City entered into an agreement with CalPERS to create an irrevocable trust. The assets, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are held in the trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City, and as such, are no longer subject to the claims of the City’s general creditors. A one-time employer contribution of \$14 million was made on December 28, 2007, and was included in the January 1, 2011 actuarial study. For the year ended June 30, 2014, the City made benefit payments on behalf of the retirees in the amount of \$1,169,618. The purpose of these contributions is to cover the annual required contribution (“ARC”) and to prefund benefits.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Retirement Plan (Continued)

B. Post-Retirement Health Care Benefits (Continued)

Funding Policy (Continued)

As a result, the City calculated a Net OPEB Asset of \$17,762,705, representing the difference between the ARC and actual contributions, as presented below:

Annual Required Contribution	\$ 1,548,846
Interest on Beginning Net OPEB Asset	(5,054,464)
Adjustment to the Annual Required Contribution	962,818
Annual OPEB Cost	(2,542,800)
Contributions Made Outside of a Trust	(1,169,618)
Change in Net OPEB Asset	(3,712,418)
Net OPEB Asset, Beginning of Year	(14,050,287)
Net OPEB Asset, End of Year	\$ (17,762,705)

The interest earnings are based on actual amount of interest earned and the ARC of \$1,548,846 is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial accrued liabilities (or funding excess) over a thirty year period.

Annual OPEB Cost and Net OPEB Obligation (Asset)

For fiscal year 2013-14, the City's annual OPEB cost of (\$2,542,800) was \$4,091,646 lower than the ARC of \$1,548,846. Information on the annual OPEB cost, percentage of annual OPEB cost contributed, and Net OPEB Asset for the 2013-14 fiscal year and preceding two years are presented below:

Fiscal Year	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of OPEB Cost Contributed	Net OPEB Asset
6/30/2012	\$ 2,139,690	\$ 2,637,603	123.27%	\$ (10,939,357)
6/30/2013	(409,475)	2,701,455	(659.74)%	(14,050,287)
6/30/2014	(2,542,800)	1,169,618	(46.00)%	(17,762,705)

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 86.8% funded. The actuarial accrued liability for benefits was \$31.7 million, and the actuarial value of assets was \$27.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of (\$4.2) million. The covered payroll (annual payroll for active employees covered by the plan) was \$20.6 million and the ratio of the UAAL to the covered payroll was 20.3%.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 11 – Retirement Plan (Continued)

B. Post-Retirement Health Care Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Basic Financial Statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the July 1, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.00% investment rate of return (net of administrative expenses), 2.50% inflation rate, and an initial annual healthcare cost trend rate of 8.00%, reduced by decrements to an ultimate rate of 4.25%. A 2.50% annual rate of increase in future salaries is also assumed in the valuation. The City's unfunded actuarial accrued liability will be amortized as a level percentage of projected covered payroll on a closed basis. The amortization period at July 1, 2013 was twenty-four years.

C. Other Defined Contribution Plans

The City has adopted, through the Public Agency Retirement Services ("PARS"), tax qualified governmental defined benefit plans for the benefit of eligible City employees to provide supplemental retirement benefits. The plans, which include an exempt employees plan, non-exempt employees plan and the defined contribution floor-offset plan, conform to the requirements of Internal Revenue Code Section 401(a) and therefore entitle each plan to favorable tax treatment.

Note 12 – Liability, Property and Workers' Compensation Protection

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

The City is a member of the California Joint Powers Insurance Authority ("CJPIA"). The CJPIA is composed of 119 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

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

B. Self-Insurance Programs of the CJPIA

Each member pays an annual contribution to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required.

The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool. Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program, claims are pooled separately between police and non-police exposures: (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. The \$3.0 million annual aggregate deductible is fully retained by the CJPIA. (6) Costs of covered claims from \$15 million to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 million up to \$50 million are covered through excess insurance policies.

The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence.

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool’s self-insured retentions (“SIR”), (b) \$15 million in reinsurance, subject to the same annual aggregate deductibles previously stated, and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 million annual aggregate.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

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

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

Workers’ Compensation

In the workers’ compensation program, claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers’ Compensation Law.

Employer’s Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer’s Liability losses from \$5 million to \$10 million are pooled among members.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The CJPIA has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the CJPIA has a \$10 million sub-limit during the 3-year term of the policy.

Property Insurance

The City participates in the all-risk property protection program of the CJPIA. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the CJPIA. City property currently has all-risk property insurance protection in the amount of \$418,493,954. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the CJPIA. Premiums are paid annually and are not subject to retrospective adjustments.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

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

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 2013-14.

E. Retrospective Deposit

Each year the City makes an annual contribution, and at the end of the year, the CJPIA retrospectively reviews the loss history and issues a partial refund or requests an additional deposit based on actual claims activity. This retrospective review is conducted on an annual basis and includes all coverage years which contain open claims. For many members of the CJPIA, claims incurred in 2003-2004 and 2004-2005 have experienced significant adverse development during recent years.

Additional funding (retrospective adjustments) for these and other coverage years was not collected in full at the time these funding short-falls were initially identified. Members of the CJPIA were allowed to make partial payments, while a portion of each retrospective adjustment was deferred. The aggregation of these deferred amounts over the course of several years is equal to the City’s current outstanding balance, which is referred to as the aggregate retrospective deposit balance.

Retrospective deposits are payments required in addition to the annual contribution, which is payment for the current year’s insurance coverage. As of June 30, 2014, the City did not have an aggregate retrospective deposit balance.

Note 13 - Other Required Disclosures

A. Deficit Net Position

At June 30, 2014, the following funds had a deficit fund balance/net position:

Fund	Deficit
Enterprise Fund:	
Electric Utility Fund	\$ (20,954,949)
Nonmajor Governmental Fund:	
Los Coyotes Lighting District Special Revenue Fund	(15,000)
Fiduciary Fund:	
Successor Agency to the Cerritos Redevelopment Agency	(139,880,411)

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 13 - Other Required Disclosures (Continued)

A. Deficit Net Position (Continued)

Electric Utility Enterprise Fund – The Electric Utility Fund has a deficit net position of (\$20,954,949) as a result of operating expenses exceeding operating revenues and the assumption of the Magnolia debt. In addition, there is a deficit net investment in capital assets of (\$2,031,500), which is included in the total unrestricted deficit of (\$20,954,949), 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. Additionally, \$12,255,554 of the deficit is due to the transfer of long-term debt from the Successor Agency (see Note 7 for more details). The City is contesting, via litigation, the determination made by the DOF. The General Fund has a nonspendable fund balance in the amount \$19,549,377 for the advances to the Electric Utility Fund to account for this deficit.

Los Coyotes Lighting District Special Revenue Fund – The Los Coyotes Lighting District Fund has a deficit fund balance of (\$15,000) as a result of total expenditures exceeding total revenues. The deficit is expected to be eliminated with future reductions in expenditures.

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 (\$139,880,411) 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.

B. Excess of Expenditures over Appropriations

Excess of expenditures over appropriations occurred in individual funds during the year ended June 30, 2014 as follows:

Fund	Expenditures	Appropriations	Excess Expenditures over Appropriations
Special Revenue Funds:			
SB 821	\$ 25,000	\$ 8,400	\$ (16,600)
Drainage	10,564	10,420	(144)
Proposition "C"	988,198	901,200	(86,998)
COPS Grant	100,090	100,000	(90)
Environmental Grants	7,022	-	(7,022)
Measure "R"	632,729	517,980	(114,749)
Community Development Block Grant	155,321	-	(155,321)

Special revenue fund actual expenditures exceeded budgeted expenditures for the SB 821, Drainage, Proposition "C", COPS Grant, Environmental Grants, Measure "R", and Community Development Block Grant Funds relating to operational and administrative costs.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 14 – Prior Period Adjustment

The Successor Agency implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, during fiscal year 2014. Bond issuance costs are recognized as an expense in the year they were incurred. Prior to the implementation, these items were deferred and amortized over the life of the existing debt. The Successor Agency also reclassified the loss on refunding previously reported as a reduction of liabilities to deferred inflows of resources. The balance of the net bond issuance costs reported at June 30, 2013 was \$1,106,230. The cumulative effect of applying GASB No. 65 has resulted in a decrease to the net position at July 1, 2013 as follows:

	Successor Agency
Net Position at July 1, 2013	\$ (164,035,932)
Bond Issuance Costs	(1,106,230)
Net Position at July 1, 2013, as Restated	<u>\$ (165,142,162)</u>

Note 15 – Lease Income Under Operating Leases

Land in the amount of \$69,098,912 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 former Redevelopment Agency and City had entered into cooperation agreements. Under the terms of the cooperation agreements, generally 75% of the lease income is paid to the City and 25% is paid to the former Redevelopment Agency. Land held by the former Redevelopment Agency was transferred to the City during the year ended on June 30, 2011 as part of the Transfer and Purchase Agreement described in Note 16. Beginning from February 1, 2012 going forward, 100% of the lease income is paid to the City in accordance with the Agreement between the City and the former Redevelopment Agency. For the year ended June 30, 2014, the City's lease income was \$7,161,593.

Projected minimum lease payments to be received by the City as of June 30, 2014 are as follows:

Year Ending June 30,	
2015	\$ 6,721,014
2016	6,623,635
2017	6,132,240
2018	5,994,049
2019	6,007,778
2020 - 2088	<u>343,875,245</u>
Total	<u>\$ 375,353,961</u>

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 16 – Related Party Transaction

On March 24, 2011, the City signed a Transfer and Purchase Agreement and Joint Escrow Instructions (the “Agreement”) approving the transfer of ground lease interest between the former Redevelopment Agency and private developers to the City. The transfer of the ground lease interest was compensated by using the fair market value of these interests, as established by independent valuation, to reduce the principal balance of the existing loans owed by the former Redevelopment Agency to the City upon transfer of these ground lease interests to the City. The present value of future lease revenue, assuming 5 percent interest rate, at January 31, 2012 was \$28,770,000 and these ground lease interests were transferred to the City on January 31, 2012. At June 30, 2014, the outstanding balance on the future lease revenue was \$24,749,187. The transaction was eliminated in the government-wide financial statements and governmental funds financial statements.

Note 17 – 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).

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 on average an additional 4% 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, 2014, 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. *\$5,640,000 Tax Allocation Bonds Arrangement with Commonwealth Cousins I, LLC*

In October 1998, the City Council authorized the former Redevelopment Agency to issue bonds relating to specific development within the Los Coyotes Project Area. Then, in November 1998, the former Redevelopment Agency entered into an agreement to issue \$5,640,000 of Tax Allocation Bonds to Commonwealth Cousins I, LLC, in relation to the construction of a shared parking structure in the Cerritos Towne Center. The parking structure serves both the retail complex and tenants within an adjacent office building. In 2001, \$3,760,000 of the bonds were issued. The remaining balance of \$1,880,000 remained unissued as of June 30, 2014. Interest will not accrue prior to the issuance date. The commitment was transferred to the Successor Agency due to the dissolution of the former Redevelopment Agency on February 1, 2012.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 17 – Commitments and Contingencies (Continued)

D. 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. Prior to fiscal year 2013-2014, the share of these payments were reported as a component of the Successor Agency's long-term debt. As of July 1, 2013, the residual debt on the Magnolia 2003 B Series, Power Project, lease revenue bonds were transferred from the Successor Agency to the City of Cerritos Electric Fund. Payment for these obligations will be made from the operating revenues of the Electric fund. This contract provides for generating capacity of 4.2% of the output generated from the plant.

E. 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.

F. Transfers from the Former Cerritos Redevelopment Agency to the City of Cerritos

As discussed in Note 16, on January 31, 2012, the City transferred the ground lease interest from the former Redevelopment Agency to the City. The estimated present value of the future ground lease revenue was in the amount of \$28,770,000. The transfer was made to reduce the loans from the City to the former Redevelopment Agency and was reviewed by the DOF and the State Controller of the State of California. The estimated present value as of June 30, 2014 was \$24,749,187.

G. Cerritos Redevelopment Agency Asset Transfer Review from California State Controller

In October 2013, the California State Controller released the Cerritos Redevelopment Agency Asset Transfer Review Report for January 1, 2011 through January 31, 2012. Pursuant to Health and Safety ("H&S") Code section 34167.5, the State Controller's Office ("SCO") reviewed all asset transfers made by the Cerritos Redevelopment Agency to the City or any other public agency after January 1, 2011. Per the review report, the statutory provision states, "The Legislature hereby finds that a transfer of assets by a redevelopment agency during the period covered in this section is deemed not to be in furtherance of the Community Redevelopment Law and is thereby unauthorized." The SCO review found that the Redevelopment Agency transferred \$210,774,198 in assets after January 1, 2011, including unallowable transfers of assets totaling \$170,836,440, or 81.05%, of the transferred assets. The SCO determined that these assets must be immediately returned by the City to the Successor Agency. The Successor Agency was directed by the SCO to properly dispose of those assets in accordance with H&S Code sections 34177(d) and (e) and 34181(a). However, following the issuance of the report, the State Controller ruled the Governmental Purpose Assets should remain with the City and thus reducing the amount of the unallowable assets to be transferred by the City back to the Successor Agency. The City is challenging the constitutionality of the Asset Transfer Review along with its findings.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2014

Note 17 – Commitments and Contingencies (Continued)

H. Liability for Future Environmental Response Costs

As of June 30, 2014, the City has entered a settlement agreement with MGP IX Lincoln Station (“MGP”) related to the concerning financial responsibility for cleaning up contamination located at the property and, more specifically, for performing environmental work. It is probable, the City may be obligated to pay \$2,450,000 in potential future costs. Additionally, the City is required to pay \$160,000 in past environmental costs for which the City will reimburse MGP by issuing a credit to future rent payments. This is recorded as a claims payable in the governmental funds financial statements.

Note 18 – Subsequent Events

A. New Accounting Pronouncement

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflow of resources, deferred inflows of resources, and expense/expenditures for pension plans. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Management is evaluating the impact of the adoption of this Standard on the financial statements and believes that its impact, when adopted, may be substantial to the City. GASB Statement No. 68 will be implemented effective with the fiscal year 2014-2015 financial statements.

B. Litigation

The City and the Successor Agency filed an action to challenge the result of the DOF’s determination regarding enforceable obligations of payments owed by the Successor Agency related to the Magnolia Bonds. The matter was heard on October 31, 2014 in Sacramento Superior Court. After the hearing, the Court took the matter under submission with a final ruling to be determined.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

City of Cerritos
Required Supplementary Information (Unaudited)
For the year ended June 30, 2014

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, 2014.

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, 2014, based on calculations by City Management, proceeds of taxes did not exceed appropriations. Further, Section 5 of Article XIII B allows the City to designate a portion of fund balance for general contingencies, to be used for any purpose.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the year ended June 30, 2014

Note 1 – Budget and Budgetary Accounting (Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property, sales, and other taxes	\$ 33,081,080	\$ 32,934,940	\$ 32,729,379	\$ (205,561)
Franchise	1,437,000	1,591,000	1,642,820	51,820
Licenses and permits	1,697,200	2,254,820	2,776,265	521,445
Fines and forfeitures	1,221,500	1,162,000	1,032,869	(129,131)
Investment and rental income	9,102,520	8,768,600	10,651,543	1,882,943
Revenues from other agencies	6,620,700	6,628,230	5,070,784	(1,557,446)
Current fees and services	5,985,460	6,013,780	5,881,326	(132,454)
Other revenues	332,770	388,400	471,579	83,179
TOTAL REVENUES	59,478,230	59,741,770	60,256,565	514,795
EXPENDITURES:				
Current:				
Legislative and Administration	1,557,580	2,229,460	3,929,362	(1,699,902)
Community Development	3,747,350	3,961,280	3,882,304	78,976
Public Works	12,045,110	12,100,820	11,989,973	110,847
Community and Safety Services	23,976,310	23,432,750	22,265,436	1,167,314
Administrative Services	11,720,250	11,915,570	9,752,726	2,162,844
Cerritos Center for the Performing Arts	6,124,120	6,037,440	5,614,248	423,192
Capital outlay	21,300	1,125,800	122,000	1,003,800
TOTAL EXPENDITURES	59,192,020	60,803,120	57,556,049	3,247,071
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	286,210	(1,061,350)	2,700,516	3,761,866
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	123,128	123,128
Transfers out	(3,057,520)	(3,057,520)	(2,141,981)	915,539
TOTAL OTHER FINANCING SOURCES (USES)	(3,057,520)	(3,057,520)	(2,018,853)	1,038,667
NET CHANGE IN FUND BALANCE	\$ (2,771,310)	\$ (4,118,870)	681,663	\$ 4,800,533
FUND BALANCE - BEGINNING OF YEAR			146,769,883	
FUND BALANCE - END OF YEAR			\$ 147,451,546	

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the year ended June 30, 2014

Note 1 – Budget and Budgetary Accounting (Continued)

BUDGETARY COMPARISON SCHEDULE
HOUSING ASSETS SPECIAL REVENUE FUND
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment and rental income	\$ 4,920	\$ 9,290	\$ 16,136	\$ 6,846
Other revenues	-	-	20,765	20,765
TOTAL REVENUES	<u>4,920</u>	<u>9,290</u>	<u>36,901</u>	<u>27,611</u>
 NET CHANGE IN FUND BALANCE	 \$ 4,920	 \$ 9,290	 36,901	 \$ 27,611
FUND BALANCE - BEGINNING OF YEAR			<u>9,122,590</u>	
FUND BALANCE - END OF YEAR			<u>\$ 9,159,491</u>	

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the year ended June 30, 2014

Note 2 – Defined Pension Plan

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM ("CalPERS")
SCHEDULE OF FUNDING PROGRESS

Miscellaneous Employees

SCHEDULE OF FUNDING PROGRESS FOR CALPERS (\$ AMOUNT IN THOUSANDS)							UAAL as a % of Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded AAL	Funded Status	Annual Covered Payroll		
6/30/2011	\$ 131,417	\$ 163,744	\$ 32,327	80.3%	\$ 18,723		172.7%
6/30/2012	138,051	170,947	32,896	80.8%	18,763		175.3%
6/30/2013	128,662	179,245	50,583	71.8%	17,868		283.1%

* Based on the latest actuarial valuation available.

Note 3 – Other Post Employment Benefits

SCHEDULE OF FUNDING PROGRESS

SCHEDULE OF FUNDING PROGRESS FOR OPEB (\$ AMOUNT IN THOUSANDS)							UAAL as a % of Payroll
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded AAL	Funded Status	Annual Covered Payroll		
1/1/2011	\$ 20,646	\$ 30,179	\$ 9,533	68.4%	\$ 21,305		44.7%
7/1/2011	21,731	31,023	9,292	70.0%	21,637		42.9%
7/1/2013	27,540	31,726	4,186	86.8%	20,594		20.3%

* Based on the latest actuarial valuation available.

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

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

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

SB 821 Fund - to account for revenues received for use on bicycle and pedestrian facilities. These funds may be used for development of sidewalks, bike paths, bike lanes, bike routes, access ramps or curb cuts.

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.

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

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

Local Law Enforcement Grant Fund - to account for non-recurring grant monies received from the State of California for the "Local Law Enforcement Block Grant". These funds are restricted for public safety programs.

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

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

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

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

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

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

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

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City of Cerritos
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

Special Revenue Funds					
	Street Improvements	SB 821	Drainage	Proposition "A"	Proposition "C"
ASSETS					
Cash and investments	\$ 283,546	\$ -	\$ 4,074	\$ 734,003	\$ 172,491
Accounts receivable	201,712	16,869	-	-	160
Total Assets	\$ 485,258	\$ 16,869	\$ 4,074	\$ 734,003	\$ 172,651
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 286,497	\$ 16,570	\$ 62	\$ 20,491	\$ 172,651
Accrued salaries and benefits	38,077	-	20	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	324,574	16,570	82	20,491	172,651
Fund Balances:					
Restricted	160,684	299	3,992	713,512	-
Unassigned	-	-	-	-	-
Total Fund Balances	160,684	299	3,992	713,512	-
Total Liabilities and Fund Balances	\$ 485,258	\$ 16,869	\$ 4,074	\$ 734,003	\$ 172,651

City of Cerritos
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds				
	Public Safety Grants Funds				
	Assessment District #6	Los Coyotes Lighting District	Local Law Enforcement Grant	COPS Grant	Environmental Grants
ASSETS					
Cash and investments	\$ 134,111	\$ -	\$ 9,482	\$ 60	\$ 16,546
Accounts receivable	-	-	-	-	-
Total Assets	\$ 134,111	\$ -	\$ 9,482	\$ 60	\$ 16,546
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 12,268	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	2,732	-	-	-
Unearned revenue	-	-	-	-	15,923
Total Liabilities	-	15,000	-	-	15,923
Fund Balances:					
Restricted	134,111	-	9,482	60	623
Unassigned	-	(15,000)	-	-	-
Total Fund Balances	134,111	(15,000)	9,482	60	623
Total Liabilities and Fund Balances	\$ 134,111	\$ -	\$ 9,482	\$ 60	\$ 16,546

(Continued)

City of Cerritos
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	AQMD	Measure "R"	Community Development Block Grant	Municipal Improvement	
ASSETS					
Cash and investments	\$ 351,499	\$ 3,185	\$ -	\$ 1,708,997	\$ 1,781,569
Accounts receivable	15,970	-	155,321	390,032	524,859
Total Assets	\$ 367,469	\$ 3,185	\$ 155,321	\$ 2,099,029	\$ 2,306,428
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 1,962	\$ 155,321	\$ 665,822	\$ 857,125
Accrued salaries and benefits	-	913	-	41,742	41,742
Unearned revenue	-	-	-	15,923	32,019
Total Liabilities	-	2,875	155,321	723,487	930,886
Fund Balances:					
Restricted	367,469	310	-	1,390,542	1,390,542
Unassigned	-	-	-	(15,000)	(15,000)
Total Fund Balances	367,469	310	-	1,375,542	1,375,542
Total Liabilities and Fund Balances	\$ 367,469	\$ 3,185	\$ 155,321	\$ 2,099,029	\$ 2,306,428

(Concluded)

City of Cerritos
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
	Street Improvements	SB 821	Drainage	Proposition "A"	Proposition "C"
REVENUES:					
Investment and rental income/(loss)	\$ 602	\$ 27	\$ -	\$ 6,254	\$ 369
Revenues from other agencies	1,736,153	25,000	-	969,522	701,053
Current fees and services	-	-	14,556	-	13,720
Franchise	81,498	-	-	-	-
Total Revenues	1,818,253	25,027	14,556	975,776	715,142
EXPENDITURES:					
Current:					
Legislative and Administration	110,266	-	416	-	-
Community Development	-	-	-	225,269	988,198
Public Works	2,236,796	25,000	9,278	-	-
Administrative Services	228,203	-	870	-	-
Capital outlay	108,457	-	-	-	-
Total Expenditures	2,683,722	25,000	10,564	225,269	988,198
REVENUES OVER (UNDER) EXPENDITURES	(865,469)	27	3,992	750,507	(273,056)
OTHER FINANCING SOURCES (USES):					
Transfers in	541,775	-	-	-	273,056
Transfers out	-	-	-	(273,056)	-
Total Other Financing Sources (Uses)	541,775	-	-	(273,056)	273,056
NET CHANGE IN FUND BALANCES	(323,694)	27	3,992	477,451	-
FUND BALANCES (DEFICIT):					
Beginning of Year	484,378	272	-	236,061	-
End of Year	\$ 160,684	\$ 299	\$ 3,992	\$ 713,512	\$ -

City of Cerritos
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				
			Public Safety Grants Funds		
	Assessment	Los Coyotes	Local Law		
	District #6	Lighting District	Enforcement	COPS	Environmental
			Grant	Grant	Grants
REVENUES:					
Investment and rental income/(loss)	\$ 1,110	\$ -	\$ 90	\$ 150	\$ 250
Revenues from other agencies	-	100,094	4,338	100,000	25,711
Current fees and services	-	-	-	-	-
Franchise	-	-	-	-	-
Total Revenues	1,110	100,094	4,428	100,150	25,961
EXPENDITURES:					
Current:					
Legislative and Administration	-	38,950	-	-	-
Community Development	-	-	-	-	-
Public Works	-	983,378	-	-	7,022
Administrative Services	-	81,567	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	-	1,103,895	-	-	7,022
REVENUES OVER					
(UNDER) EXPENDITURES	1,110	(1,003,801)	4,428	100,150	18,939
OTHER FINANCING SOURCES (USES):					
Transfers in	-	988,801	-	-	-
Transfers out	-	-	(4,349)	(100,090)	(18,689)
Total Other Financing Sources (Uses)	-	988,801	(4,349)	(100,090)	(18,689)
NET CHANGE IN FUND BALANCES	1,110	(15,000)	79	60	250
FUND BALANCES (DEFICIT):					
Beginning of Year	133,001	-	9,403	-	373
End of Year	\$ 134,111	\$ (15,000)	\$ 9,482	\$ 60	\$ 623

(Continued)

City of Cerritos
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	AQMD	Measure "R"	Community Development Block Grant	Total Special Revenue	Municipal Improvement	
REVENUES:						
Investment and rental income/(loss)	\$ 2,812	\$ 930	\$ -	\$ 12,594	\$ (1,895)	\$ 10,699
Revenues from other agencies	61,446	519,734	155,321	4,398,372	25,300	4,423,672
Current fees and services	-	-	-	28,276	3,072	31,348
Franchise	-	-	-	81,498	-	81,498
Total Revenues	64,258	520,664	155,321	4,520,740	26,477	4,547,217
EXPENDITURES:						
Current:						
Legislative and Administration	-	-	-	149,632	-	149,632
Community Development	32,943	-	-	1,246,410	-	1,246,410
Public Works	-	632,729	-	3,894,203	419,225	4,313,428
Administrative Services	-	-	-	310,640	-	310,640
Capital outlay	-	-	155,321	263,778	322,267	586,045
Total Expenditures	32,943	632,729	155,321	5,864,663	741,492	6,606,155
REVENUES OVER (UNDER) EXPENDITURES	31,315	(112,065)	-	(1,343,923)	(715,015)	(2,058,938)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	1,803,632	611,405	2,415,037
Transfers out	-	-	-	(396,184)	-	(396,184)
Total Other Financing Sources (Uses)	-	-	-	1,407,448	611,405	2,018,853
NET CHANGE IN FUND BALANCES	31,315	(112,065)	-	63,525	(103,610)	(40,085)
FUND BALANCES (DEFICIT):						
Beginning of Year	336,154	112,375	-	1,312,017	103,610	1,415,627
End of Year	\$ 367,469	\$ 310	\$ -	\$ 1,375,542	\$ -	\$ 1,375,542

(Concluded)

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Street Improvements Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ 1,140	\$ 602	\$ (538)
Revenues from other agencies	2,183,800	1,383,620	1,736,153	352,533
Franchise	70,000	70,000	81,498	11,498
Total Revenues	2,253,800	1,454,760	1,818,253	363,493
EXPENDITURES:				
Current:				
Legislative and Administrative	73,360	83,880	110,266	(26,386)
Public Works	2,264,430	2,158,440	2,236,796	(78,356)
Administrative Services	299,150	274,990	228,203	46,787
Capital outlay	1,315,000	592,100	108,457	483,643
Total Expenditures	3,951,940	3,109,410	2,683,722	425,688
REVENUES OVER (UNDER) EXPENDITURES	(1,698,140)	(1,654,650)	(865,469)	789,181
OTHER FINANCING SOURCES:				
Transfers in	1,598,810	1,170,270	541,775	(628,495)
Total Other Financing Sources	1,598,810	1,170,270	541,775	(628,495)
NET CHANGE IN FUND BALANCE	\$ (99,330)	\$ (484,380)	(323,694)	\$ 160,686
FUND BALANCE (DEFICIT):				
Beginning of Year			484,378	
End of Year			<u>\$ 160,684</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
SB 821 Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 27	\$ 27
Revenues from other agencies	-	8,130	25,000	16,870
Total Revenues	-	8,130	25,027	16,897
EXPENDITURES:				
Current:				
Public works	25,000	8,400	25,000	(16,600)
Total expenditures	25,000	8,400	25,000	(16,600)
NET CHANGE IN FUND BALANCE	<u>\$ (25,000)</u>	<u>\$ (270)</u>	27	<u>\$ 297</u>
FUND BALANCE:				
Beginning of Year			272	
End of Year			<u>\$ 299</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Drainage Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Current fees and services	\$ 400	\$ 26,030	\$ 14,556	\$ (11,474)
Total Revenues	<u>400</u>	<u>26,030</u>	<u>14,556</u>	<u>(11,474)</u>
EXPENDITURES:				
Current:				
Legislative and Administration	300	320	416	(96)
Public Works	9,340	9,060	9,278	(218)
Administrative Services	<u>1,230</u>	<u>1,040</u>	<u>870</u>	<u>170</u>
Total Expenditures	<u>10,870</u>	<u>10,420</u>	<u>10,564</u>	<u>(144)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(10,470)</u>	<u>15,610</u>	<u>3,992</u>	<u>(11,618)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>10,470</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources	<u>10,470</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 15,610</u>	<u>3,992</u>	<u>\$ (11,618)</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 3,992</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Proposition "A" Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 3,960	\$ 3,690	\$ 6,254	\$ 2,564
Revenues from other agencies	924,390	932,190	969,522	37,332
Current fees and services	10,100	-	-	-
Total Revenues	938,450	935,880	975,776	39,896
EXPENDITURES:				
Current:				
Community Development	802,260	500,000	225,269	274,731
Total Expenditures	802,260	500,000	225,269	274,731
REVENUES OVER (UNDER) EXPENDITURES	136,190	435,880	750,507	314,627
OTHER FINANCING (USES):				
Transfers out	-	(219,440)	(273,056)	(53,616)
Total Other Financing (Uses)	-	(219,440)	(273,056)	(53,616)
NET CHANGE IN FUND BALANCE	\$ 136,190	\$ 216,440	477,451	\$ 261,011
FUND BALANCE:				
Beginning of Year			236,061	
End of Year			<u>\$ 713,512</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Proposition "C" Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ 410	\$ 369	\$ (41)
Revenue from other agencies	658,930	665,450	701,053	35,603
Current fees and services	65,650	15,900	13,720	(2,180)
Total Revenues	724,580	681,760	715,142	33,382
EXPENDITURES:				
Current:				
Community Development	665,450	901,200	988,198	(86,998)
Total Expenditures	665,450	901,200	988,198	(86,998)
REVENUES OVER (UNDER) EXPENDITURES	59,130	(219,440)	(273,056)	(53,616)
OTHER FINANCING SOURCES:				
Transfers in	-	219,440	273,056	53,616
Total Other Financing Sources	-	219,440	273,056	53,616
NET CHANGE IN FUND BALANCE	\$ 59,130	\$ -	-	\$ -
FUND BALANCE:				
Beginning of Year			-	
End of Year			\$ -	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Assessment District #6 Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ 430	\$ 1,110	\$ 680
Total Revenues	<u>-</u>	<u>430</u>	<u>1,110</u>	<u>680</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 430</u>	<u>1,110</u>	<u>\$ 680</u>
FUND BALANCE:				
Beginning of Year			<u>133,001</u>	
End of Year			<u>\$ 134,111</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Los Coyotes Lighting District Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ 107,200	\$ 100,100	\$ 100,094	\$ (6)
Total Revenues	<u>107,200</u>	<u>100,100</u>	<u>100,094</u>	<u>(6)</u>
EXPENDITURES:				
Current:				
Legislative and Administration	30,590	29,860	38,950	(9,090)
Public Works	1,011,150	1,001,750	983,378	18,372
Administrative Services	124,730	97,900	81,567	16,333
Total Expenditures	<u>1,166,470</u>	<u>1,129,510</u>	<u>1,103,895</u>	<u>25,615</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,059,270)	(1,029,410)	(1,003,801)	25,609
OTHER FINANCING SOURCES:				
Transfers in	1,059,270	1,029,410	988,801	(40,609)
Total Other Financing Sources	<u>1,059,270</u>	<u>1,029,410</u>	<u>988,801</u>	<u>(40,609)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(15,000)	<u>\$ (15,000)</u>
FUND BALANCE (DEFICIT):				
Beginning of Year			-	
End of Year			<u>\$ (15,000)</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Local Law Enforcement Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ 80	\$ 90	\$ 10
Revenue from other agencies	-	4,340	4,338	(2)
Total Revenues	-	4,420	4,428	8
OTHER FINANCING (USES):				
Transfers out	-	(13,820)	(4,349)	9,471
Total Other Financing (Uses)	-	(13,820)	(4,349)	9,471
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (9,400)</u>	79	<u>\$ 9,479</u>
FUND BALANCE:				
Beginning of Year			<u>9,403</u>	
End of Year			<u>\$ 9,482</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
COPS Grant Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 150	\$ 150
Revenues from other agencies	100,000	100,000	100,000	-
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,150</u>	<u>150</u>
OTHER FINANCING (USES):				
Transfers out	(100,000)	(100,000)	(100,090)	(90)
Total Other Financing (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,090)</u>	<u>(90)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	60	<u>\$ 60</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ 60</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Environmental Grants Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 410	\$ 180	\$ 250	\$ 70
Revenues from other agencies	27,120	27,490	25,711	(1,779)
Total Revenues	27,530	27,670	25,961	(1,709)
EXPENDITURES:				
Current:				
Public Works	-	-	7,022	(7,022)
Total Expenditures	-	-	7,022	(7,022)
REVENUES OVER (UNDER) EXPENDITURES	27,530	27,670	18,939	(8,731)
OTHER FINANCING (USES):				
Transfers out	(27,530)	(28,040)	(18,689)	9,351
Total Other Financing (Uses)	(27,530)	(28,040)	(18,689)	9,351
NET CHANGE IN FUND BALANCE	\$ -	\$ (370)	250	\$ 620
FUND BALANCE:				
Beginning of Year			373	
End of Year			<u>\$ 623</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
AQMD Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 2,890	\$ 2,110	\$ 2,812	\$ 702
Revenues from other agencies	55,000	59,000	61,446	2,446
Total Revenues	<u>57,890</u>	<u>61,110</u>	<u>64,258</u>	<u>3,148</u>
EXPENDITURES:				
Current:				
Community Development	47,890	37,950	32,943	5,007
Total Expenditures	<u>47,890</u>	<u>37,950</u>	<u>32,943</u>	<u>5,007</u>
NET CHANGE IN FUND BALANCE	<u>\$ 10,000</u>	<u>\$ 23,160</u>	31,315	<u>\$ 8,155</u>
FUND BALANCE:				
Beginning of Year			336,154	
End of Year			<u>\$ 367,469</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure "R" Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ 780	\$ 930	\$ 150
Revenues from other agencies	467,300	517,980	519,734	1,754
Total Revenues	<u>467,300</u>	<u>518,760</u>	<u>520,664</u>	<u>1,904</u>
EXPENDITURES:				
Current:				
Legislative and Administration	20,060	14,410	-	14,410
Public Works	365,460	456,340	632,729	(176,389)
Administrative Services	81,780	47,230	-	47,230
Total Expenditures	<u>467,300</u>	<u>517,980</u>	<u>632,729</u>	<u>(114,749)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 780</u>	(112,065)	<u>\$ (112,845)</u>
FUND BALANCE:				
Beginning of Year			<u>112,375</u>	
End of Year			<u>\$ 310</u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Year Ended June 30, 2014

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ -	\$ -	\$ 155,321	\$ 155,321
Total Revenues	-	-	155,321	155,321
EXPENDITURES:				
Capital outlay	-	-	155,321	(155,321)
Total expenditures	-	-	155,321	(155,321)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of Year			-	
End of Year			<u>\$ -</u>	

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STATISTICAL SECTION

(Unaudited)

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

Contents

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Financial Trends

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These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

128

These tables contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

134

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.

Demographic and Economic Information

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These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

142

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.

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

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

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Governmental Activities:					
Net investment in capital assets	\$ 128,354,981	\$ 124,591,591	\$ 123,877,356	\$ 112,701,038	\$ 108,311,131
Restricted For:					
Special revenue	6,587,749	7,143,179	6,663,515	-	-
Street and sewer related purposes	-	-	-	6,498,583	6,271,895
Transportation related purposes	-	-	-	1,368,331	1,065,555
Assessment districts	-	-	-	77,532	126,594
Miscellaneous grants	-	-	-	239,106	484,163
Asset replacement	15,072,026	14,900,417	13,595,796	28,582,731	24,966,400
Other post employment benefits	-	-	-	14,000,000	-
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	-	-	-	-	-
Unrestricted	152,914,279	144,717,403	156,184,426	143,862,339	158,317,863
Total governmental activities net position	302,929,035	291,352,590	300,321,093	307,329,660	299,543,601
Business-type Activities:					
Net investment in capital assets	31,835,092	42,440,170	28,761,072	30,454,814	41,912,421
Unrestricted	18,232,852	15,685,283	13,011,620	9,099,926	2,164,728
Total business-type activities net position	50,067,944	58,125,453	41,772,692	39,554,740	44,077,149
Primary Government:					
Net investment in capital assets	160,190,073	167,031,761	152,638,428	143,155,852	150,223,552
Restricted For:					
Special revenue	6,587,749	7,143,179	6,663,515	-	-
Street and sewer related purposes	-	-	-	6,498,583	6,271,895
Transportation related purposes	-	-	-	1,368,331	1,065,555
Assessment districts	-	-	-	77,532	126,594
Miscellaneous grants	-	-	-	239,106	484,163
Asset replacement	15,072,026	14,900,417	13,595,796	28,582,731	24,966,400
Other post employment benefits	-	-	-	14,000,000	-
Debt Service					
Housing Assets Special Revenue Fund					
Unrestricted	171,147,131	160,402,686	169,196,046	152,962,265	160,482,591
Total primary government net position	\$ 352,996,979	\$ 349,478,043	\$ 342,093,785	\$ 346,884,400	\$ 343,620,750

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Governmental Activities:					
Net investment in capital assets	\$ 129,318,648	\$ 128,288,812	\$ 283,412,755	\$ 278,297,578	\$ 272,713,095
Restricted For:					
Special revenue	-	1,473,481	759,964	1,312,017	-
Street and sewer related purposes	4,423,142	-	-	103,610	164,676
Transportation related purposes	1,254,083	-	-	-	1,081,590
Assessment districts	105,662	-	-	-	134,111
Miscellaneous grants	492,474	-	-	-	10,165
Asset replacement	25,275,197	-	-	-	-
Other post employment benefits	-	10,441,444	-	-	-
Debt Service	-	16,598,679	-	-	-
Housing Assets Special Revenue Fund	-	17,012,352	10,134,889	1,452,108	1,489,009
Unrestricted	127,557,614	123,689,932	181,493,275	183,279,880	184,788,078
Total governmental activities net position	288,426,820	297,504,700	475,800,883	464,445,193	460,380,724
Business-type Activities:					
Net investment in capital assets	40,406,258	44,962,820	44,152,806	42,472,279	31,238,684
Unrestricted	(1,319,738)	(7,690,616)	(12,029,929)	(13,401,066)	(23,655,581)
Total business-type activities net position	39,086,520	37,272,204	32,122,877	29,071,213	7,583,103
Primary Government:					
Net investment in capital assets	169,724,906	173,251,632	327,565,561	320,769,857	303,951,779
Restricted For:					
Special revenue	-	1,473,481	759,964	1,312,017	-
Street and sewer related purposes	4,423,142	-	-	103,610	164,676
Transportation related purposes	1,254,083	-	-	-	1,081,590
Assessment districts	105,662	-	-	-	134,111
Miscellaneous grants	492,474	-	-	-	10,165
Asset replacement	25,275,197	-	-	-	-
Other post employment benefits	-	10,441,444	-	-	-
Debt Service	-	16,598,679	-	-	-
Housing Assets Special Revenue Fund	-	17,012,352	10,134,889	1,452,108	1,489,009
Unrestricted	126,237,876	115,999,316	169,463,346	169,878,814	161,132,497
Total primary government net position	\$ 327,513,340	\$ 334,776,904	\$ 507,923,760	\$ 493,516,406	\$ 467,963,827

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

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Expenses:					
Legislative and administration	\$ 12,317,585	\$ 5,137,856	\$ 9,586,244	\$ 10,763,138	\$ 12,202,801
Community development	4,696,912	3,461,730	7,974,456	7,944,431	7,512,609
Public works	19,420,947	17,574,984	21,644,742	21,251,184	23,981,467
Water and power	-	-	183,723	166,380	1,456,670
Community and safety services	18,769,565	20,107,426	21,788,095	21,553,201	24,661,818
Administrative services	13,570,397	25,390,327	14,898,470	13,740,128	16,536,088
Cerritos Center for the Performing Arts	12,661,796	13,166,416	12,309,527	12,950,937	12,613,288
Unallocated infrastructure depreciation	913,887	1,017,027	977,568	1,010,465	994,414
Land transferred to developer	-	1,752,597	-	-	-
Interest expense	15,952,869	16,189,176	16,857,542	16,686,433	16,811,036
Total governmental activities expenses	<u>98,303,958</u>	<u>103,797,539</u>	<u>106,220,367</u>	<u>106,066,297</u>	<u>116,770,191</u>
Water and Sewer	8,369,176	9,153,710	9,633,874	10,249,111	9,034,371
Reclaimed water	796,974	1,541,594	1,163,206	1,384,725	1,338,743
Electric utility	227,238	7,076,232	8,390,869	9,064,917	9,189,345
Total business-type activities expenses	<u>9,393,388</u>	<u>17,771,536</u>	<u>19,187,949</u>	<u>20,698,753</u>	<u>19,562,459</u>
Total primary government expenses	<u>\$ 107,697,346</u>	<u>\$ 121,569,075</u>	<u>\$ 125,408,316</u>	<u>\$ 126,765,050</u>	<u>\$ 136,332,650</u>
Program revenues:					
Governmental activities:					
Charges for services:					
Legislative and administration	\$ 145	\$ 1,536	\$ 5,401	\$ 7,975	\$ 24,123
Community development	1,849,001	1,861,055	2,059,152	2,530,848	1,151,681
Public works	725,501	759,197	776,251	809,946	974,575
Water and power	-	-	-	-	-
Community and safety services	2,855,197	2,943,514	2,926,171	3,069,657	3,693,983
Administrative services	3,248,205	3,059,380	3,078,915	1,949,196	1,421,710
Cerritos Center for the Performing Arts	5,532,468	5,683,029	6,269,387	6,249,316	5,267,804
Operating grants and contributions	7,474,648	8,324,225	9,247,019	8,954,724	9,954,624
Capital grants and contributions	82,317	352,285	101,281	472,220	176,995
Total governmental activities program revenues	<u>21,767,482</u>	<u>22,984,221</u>	<u>24,463,577</u>	<u>24,043,882</u>	<u>22,665,495</u>
Business-type activities:					
Charges for services:					
Water and Sewer	6,855,422	7,832,449	8,577,571	8,766,259	7,371,339
Reclaimed water	748,555	540,922	852,558	886,454	902,348
Electric utility	-	5,171,744	7,068,193	7,517,818	7,040,943
Capital grants and contributions	2,479,163	36,978	125,020	888,011	135,613
Total business-type activities program revenues	<u>10,083,140</u>	<u>13,582,093</u>	<u>16,623,342</u>	<u>18,058,542</u>	<u>15,450,243</u>
Total primary government program revenues	<u>\$ 31,850,622</u>	<u>\$ 36,566,314</u>	<u>\$ 41,086,919</u>	<u>\$ 42,102,424</u>	<u>\$ 38,115,738</u>
Net revenue (expense):					
Governmental activities	\$ (76,536,476)	\$ (80,813,318)	\$ (81,756,790)	\$ (82,022,415)	\$ (94,104,696)
Business-type activities	<u>689,752</u>	<u>(4,189,443)</u>	<u>(2,564,607)</u>	<u>(2,640,211)</u>	<u>(4,112,216)</u>
Total primary government net expense	<u>\$ (75,846,724)</u>	<u>\$ (85,002,761)</u>	<u>\$ (84,321,397)</u>	<u>\$ (84,662,626)</u>	<u>\$ (98,216,912)</u>

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

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

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

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
General revenues and other changes in net position:					
Governmental Activities:					
Taxes:					
Sales taxes	\$ 27,288,347	\$ 26,136,953	\$ 26,680,643	\$ 25,083,985	\$ 20,602,899
Property taxes in lieu of sales taxes	28,931,093	32,938,305	32,293,806	35,005,279	36,392,537
Motor vehicle taxes	3,570,211	4,026,334	4,146,681	4,210,900	4,446,679
Franchise taxes	1,072,893	1,146,323	1,341,635	1,418,403	1,507,105
Transient occupancy taxes	423,239	443,467	474,297	481,880	394,290
Other taxes	249,160	272,498	403,210	240,331	258,898
Investment and rental income	17,236,176	18,353,462	25,200,318	22,483,705	18,318,651
Miscellaneous	104,209	24,664	79,703	106,499	195,668
Gain on dissolution of the former Cerritos Redevelopment Agency	-	-	-	-	-
Settlement disbursement from the City due to the dissolution of Cerritos Redevelopment Agency	-	-	-	-	-
Transfers	-	(133)	105,000	-	4,201,910
Total governmental activities	<u>78,875,328</u>	<u>83,341,873</u>	<u>90,725,293</u>	<u>89,030,982</u>	<u>86,318,637</u>
Business-type activities:					
Investment and rental income	604,056	529,425	546,768	422,259	142,035
Gain (loss) on sale of assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	-	133	(105,000)	-	(4,201,910)
Total business-type activities	<u>604,056</u>	<u>529,558</u>	<u>441,768</u>	<u>422,259</u>	<u>(4,059,875)</u>
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>604,056</u>	<u>529,558</u>	<u>441,768</u>	<u>422,259</u>	<u>(4,059,875)</u>
Total primary government	<u>\$ 79,479,384</u>	<u>\$ 83,871,431</u>	<u>\$ 91,167,061</u>	<u>\$ 89,453,241</u>	<u>\$ 82,258,762</u>
Changes in net position:					
Governmental activities	\$ 2,338,852	\$ 2,528,555	\$ 8,968,503	\$ 7,008,567	\$ (7,786,059)
Business-type activities	<u>1,293,808</u>	<u>(3,659,885)</u>	<u>(2,122,839)</u>	<u>(2,217,952)</u>	<u>(8,172,091)</u>
Total primary government	<u>\$ 3,632,660</u>	<u>\$ (1,131,330)</u>	<u>\$ 6,845,664</u>	<u>\$ 4,790,615</u>	<u>\$ (15,958,150)</u>

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

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

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

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
General fund:					
Reserved	\$ 76,993,950	\$ 91,500,873	\$ 92,579,824	\$ 98,193,022	\$ 99,903,724
Unreserved	113,993,942	97,162,922	101,236,061	81,992,326	81,541,328
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 190,987,892</u>	<u>\$ 188,663,795</u>	<u>\$ 193,815,885</u>	<u>\$ 180,185,348</u>	<u>\$ 181,445,052</u>
All other governmental funds:					
Reserved	\$ 3,967,607	\$ 4,999,544	\$ 4,095,975	\$ 2,837,221	\$ 5,851,972
Unreserved, reported in:					
Special revenue funds	6,587,749	7,143,179	6,663,515	8,183,552	7,849,641
Debt service funds	(25,644,125)	(31,728,190)	(47,251,487)	(45,566,239)	(43,171,702)
Capital projects funds	21,623,936	20,171,114	34,522,333	21,762,988	19,212,994
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,535,167</u>	<u>\$ 585,647</u>	<u>\$ (1,969,664)</u>	<u>\$ (12,782,478)</u>	<u>\$ (10,257,095)</u>

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
General fund:					
Reserved	\$ 102,622,950	\$ -	\$ -	\$ -	\$ -
Unreserved	80,477,124	-	-	-	-
Nonspendable	-	90,135,195	57,906,335	60,663,598	65,838,456
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	14,150,052	21,941,464	22,203,228	24,017,566
Unassigned	-	71,056,060	67,305,842	63,903,057	57,595,524
Total general fund	<u>\$ 183,100,074</u>	<u>\$ 175,341,307</u>	<u>\$ 147,153,641</u>	<u>\$ 146,769,883</u>	<u>\$ 147,451,546</u>
All other governmental funds:					
Reserved	\$ 1,953,330	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:					
Special revenue funds	6,275,361	-	-	-	-
Debt service funds	(66,053,156)	-	-	-	-
Capital projects funds	23,322,838	-	-	-	-
Nonspendable	-	11,881,487	9,032,711	7,670,482	7,670,482
Restricted	-	35,084,512	11,013,651	2,867,735	2,879,551
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(75,915,744)	(118,798)	-	(15,000)
Total all other governmental funds	<u>\$ (34,501,627)</u>	<u>\$ (28,949,745)</u>	<u>\$ 19,927,564</u>	<u>\$ 10,538,217</u>	<u>\$ 10,535,033</u>

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

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Revenues:					
Property, sales, and other taxes	\$ 56,891,838	\$ 58,539,846	\$ 59,211,957	\$ 61,019,400	\$ 58,009,779
Licenses and permits	1,673,017	1,844,753	2,026,677	2,425,107	2,037,294
Fines and forfeitures	1,224,282	1,207,626	1,178,472	1,162,016	1,146,489
Investment and rental income	16,749,519	17,847,889	24,607,789	21,889,177	18,358,111
Revenues from other agencies	11,948,199	14,104,013	13,904,277	13,907,020	15,161,460
Current fees and services	10,197,847	10,333,249	10,888,836	9,699,277	7,783,043
Franchise	1,072,893	1,146,324	1,341,635	1,418,403	1,507,105
Other revenues	1,269,811	748,401	644,735	1,103,420	1,140,096
Total revenues	<u>101,027,406</u>	<u>105,772,101</u>	<u>113,804,378</u>	<u>112,623,820</u>	<u>105,143,377</u>
Expenditures:					
Current:					
Legislative and administration	11,657,197	4,098,818	9,983,075	10,148,023	10,943,195
Community development	4,122,251	4,607,205	5,992,210	4,851,226	5,042,844
Public works	18,056,952	19,659,561	20,146,511	19,926,345	17,288,857
Water and power	-	-	143,296	164,016	299,790
Community and safety services	17,877,074	18,740,162	19,985,188	19,904,050	20,894,079
Administrative services	10,520,783	20,349,051	11,719,308	12,322,795	11,495,344
Cerritos Center for the Performing Arts	10,966,179	10,331,228	10,508,816	11,083,634	9,528,923
Land transferred to developer	-	-	-	-	-
Capital outlay	8,661,850	15,495,350	8,457,564	21,081,472	6,695,801
Prefund other post employment benefits obligation	-	-	-	14,000,000	-
Debt service:					
Principal retirement	4,725,000	5,105,000	6,092,500	6,467,500	6,862,500
Interest	16,099,412	16,341,796	17,018,816	16,851,905	16,508,867
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>102,686,698</u>	<u>114,728,171</u>	<u>110,047,284</u>	<u>136,800,966</u>	<u>105,560,200</u>
Excess of revenues over (under) expenditures	<u>(1,659,292)</u>	<u>(8,956,070)</u>	<u>3,757,094</u>	<u>(24,177,146)</u>	<u>(416,823)</u>
Other Financing Sources (Uses):					
Transfers in	10,558,209	19,901,653	30,324,598	14,025,441	15,856,712
Transfers out	(10,895,374)	(20,244,200)	(30,494,913)	(14,291,646)	(11,654,802)
Transfers in/(from) fiduciary funds	-	-	-	-	-
Settlement payment from City of Cerritos for the dissolution of the former Cerritos Redevelopment Agency	-	-	-	-	-
Issuance of debt	-	1,025,000	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>(337,165)</u>	<u>682,453</u>	<u>(170,315)</u>	<u>(266,205)</u>	<u>4,201,910</u>
Net change in fund balances before extraordinary item	<u>(1,996,457)</u>	<u>(8,273,617)</u>	<u>3,586,779</u>	<u>(24,443,351)</u>	<u>3,785,087</u>
EXTRAORDINARY ITEM					
Gain (loss) on dissolution of the former Cerritos Redevelopment Agency	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in fund balances	<u>(1,996,457)</u>	<u>(8,273,617)</u>	<u>3,586,779</u>	<u>(24,443,351)</u>	<u>3,785,087</u>
Fund balances - July 1	<u>199,519,516</u>	<u>197,523,059</u>	<u>188,259,442</u>	<u>191,846,221</u>	<u>167,402,870</u>
Fund balances - June 30	<u>\$ 197,523,059</u>	<u>\$ 189,249,442</u>	<u>\$ 191,846,221</u>	<u>\$ 167,402,870</u>	<u>\$ 171,187,957</u>
Debt service as a percentage of noncapital expenditures	22.15%	21.61%	22.75%	20.15%	23.64%

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Revenues:					
Property, sales, and other taxes	\$ 52,651,959	\$ 55,981,782	\$ 42,406,274	\$ 32,956,476	\$ 32,729,379
Licenses and permits	1,913,968	1,869,739	1,836,228	1,876,262	2,776,265
Fines and forfeitures	1,103,441	1,305,871	1,048,029	1,161,194	1,032,869
Investment and rental income	19,768,319	18,625,601	12,279,439	7,759,099	10,678,378
Revenues from other agencies	16,614,010	15,708,684	42,497,203	10,184,713	9,494,456
Current fees and services	7,090,018	6,989,711	6,889,141	6,303,623	5,912,674
Franchise	1,504,852	1,566,675	1,629,285	1,601,601	1,724,318
Other revenues	1,848,075	789,502	978,588	1,522,350	492,344
Total revenues	102,494,642	102,837,565	109,564,187	63,365,318	64,840,683
Expenditures:					
Current:					
Legislative and administration	21,357,884	11,348,362	5,920,780	2,093,625	4,078,994
Community development	4,657,802	7,723,995	34,261,653	5,233,924	5,128,714
Public works	16,127,237	14,111,947	15,049,370	14,825,564	16,303,401
Water and power	105,823	175,593	288,595	17,140	-
Community and safety services	21,351,962	21,157,439	21,797,914	22,150,378	22,265,436
Administrative services	10,646,488	11,300,202	11,557,115	11,005,650	10,063,366
Cerritos Center for the Performing Arts	8,781,832	8,054,469	7,413,896	6,168,778	5,614,248
Land transferred to developer	-	-	-	-	-
Capital outlay	18,533,849	14,717,173	913,455	1,534,270	708,045
Prefund other post employment benefits obligation	-	-	-	-	-
Debt service:					
Principal retirement	7,260,000	7,712,500	8,095,000	-	-
Interest	16,261,275	16,736,956	7,816,850	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	125,084,152	113,038,636	113,114,628	63,029,329	64,162,204
Excess of revenues over (under) expenditures	(22,589,510)	(10,201,071)	(3,550,441)	335,989	678,479
Other Financing Sources (Uses):					
Transfers in	25,559,016	3,207,464	6,044,861	3,495,893	2,538,165
Transfers out	(25,559,016)	(2,965,373)	(6,044,861)	(3,495,893)	(2,538,165)
Transfers in/(from) fiduciary funds	-	-	8,668,536	-	-
Settlement payment from City of Cerritos for the dissolution of the former Cerritos Redevelopment Agency	-	-	-	(10,109,094)	-
Issuance of debt	-	-	-	-	-
Proceeds from sale of assets	-	11,000,000	-	-	-
Total other financing sources (uses)	-	11,242,091	8,668,536	(10,109,094)	-
Net change in fund balances before extraordinary item	(22,589,510)	1,041,020	5,118,095	(9,773,105)	678,479
EXTRAORDINARY ITEM					
Gain (loss) on dissolution of the former Cerritos Redevelopment Agency	-	-	15,571,548	-	-
Net Change in fund balances	(22,589,510)	1,041,020	20,689,643	(9,773,105)	678,479
Fund balances - July 1	171,187,957	145,350,542	146,391,562	167,081,205	157,308,100
Fund balances - June 30	\$ 148,598,447	\$ 146,391,562	\$ 167,081,205	\$ 157,308,100	\$ 157,986,579
Debt service as a percentage of noncapital expenditures	21.46%	24.87%	14.18%	0.00%	0.00%
				(a)	

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

City of Cerritos
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
2004-05	\$ 27,288,347	\$ 1,072,893	\$ 29,603,491	\$ 796,205	\$ 871,787	\$ 5,025
2005-06	26,095,745	1,146,324	32,444,100	839,060	1,000,338	5,355
2006-07	26,040,643	1,341,635	33,856,356	908,258	1,110,529	7,890
2007-08	25,291,910	1,418,403	35,727,490	963,775	1,455,121	6,211
2008-09	20,964,054	1,507,105	37,045,725	888,701	1,137,133	11,460
2009-10	17,166,108	1,504,852	35,485,851	882,434	1,024,714	6,820
2010-11	20,285,419	1,566,675	35,696,363	902,240	950,874	16,625
2011-12	22,963,706	1,629,285	19,442,568	914,548	906,265	15,415
2012-13	26,089,265	1,601,601	6,867,211	926,774	922,389	27,099
2013-14	26,719,271	1,724,318	6,010,108	1,019,504	1,723,137	33,624

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

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

Fiscal Year	Fines and Forfeitures	Investment and Rental Income	Charges For Services	From Other Agencies	Other	Totals
2004-05	\$ 1,224,282	\$ 16,749,519	\$ 10,197,847	\$ 11,948,199	\$ 1,269,811	\$ 101,027,406
2005-06	1,207,626	17,847,889	10,333,249	14,104,013	748,402	105,772,101
2006-07	1,178,472	24,607,789	8,862,159	13,904,277	1,986,370	113,804,378
2007-08	1,162,016	21,889,177	9,699,277	13,907,020	1,103,420	112,623,820
2008-09	1,146,489	18,358,111	7,783,043	15,161,460	1,140,096	105,143,377
2009-10	1,103,441	19,768,319	7,090,018	16,614,010	1,848,075	102,494,642
2010-11	1,305,871	18,625,600	6,989,712	13,810,180	895,396	101,044,955
2011-12	1,048,029	12,279,439	6,889,141	42,497,203	978,588	109,564,187
2012-13	1,161,194	7,759,099	6,303,623	10,184,713	1,522,350	63,365,318
2013-14	1,032,869	10,678,378	5,912,674	9,494,456	492,344	64,840,683

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

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

Category	Fiscal Year				
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Residential	\$ 3,652,684,822	\$ 3,925,932,025	\$ 4,236,487,296	\$ 4,492,069,661	\$ 4,672,038,063
Commercial	974,952,423	1,057,807,314	1,160,350,438	1,228,751,400	1,343,951,315
Industrial	654,396,867	685,464,066	708,718,893	757,782,869	908,573,269
Government	-	-	2,750,027	-	-
Institutional	9,451,184	21,702,864	27,537,449	26,101,211	19,811,379
Irrigated	-	-	-	328	334
Miscellaneous	-	-	-	-	-
Recreational	5,014,027	5,114,306	5,216,591	6,523,402	6,653,868
Vacant land	9,366,646	10,224,697	8,462,513	9,684,651	8,777,294
SBE nonunitary	2,035,367	1,309,388	1,237,559	2,737,670	2,597,624
Possessory interest	4,678,298	4,717,568	6,518,019	5,849,466	14,163,200
Unsecured	272,282,747	275,010,910	290,016,895	294,796,408	306,757,198
Exempt	(28,510,172)	(29,083,529)	(29,016,454)	(30,799,948)	(28,844,386)
Unknown	2,023,708	2,064,175	2,105,454	-	-
Subtotal	5,558,375,917	5,960,263,784	6,420,384,680	6,793,497,118	7,254,479,158
Add back exempt	28,510,172	29,083,529	29,016,454	30,799,948	28,844,386
Grand Total	<u><u>\$ 5,586,886,089</u></u>	<u><u>\$ 5,989,347,313</u></u>	<u><u>\$ 6,449,401,134</u></u>	<u><u>\$ 6,824,297,066</u></u>	<u><u>\$ 7,283,323,544</u></u>
Total Direct Rate	0.56813%	0.58997%	0.59562%	0.59608%	0.59547%

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

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

City of Cerritos
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)
2005	1.0000	.0010	.0457	.0002	.0058	1.0527	0.48481
2006	1.0000	.0010	.0517	.0001	.0052	1.0580	0.47749
2007	1.0000	.0010	.0482	.0001	.0047	1.0540	0.48217
2008	1.0000	.0000	.0351	.0000	.0045	1.0396	0.48245
2009	1.0000	.0000	.0338	.0000	.0043	1.0381	0.48174
2010	1.0000	.0000	.0455	.0000	.0043	1.0498	0.48569
2011	1.0000	.0000	.0560	.0000	.0037	1.0597	0.48117
2012	1.0000	.0000	.0464	.0000	.0037	1.0501	0.48243
2013	1.0000	.0000	.0505	.0000	.0035	1.0540	0.48023
2014	1.0000	.0000	.0875	.0000	.0035	1.0910	0.08552

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

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

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

Property Owner	Property Description	2013-14		2004-05	
		Assessed Valuations	Percentage of Total (1)	Assessed Valuations	Percentage of Total (1)
City of Cerritos	Commercial	\$ 366,477,103	4.70%	\$ -	0.00%
Macerich Cerritos LLC	Commercial	281,634,721	3.61%	-	0.00%
Walton CWCA O'Donnell Cerritos	Industrial	138,229,141	1.77%	-	0.00%
Teachers Insurance and Annuity Assoc.	Industrial	85,200,000	1.09%	-	0.00%
Cerritos Retail Centercal LLC	Commercial	55,000,000	0.71%	-	0.00%
JCC California Properties, LLC	Industrial	40,851,000	0.52%	-	0.00%
Cerritos Promenade LLC	Commercial	36,800,000	0.47%	-	0.00%
Nordstrom, Inc	Commercial	33,859,111	0.43%	-	0.00%
Cerritos Corporate Tower LP	Commercial	33,300,000	0.43%	-	0.00%
Target Corporation	Commercial	33,248,737	0.43%	-	0.00%
Macerich Cerritos	Commercial	-	0.00%	207,296,536	3.86%
Commonwealth Cousins I LLC	Commercial	-	0.00%	86,072,960	1.60%
Calwest Industrial Holdings LLC	Industrial	-	0.00%	79,396,473	1.48%
Equities Office Properties Trust	Commercial	-	0.00%	73,616,218	1.37%
TA Western LLC	Industrial	-	0.00%	57,066,791	1.06%
Vestar Development Company	Commercial	-	0.00%	44,040,791	0.82%
Cerritos Investors Limited Partnership	Commercial	-	0.00%	30,865,701	0.57%
Cerritos Best Plaza, LLC	Commercial	-	0.00%	28,442,682	0.53%
Cerritos College Square, LLC	Commercial	-	0.00%	27,157,650	0.51%
TIAA Realty, Inc.	Industrial	-	0.00%	26,332,429	0.49%
		<u>\$ 1,104,599,813</u>	<u>14.16%</u>	<u>\$ 660,288,231</u>	<u>12.28%</u>
(1) 2013-14 and 2004-05 total secured assessed valuation is		<u>\$ 7,800,534,301</u>		<u>\$ 5,312,567,975</u>	

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

Fiscal Year	Property Tax Collections
2004-05	\$ 26,620,835
2005-06	29,163,729
2006-07	29,860,652
2007-08	32,454,062
2008-09	33,711,139
2009-10	32,144,708
2010-11	32,346,242
2011-12	14,732,189
2012-13	-
2013-14	-

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 February 1, 2012 to June 30, 2014 are not reflected due to the fact the it is not a component unit of the City.

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

Fiscal Year	Governmental Activities					
	Los Cerritos Redevelopment Project Revenue Bonds	Los Coyotes Redevelopment Project Revenue Bonds	Los Cerritos Redevelopment Project Note Payable	Add (Less) Deferred Amounts		
				Bond Premium	Bond Discount	Deferred Charge on Refunding
2004-05	\$ 47,240,000	\$ 137,595,000	\$ -	\$ 5,827,270	\$ (1,171,064)	\$ (2,552,121)
2005-06	48,978,750	144,856,250	1,025,000	5,520,571	(1,109,428)	(2,410,336)
2006-07	46,883,125	140,859,375	1,025,000	5,213,872	(1,047,792)	(2,268,551)
2007-08	44,651,250	136,623,750	1,025,000	4,907,173	(986,156)	(2,126,766)
2008-09	42,278,125	132,134,375	1,025,000	4,600,474	(924,520)	(1,984,981)
2009-10	39,763,125	127,389,375	1,025,000	4,293,775	(862,885)	(1,843,196)
2010-11	37,086,250	122,353,750	1,025,000	3,987,076	(801,256)	(1,701,411)
2011-12	-	-	-	-	-	-
2012-13	-	-	-	-	-	-
2013-14	-	-	-	-	-	-

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

(a) Not available.

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

Fiscal Year	Business-Type Activities		Total Primary Government	Population	Total Debt per Capita	% of Personal Income
	Los Cerritos Redevelopment Project 2003 Issue, Series B Revenue Bonds	Los Coyotes Redevelopment Project 2003 Issue, Series B Revenue Bonds				
2004-05	\$ -	\$ -	\$ 186,939,085	51,792	\$ 3,609	10.485%
2005-06	-	-	196,860,807	51,944	3,790	10.144%
2006-07	-	-	190,665,029	52,020	3,665	9.210%
2007-08	-	-	184,094,395	52,096	3,534	8.361%
2008-09	-	-	177,128,473	52,172	3,395	8.308%
2009-10	-	-	169,765,194	52,249	3,249	7.775%
2010-11	-	-	161,949,409	49,041	3,302	7.758%
2011-12	-	-	- (b)	49,223	-	(a)
2012-13	-	-	- (b)	49,470	-	(a)
2013-14	2,976,250 (c)	8,928,750 (c)	11,905,000	49,741	239	(a)

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

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

City of Cerritos
Schedule of Direct and Overlapping Bonded Debt
June 30, 2014

2013-14 Assessed Valuation: \$7,800,534,301

	Total Debt 6/30/2014	% Applicable (1)	City's Share of Debt 6/30/14
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	17,480,000	0.684	\$ 119,563
Metropolitan Water District	132,275,000	0.357	472,222
Cerritos Community College District	187,115,285	20.792	38,905,010
ABC Unified School District	41,254,966	61.017	25,172,543
Bellflower Unified School District	37,000,000	3.833	1,418,210
Los Angeles County Regional Park and Open Space Assessment District	113,615,000	0.685	778,263
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			66,865,811
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	\$1,835,420,030	0.685%	\$12,572,627
Los Angeles County Superintendent of Schools Certificates of Participation	9,529,882	0.685	65,280
Bellflower Unified School District Certificates of Participation	15,680,000	3.833	601,014
City of Cerritos General Fund Obligations	-	100	-
Los Angeles County Sanitation District No. 2 Authority	21,741,384	0.903	196,325
Los Angeles County Sanitation District No. 3 Authority	8,136,494	0.330	26,850
Los Angeles County Sanitation District No. 18 Authority	12,154,632	7.130	866,625
Los Angeles County Sanitation District No. 19 Authority	3,916,016	45.969	1,800,153
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$16,128,874
Less: Los Angeles County General Fund Obligations supported by landfill revenues			34,491
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$16,094,383
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	\$133,605,000	100%	\$133,605,000
TOTAL DIRECT DEBT			\$0
TOTAL GROSS OVERLAPPING DEBT			\$216,599,685
TOTAL NET OVERLAPPING DEBT			\$216,565,194
GROSS COMBINED TOTAL DEBT			\$216,599,685 (2)
NET COMBINED TOTAL DEBT			\$216,565,194

- (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 2012-13 Assessed Valuation:

Overlapping Tax and Assessment Debt	0.86%
Total Direct Debt	0.00%
Gross Combined Total Debt	2.78%
Net Combined Total Debt	2.78%

Ration to Redevelopment Incremental Valuation (\$3,351,865,440):

Total Overlapping Tax Increment Debt	3.87%
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City of Cerritos
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Debt Limit	\$ 842,826,108	\$ 901,944,542	\$ 971,890,907	\$ 1,028,776,348	\$ 1,098,825,713
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 842,826,108</u>	<u>\$ 901,944,542</u>	<u>\$ 971,890,907</u>	<u>\$ 1,028,776,348</u>	<u>\$ 1,098,825,713</u>
Total net debt applicable to the limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

	Fiscal Year				
	2009-10	2010-11	2011-12	2012-13	2013-14
Debt Limit	\$ 1,089,326,156	\$ 1,084,570,960	\$ 1,112,986,620	\$ -	\$ 1,176,293,833
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 1,089,326,156</u>	<u>\$ 1,084,570,960</u>	<u>\$ 1,112,986,620</u>	<u>\$ -</u>	<u>\$ 1,176,293,833</u>
Total net debt applicable to the limit as a percent of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation for Fiscal Year 2013-2014:					
Assessed value					\$ 7,800,534,301
Add back: exempt real property					<u>41,424,587</u>
Total assessed value					<u>\$ 7,841,958,888</u>
Debt limit (15% of total assessed value)					\$ 1,176,293,833
Debt applicable to limit					<u>-</u>
Legal debt margin					<u>\$ 1,176,293,833</u>

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

City of Cerritos
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (in thousands)</u>	<u>Personal Income (2) *</u>	<u>City Unemployment Rate (3)</u>
2004-05	51,792	34,426	1,782,991	2.60%
2005-06	51,944	37,362	1,940,732	2.50%
2006-07	52,020	39,794	2,070,084	2.60%
2007-08	52,096	42,265	2,201,837	3.80%
2008-09	52,172	40,867	2,132,113	6.20%
2009-10	52,249	41,791	2,183,538	6.70%
2010-11	49,041	42,564	2,087,381	6.80%
2011-12	49,223	(a)	(a)	6.00%
2012-13	49,470	(a)	(a)	5.90%
2013-14	49,741	(a)	(a)	5.40%

*Based on Los Angeles County personal income data

(a) Not Available

Sources: (1) City of Cerritos

(2) Bureau of Economic Analysis

(3) State of California, Labor Market Information, Data Library

City of Cerritos
Principal Employers
Current Year and Nine Years Ago

Employer	2014		2005**	
	Number of Employees	Percent of Total Employment*	Number of Employees	Percent of Total Employment
United Parcel Service	6,000	21.19%		
ABC Unified School District	3,500	12.36%		
AT&T	1,200	4.24%		
Southern Wine & Spirits of Southern California	1,100	3.89%		
City of Cerritos (a)	552	1.95%		
Crown Bolt, Inc.	400	1.41%		
Nordstrom	400	1.41%		
College Hospital, Inc	400	1.41%		
PMI	350	1.24%		
Norm Reeves Honda of Cerritos	350	1.24%		
Total	14,252	50.34%		

*Based upon California Employment Development Department data of 28,312 total employment of all employers located within City limits.

**Information not available

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

Department	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (a)
Legislative and administration	9	9	9	9	9	9	9	8	8	7
Community Development	20	20	21	20	20	20	20	19	18	17
Public Works	128	130	113	114	111	96	90	84	78	71
Water and Power	-	-	19	19	18	17	17	17	15	14
Community and safety services	237	239	251	255	292	298	296	292	294	246
Administrative services	146	147	148	155	155	153	150	140	129	121
Cerritos Center for the Performing Arts	222	221	203	201	190	200	200	198	197	76
Total	762	766	764	773	795	793	782	758	739	552
Full-Time employees	241	241	241	241	235	239	230	214	209	189
Part-Time employees	521	525	523	532	560	554	552	544	530	363
Total	762	766	764	773	795	793	782	758	739	552

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

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City of Cerritos
Operating Indicators By Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Public Works					
Maintenance:					
Graffiti removal (average incidence)	8,000	8,000	7,800	8,000	7,800
Streetsweeping miles	7,100	7,100	7,100	7,100	7,100
Trees maintained	28,000	28,000	28,000	29,450	29,450
Trees trimmed	12,000	12,000	11,500	12,000	12,000
Water and Power					
Water:					
Number of customer accounts	15,636	15,647	15,647	15,482	15,159
Average daily consumption (millions of gallons)	8.15	8.18	8.80	10.13	9.75
Water samples taken (annual)	2,800	2,272	2,104	2,128	2,038
Community and Safety Services					
Police (1):					
Number of sworn officers	59	58	54	56	59
Community Service officers (non-sworn)	17	17	16	16	14
Calls dispatched	17,945	17,447	17,286	16,931	16,830
Crime reports	6,321	5,650	5,991	5,946	5,843
Moving citations	6,680	6,740	5,615	4,920	6,395
Parking citations	722	936	825	1,152	1,116
Culture and Recreation:					
Leisure classes attendance	53,520	58,346	60,947	47,135	48,360
Indoor park reservation attendance	169,635	177,712	152,561	121,777	99,119
Picnic shelter attendance	59,267	56,091	61,658	44,716	53,880
Swim lessons attendance	131,644	181,996	298,131	288,504	292,674
Recreational swim attendance	54,549	51,009	55,587	55,021	51,594
Volunteer hours	19,558	20,954	16,097	16,027	11,974
Administrative Services					
Library:					
Number of patrons	1,089,527	1,172,500	1,173,000	1,042,445	1,064,875

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

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

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

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

City of Cerritos
Capital Assets By Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2004-05	2005-06	2006-07	2007-08	2008-09
Public Works					
Sewers:					
Miles of sanitary sewers	124	124	124	124	124
Sewer lines (miles)	109.32	109.32	109.32	109.32	109.32
Streets and Highways:					
Streets (miles)	136.33	136.33	136.33	136.33	136.33
Sidewalks (miles)	242.16	242.16	242.16	242.16	242.16
Curb & gutter (miles)	255.75	255.75	255.75	255.75	255.75
Traffic signals (intersections)	89	89	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	242,167	238,860	241,942	241,607	247,405

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

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