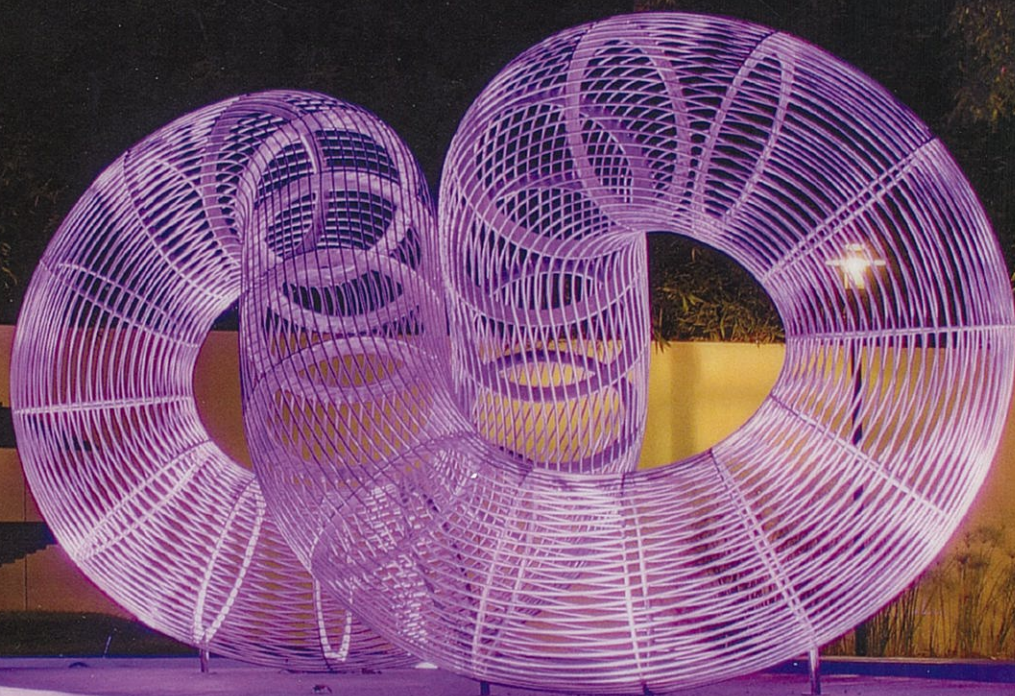




City of Cerritos, California

Comprehensive Annual Financial Report

for the Fiscal Year ended June 30, 2015



CITY OF CERRITOS, CALIFORNIA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Prepared by:

Administrative Services Department

City of Cerritos
Comprehensive Annual Financial Report
For the Year Ended June 30, 2015

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WWW.CERRITOS.US



OFFICE OF THE CITY MANAGER
ART GALLUCCI

December 10, 2015

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, 2015.

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

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

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

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

If over \$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 United States Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. For the year ended June 30, 2015, the City expended more than \$500,000 on Federal financial assistance programs; and therefore, a single audit was required.

Information related to this single audit, including a schedule of Federal financial expenditures, the independent auditors' reports on the internal controls and compliance with applicable laws and regulations and a schedule of findings and questioned costs is available in the City of Cerritos' separately issued Single Audit Report. The new Federal Uniform Guidance will be effective for fiscal year 2015-16, and the new Single Audit threshold will be \$750,000 of Federal funds.

Profile of the City of Cerritos

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

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

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

A commitment to strategic planning and progressive, forward-thinking leadership, combined with a tradition of careful fiscal stewardship, has helped to place the City in a strong fiscal position. From this position of fiscal strength, the City has been able to provide residents and businesses with outstanding infrastructure, facilities, services and programs that have earned the City the well-earned reputation as an attractive place to live, work and play. However, the City is aware that its enviable fiscal position can be maintained only by managing its available resources wisely and monitoring its operating expenditures carefully. The City continues to vigorously protect its financial resources 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, 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 challenging financial and economic environments, Cerritos' environment of economic stability is derived partially as a result of the continuing outstanding performance of regional commercial attractions such as the Cerritos Auto Square, Los Cerritos Center and the Cerritos Towne Center.

Since its inception, 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 retailers such as Kohl's, Ross, Trader Joe's and Best Buy has been enhanced by the Edwards Cinemas and an outstanding variety of retail and dining establishments. Recent upgrades at the Cerritos Towne Center, such as the renovation of Wal-Mart, have enhanced the shopping and dining experience for all patrons. Cosmetic improvements, including an enhanced entry portal, an improved "paseo," a new fireplace and upgrades to the fountain were also recently completed in an effort to enhance the experience of patrons.

Despite a 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 CCPA and 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 regions 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.

The Macerich Corporation's commitment to remaining on the forefront of retail development has been demonstrated through the major renovations that are currently taking place at the mall. The project, which will serve to strengthen the mall's designation as one of the premier shopping destinations in southern California includes the development of a new 80,000-square-foot Dick's Sporting Goods, a 16-screen, state of the art Harkins movie theatre and a 10,000 square-foot Cheesecake Factory restaurant. The renovation project includes upgraded landscape and new entryways throughout the entire center, new entry signage and a new pedestrian plaza located adjacent to The Cheesecake Factory. Additionally, the project will include the installation of a new sculpture art piece and façade improvements on the southeast portion of the mall, adjacent to the Macy's building, to make way for a new restaurant use.

The Cerritos Auto Square continues to retain its designation 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. Having recovered from the economic downturn that plagued auto sales for several years, the Auto Square approached all-time highs in sales volume over the past year and forecasts for the current fiscal year project even greater sales for the 2015-16 fiscal year.

Located just north of the Los Cerritos Center, the Plaza 183 shopping center (formerly Best Plaza) is also undergoing major renovations, with the demolition and reconstruction of several buildings. The upgraded center will feature a Santa Barbara-inspired contemporary architectural style and will include the construction of new retail and restaurant tenant spaces, new and refurbished landscape, enhanced signage, and a comprehensive rebranding of the shopping center. New tenants will include Nordstrom Rack, Saks Off Fifth, Old Navy, 24 Fitness, Off Broadway Shoes, Blaze Pizza, Habit Burger, and several others. The first store openings are anticipated in October 2015, with the remaining renovation work to be completed by spring, 2016.

Among the capital improvement projects the City completed over the past year were numerous improvements to the City's parks in order to enhance and upgrade the experience of patrons using the facilities. Rubberized, ADA-compliant playground surfacing material was installed at Saddleback and Frontier Park. The Camp Liberty picnic shelter renovation project was completed and will provide a beautiful facility for families and community groups to host special events for years to come. In addition, a major street repaving project was completed with the resurfacing of Studebaker Road between South Street and Artesia Boulevard, one of the City's most highly travelled arteries.

The 2014-15 fiscal year marked the ninth year that the City's electric utility operation supplied energy to retail consumers in Cerritos. The electric utility now serves approximately 306 accounts and supplies approximately 84 million kilowatt-hours to retail customers. This is in contrast to the first year of the utility's operations (2005), when select City accounts and six ABC Unified School District accounts represented the Utility's contracted customers.

The City's long term economic outlook should be sustained through careful planning and the continued cultivation of the outstanding relationships we have built with business leaders and residents in the City. Indeed, much of the City's success can be attributed to the bold and innovative vision for the City set forth and established by the City Council. Continuing in the vein of an innovative, yet carefully measured vision for the City's future will position the City for continued success moving forward.

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, the City's compliance with new rules, regulations and procedures will remain among our highest priorities.

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 City-wide financial forecasting in conjunction with its revenue consultants and other sources.

During the past five 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 a weak economy and the loss of redevelopment tax increment revenue 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, 2014. 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 2014-15 CAFR continues to conform to the Certificate of Achievement program requirements, and it will be submitted to GFOA for award consideration.

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

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

Respectfully submitted,

A handwritten signature in dark ink, reading "Art Gallucci". The signature is fluid and cursive, with the first letters of "Art" and "Gallucci" being capitalized and prominent.

Art Gallucci
City Manager

CITY OF CERRITOS

City Council

Carol K. Chen, Mayor
George Ray, Mayor Pro Tem
Jim Edwards
Mark E. Pulido
Naresh Solanki

Economic Development Commission

Dan Padelford, Chair
Rosalinda Law, Vice Chair
Richard Alegria
Robert D. Buell
Carmelita Lampino

Fine Arts and Historical Commission

Nora T. Benzon, Chair
Doris T. Iglesias, Vice Chair
Janet L. Beach
Larry Sagert
Anna Titus

Parks and Recreation Commission

Jack Reidy, Chair
James Fong Yee, Ph.D., Vice Chair
Joe A. de Guzman
Joe Frontino
Kit Snider

Planning Commission

Becky Lingad, Chair
Tatiana Yokoyama Bui, Vice Chair
Brad Beach
Deepak (DJ) Jhaveri
Chuong Vo

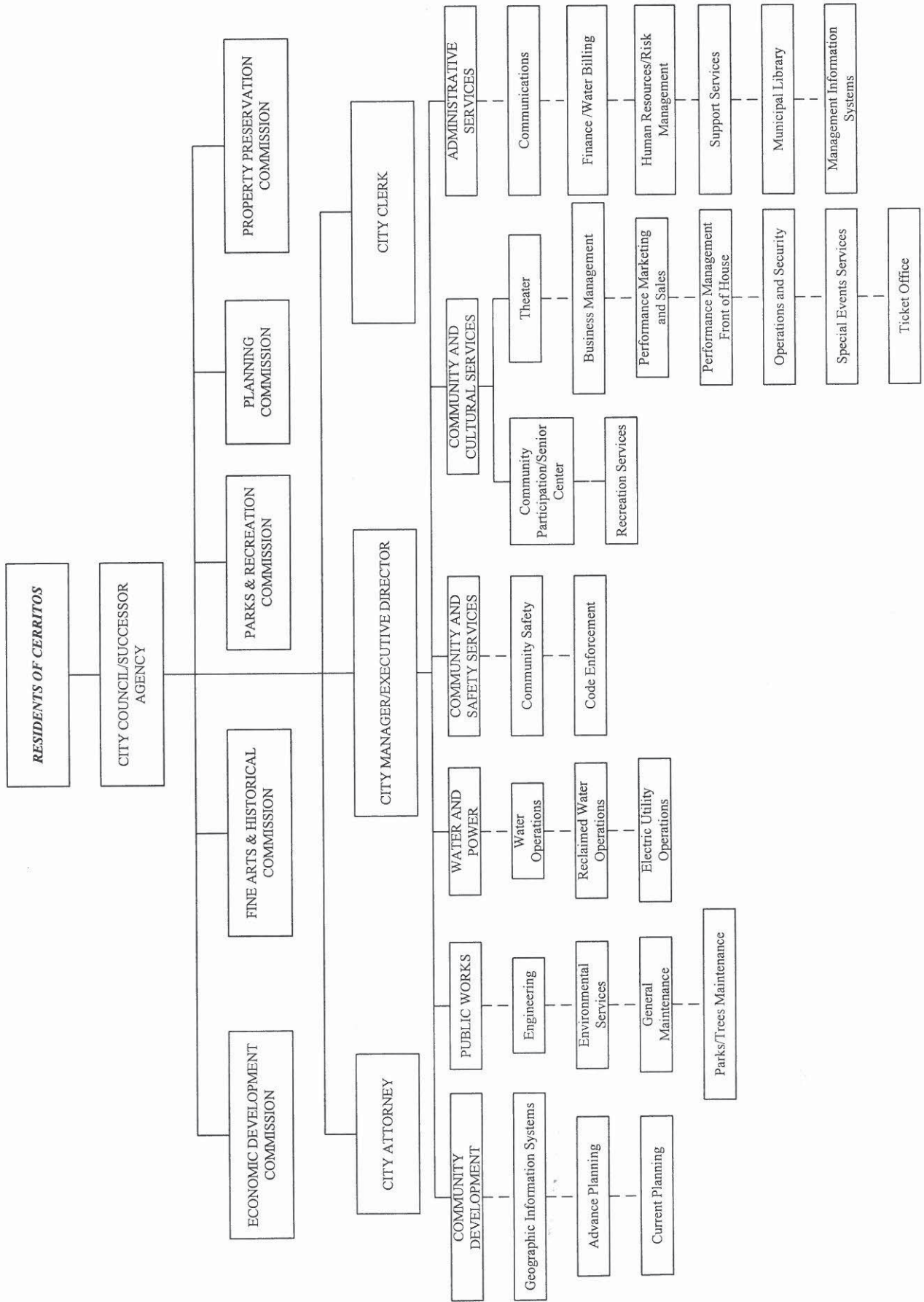
Property Preservation Commission

Waldo Arballo, Chair
Philip H. Hickok, Vice Chair
John K. Dawson
Levi A. Javier
Chan-Yong Kim

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, 2014

Executive Director/CEO

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, 2015, 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, 2015, 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 Statements No. 68 and 71

As discussed in Note 10 to the basic financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans-an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The adoption of these statements requires retrospective application of previously reported net position at July 1, 2014 as described in Note 13 to the basic financial statements. In addition, aggregate net pension liability is reported in the Statement of Net Position and Statement of Fiduciary Net Position as follows as described in Note 10:

	Statement of Net Position			Statement of Fiduciary Net Position	Total
	Governmental Activities	Business-Type Activities	Total Primary Government		
CalPERS Miscellaneous Classic Plan - 524	\$ 38,420,116	\$ 4,192,715	\$ 42,612,831	\$ 6,713,223	\$ 49,326,054
PARS	3,439,637	319,530	3,759,167	-	3,759,167
Total	<u>\$ 41,859,753</u>	<u>\$ 4,512,245</u>	<u>\$ 46,371,998</u>	<u>\$ 6,713,223</u>	<u>\$ 53,085,221</u>

The net pension liability is calculated by actuaries using estimates and actuarial techniques from actuarial valuations as of June 30, 2013 which were then rolled-forward by the actuaries to June 30, 2014, the measurement date for the California Public Employee Retirement System (“CalPERS”) plan, and June 30, 2015, the measurement date for Public Agency Retirement Systems (“PARS”) plan. 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, Schedules of Changes in Net Pension Liability and Related Ratios, Schedules of Contributions, and Schedule of Funding Progress of the Other Post Employment Benefits on pages 7 through 18 and 99 through 106 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 December 10, 2015 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 "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 10, 2015

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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, 2015, and the related notes to the basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 10, 2015.

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 "The PwC Group, LLP". The signature is written in a cursive, flowing style.

Santa Ana, California
December 10, 2015

City of Cerritos, California
Management's Discussion and Analysis
Year Ended June 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal at the front of this report, and the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets and deferred outflows exceeded its liabilities and deferred inflows at June 30, 2015 by \$405.8 million, which is referred to as the net position of the City. Of this amount, \$291.0 million is net investment in capital assets, \$6.1 million is restricted, and \$108.7 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 \$9.3 million which is attributable to the \$5.5 million change in the Governmental Activities and \$3.8 million change in the City's Enterprise funds.
- Governmental funds for the City reported combined fund balances of \$166.2 million. Of this amount, \$73.8 million is nonspendable, \$6.1 million is restricted by external parties, \$24.4 million has been assigned by City management and \$61.9 million is unassigned fund balance which is available for future appropriation.
- As of June 30, 2015, General Fund expenditures are \$53.9 million, which represent 87.1% of the unassigned fund balance.
- As of June 30, 2015, the cash and investments of the General Fund are \$90.9 million, which represent 58.6% of the total fund balance for the Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

Fund Financial Statements

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

- **Governmental Funds**

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

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

The City of Cerritos maintains 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.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- **Proprietary Funds**

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

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

- **Fiduciary Funds**

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

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

Notes to the Basic Financial Statements

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

Other Information

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table summarizes the Statement of Net Position for fiscal years ending June 30, 2015 and June 30, 2014.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Cerritos Net Position
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Cash and investments	\$ 111.3	\$ 104.7	\$ 2.3	\$ 1.7	\$ 113.6	\$ 106.4
Other Assets	96.2	97.9	(23.7)	(21.1)	72.5	76.8
Capital Assets	262.6	272.7	40	41.1	302.6	313.8
Total Assets	<u>470.1</u>	<u>475.3</u>	<u>18.6</u>	<u>21.7</u>	<u>488.7</u>	<u>497.0</u>
Deferred Outflows	<u>3.5</u>	<u>0.0</u>	<u>0.3</u>	<u>0.0</u>	<u>3.8</u>	<u>0.0</u>
Other Liabilities	13.6	13.4	3.4	2.3	17.0	15.7
Long term liabilities outstanding	43.7	49.3	15.96	16.9	59.7	66.2
Total Liabilities	<u>57.3</u>	<u>62.7</u>	<u>19.4</u>	<u>19.2</u>	<u>76.7</u>	<u>81.9</u>
Deferred Inflows	<u>9.2</u>	<u>0.0</u>	<u>0.8</u>	<u>0.0</u>	<u>10.0</u>	<u>0.0</u>
Net Position						
Net investment in capital assets	262.6	272.7	28.4	31.2	291.0	303.9
Restricted	6.1	2.9	0.0	0.0	6.1	2.9
Unrestricted	<u>138.4</u>	<u>137.0</u>	<u>(29.7)</u>	<u>(28.7)</u>	<u>108.7</u>	<u>108.3</u>
Total Net Position	<u>\$ 407.1</u>	<u>\$ 412.6</u>	<u>\$ (1.3)</u>	<u>\$ 2.5</u>	<u>\$ 405.8</u>	<u>\$ 415.1</u>

As noted earlier, the City's net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Cerritos, net position was \$405.8 million as of June 30, 2015. The net position decreased \$9.3 million, or 2.2%, during fiscal year 2014-15. Additionally, total assets decreased by \$8.3 million or 1.7% and liabilities decreased \$5.2 million or 6.3% when compared to June 30, 2014.

The largest portion of the City's net position at June 30, 2015 (\$291.0 million, or 71.7% 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 and the sale of some property. The City did not incur any significant capital asset purchases during the year. The restricted portion of the City's net position of \$6.1 million or 1.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$108.7 million may be used to meet the government's ongoing obligations to citizens and creditors.

Cash and investments increased 6.8%, or \$7.2 million when compared to the previous fiscal year. The increase is largely as a result of commercial property sale proceeds and increases in taxes and building permits.

The deferred inflows and deferred outflows are related to the City's pension. During fiscal year 2014-15, the City implemented GASB Statements 68 and 71 which created the deferred inflows and deferred outflows.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

City of Cerritos Change in Net Position

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 9.9	\$ 9.4	\$ 16.5	\$ 14.2	\$ 26.4	\$ 23.6
Operating grants and contributions	5.3	4.9	-	-	5.3	4.9
Capital grants and contributions	0.2	0.2	0.3	0.1	0.5	0.3
General revenues:						
Taxes	41.1	40.0	-	-	41.1	40.0
Investment income	9.6	10.3	-	-	9.6	10.3
Miscellaneous	0.3	-	-	-	0.3	-
Total revenues	<u>66.4</u>	<u>64.8</u>	<u>16.8</u>	<u>14.3</u>	<u>83.2</u>	<u>79.1</u>
Expenses:						
Legislative and administration	4.9	4.3	-	-	4.9	4.3
Community development	7.1	5.0	-	-	7.1	5.0
Public works	16.7	18.3	-	-	16.7	18.3
Water and power	-	-	-	-	-	-
Community and safety services	24.3	22.4	-	-	24.3	22.4
Administrative services	11.1	11.1	-	-	11.1	11.1
Cerritos Center for the Performing Arts	6.9	6.9	-	-	6.9	6.9
Unallocated infrastructure depreciation	0.9	0.9	-	-	0.9	0.9
Interest expense	-	-	-	-	-	-
Water and Sewer	-	-	12.0	10.7	12.0	10.7
Reclaimed water	-	-	1.4	1.0	1.4	1.0
Electric Utility	-	-	7.2	6.9	7.2	6.9
Total expenses	<u>71.9</u>	<u>68.9</u>	<u>20.6</u>	<u>18.6</u>	<u>92.5</u>	<u>87.5</u>
Change in net position						
before special item and extraordinary loss and transfers	(5.5)	(4.1)	(3.8)	(4.3)	(9.3)	(8.4)
Speical Item gain / (loss)	-	-	-	(4.9)	-	(4.9)
Extraordinary gain / (loss)	-	-	-	(12.3)	-	(12.3)
Transfers	-	-	-	-	-	-
Change in net position	(5.5)	(4.1)	(3.8)	(21.5)	(9.3)	(25.6)
Net position, beginning of year (as restated)	<u>412.6</u>	<u>416.7</u>	<u>2.5</u>	<u>24.0</u>	<u>415.1</u>	<u>440.7</u>
Net position, end of year	<u>\$ 407.1</u>	<u>\$ 412.6</u>	<u>\$ (1.3)</u>	<u>\$ 2.5</u>	<u>\$ 405.8</u>	<u>\$ 415.1</u>

The City's total revenues were \$83.2 million in fiscal year 2014-2015, while the total cost of all programs and services was \$92.5 million. Revenues increased by \$4.1 million, as a result of increases in charges for services and taxes received.

The increase in charges for services is largely due to growth in revenue received from the Water and Sewer and Electric Utility funds.

City of Cerritos, California

Management's Discussion and Analysis (Continued)

Year Ended June 30, 2015

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Expenses increased \$5.0 million, or 5.7% when compared to fiscal year 2013-14 as a result of rising expenses related to the operations for the water and sewer utilities and public works programs and a \$1.7 million dollar loss on sale of land included in Community Development.

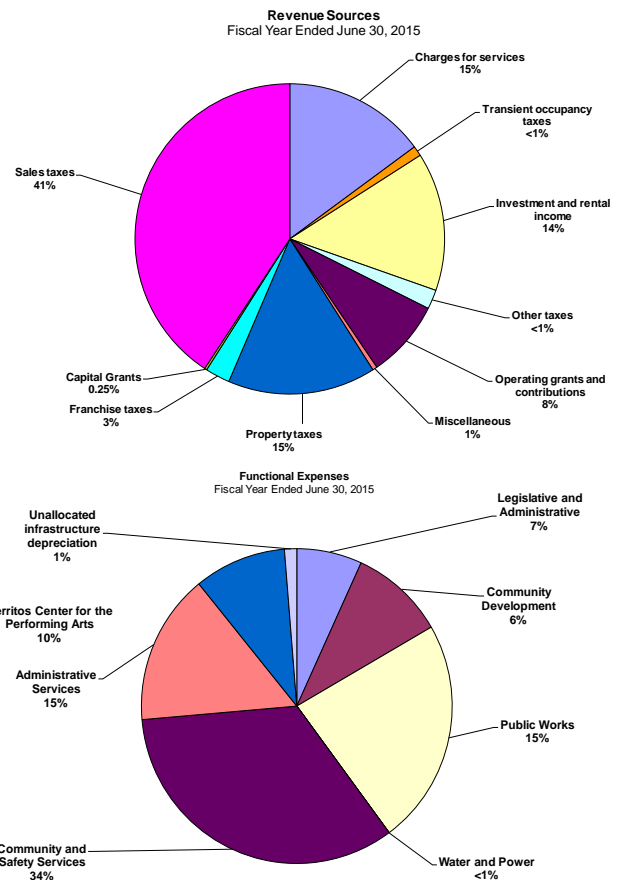
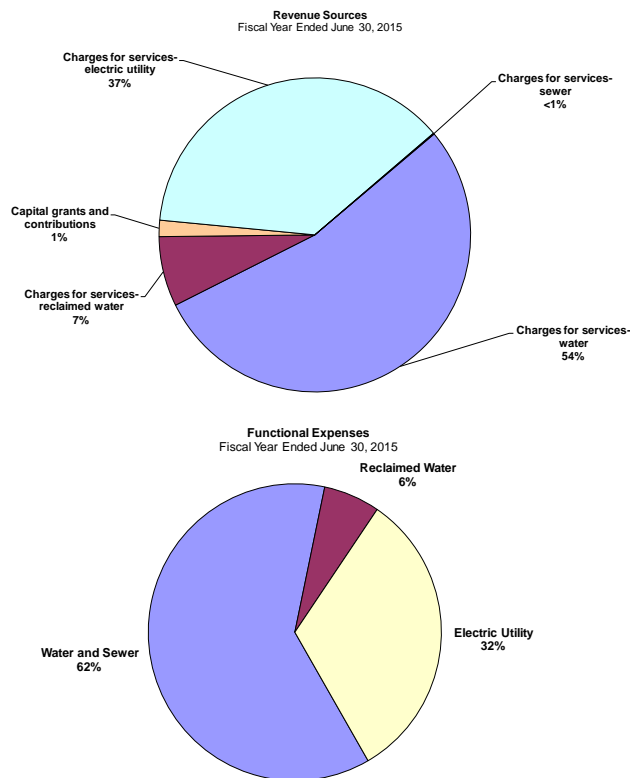
As noted in the previous table (see the previous page), the City's net position decreased by \$9.3 million during the current fiscal year.

Approximately 49.4% of all revenues this past year came from some form of tax (decrease from 50.6% in fiscal year 2013-14).

Governmental Activities

Revenues associated with governmental activities increased \$1.6 million compared to the prior year, mainly due to an increase in taxes. Taxes increased \$1.1 million due to increases in receipts of sales tax, property taxes, and transient occupancy taxes.

Expenses associated with governmental activities increased \$3.0 million when compared to the previous year. The main reason for the increase was the sale of commercial property resulting in a loss of \$1.7 million.



Business-Type Activities

Business-type activities decreased the City's net position by \$3.8 million when compared to fiscal year 2013-14. The decrease is attributable to an operating deficit in the electric utility resulting from the dissolution of the redevelopment agency. The increase in revenues is mainly attributable to a rise in water and electric revenues.

Expenses increased \$2.0 million, as a result of higher costs for water and reclaimed water.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

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 \$166.2 million, representing an increase of \$8.2 million from the prior fiscal year. Nonspendable fund balances total \$73.8 million most of which is for long-term receivables (\$72.9 million) from the Cerritos Auto Dealer, Successor Agency, Electric Utility, and Water and Sewer Funds. Restricted fund balances, legally restricted by external parties, total \$6.1 million. An additional \$24.4 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 \$61.9 million, which represents 39.9% of the total fund balance. The remaining fund balance for the General Fund includes nonspendable of \$68.9 million and \$24.4 million is assigned.

The City's General Fund balance increased \$7.7 million due primarily to i) proceeds from the sale of property of \$3.9 million, ii) increased permit revenue, and iii) a reductions in accrued liabilities of \$1.4 million.

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 (\$1.3) million. The total change in net position for these funds was a decrease of \$3.8 million. The Water and Sewer fund adopted rate increases that should reduce the deficits in the future. The Electric Utility fund had an operating surplus, but the debt, which was previously paid by the Redevelopment Agency, has caused annual deficits. The City is working with the State to resolve the classification of the debt.

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

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

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, 2015, the net position maintained a deficit balance in the amount of \$134.7 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 \$1.5 million decrease between the original and final budget due largely to the City's mid-year reductions across all departments. Additionally, for the sixth 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 for the past few years; however revenues increased by \$1.1 million during the current fiscal year. Sales taxes, property taxes, and transient occupancy taxes provided most of the increase.

General Fund Expenditures as noted in the final budget when compared with actual expenses resulted in a positive variance in the amount of \$3.3 million. The variance is attributed to lower than anticipated expenditures in the Administrative Services, Community and Public Safety, and CCPA departments.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

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, 2015, amounts to \$302.6 million (net of accumulated depreciation) a decrease of \$11.2 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, 2015.

City of Cerritos Capital Assets (in millions)						
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 80.2	\$ 85.8	\$ -	\$ -	\$ 80.2	\$ 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	4.8	4.4	-	-	4.8	4.4
Trees	1.4	1.4	-	-	1.4	1.4
Construction in progress	-	0.5	0.2	-	0.2	0.5
Buildings and structures	101.8	106.7	3.3	3.4	105.1	110.1
Improvements other than buildings	5.8	4.9	-	-	5.8	4.9
Infrastructure/water mains and lines/sewer mains	13.9	14.1	24.3	24.9	38.2	39.0
Water rights	-	-	1.5	1.6	1.5	1.6
Electric Rights	-	-	9.4	9.9	9.4	9.9
Furniture and equipment	1.9	2.1	1.3	1.3	3.2	3.4
Total	<u>\$ 262.6</u>	<u>\$ 272.7</u>	<u>\$ 40.0</u>	<u>\$ 41.1</u>	<u>\$ 302.6</u>	<u>\$ 313.8</u>

Major capital asset events during the fiscal year included the sale of commercial real estate reducing land by \$5.6 million and annual depreciation.

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

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-term debt

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

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 \$114.5 million.

Successor Agency Long-Term Debt (in millions)		
	2015	2014
Los Cerritos Revenue Bonds	\$ 22.1	\$ 25.2
Los Coyotes Revenue Bonds	90.0	96.2
Add Deferred Amounts	2.2	2.5
Subtotal - Revenue Bonds	<u>\$ 114.3</u>	<u>\$ 123.9</u>
Note Payable	<u>0.2</u>	<u>0.4</u>
Total Long-Term Debt	<u><u>\$ 114.5</u></u>	<u><u>\$ 124.3</u></u>

At the end of the current fiscal year, the City had total debt outstanding of \$11.6 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 8 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A sluggish economy that has been slow to recover from the Great Recession, coupled with the abrupt dissolution of redevelopment has presented significant difficulties for many cities within 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 challenges brought about by the issues mentioned previously have been among the most difficult the City has faced. The challenges facing the public sector in general, and Cerritos in particular, are expected to persist and there is much work to be done in restoring the fiscal stability of California's public sector.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

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 the City's 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.

Despite a challenging economic climate 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 continued ability to attract significant investment from the commercial development community was evidenced with the commencement of significant construction improvements, involving the addition of several hundred thousand square feet of commercial space, at the Los Cerritos Center and Plaza 183 shopping center. In addition, construction of a 198-unit luxury apartment complex across from the City's Towne Center development should be completed during fiscal year 2015-16. Additionally, the development of a 25-unit residential townhouse condominium complex at 18810 Pioneer Boulevard was recently completed. These accomplishments are strong examples of the City's continued ability to generate significant tax revenues, attract commercial investment in the community and enhance its economic base.

Within this difficult economic environment the continued 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. Capital projects planned for the immediate future include the extension of the City's reclaimed water line to Forest Lawn in Cypress, Heritage Park renovation, CCPA Building improvements, and several street improvement projects.

The recent fluctuations in revenues, increasing demand for City services, and an ever changing economic environment at the State level 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.

City of Cerritos, California
Management's Discussion and Analysis (Continued)
Year Ended June 30, 2015

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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 111,280,148	\$ 2,283,962	\$ 113,564,110
Accounts receivable	7,261,591	2,118,967	9,380,558
Interest receivable	106,108	-	106,108
Internal balances	25,846,710	(25,846,710)	-
Loans receivable	383,425	-	383,425
Notes receivable	1,095,000	-	1,095,000
Prepaid items	393,685	73,290	466,975
Inventories	37,210	-	37,210
Advances to Fiduciary Funds (Note 5)	46,121,900	-	46,121,900
Net OPEB assets	14,963,233	-	14,963,233
Capital assets:			
Nondepreciable	139,233,856	225,722	139,459,578
Depreciable, net	123,413,366	39,772,288	163,185,654
Total capital assets, net	262,647,222	39,998,010	302,645,232
Total assets	470,136,232	18,627,519	488,763,751
DEFERRED OUTFLOWS OF RESOURCES			
Pension contributions after measurement date (Note 10)	3,225,176	299,606	3,524,782
Difference between projected and actual earnings on pension plan investments (Note 10)	279,076	25,925	305,001
Total deferred outflows of resources	3,504,252	325,531	3,829,783
LIABILITIES			
Accounts payable and accrued liabilities	3,997,679	930,658	4,928,337
Accrued salaries and benefits	3,967,167	87,411	4,054,578
Unearned revenue	1,865,353	1,907,871	3,773,224
Deposits payable	650,422	41,664	692,086
Claims payable	70,183	-	70,183
Interest payable	-	81,352	81,352
Settlement payable	2,450,000	-	2,450,000
Compensated absences:			
Due within one year	606,438	53,357	659,795
Due in more than one year	1,819,315	160,071	1,979,386
Aggregate net pension liabilities (Note 10)	41,859,753	4,512,245	46,371,998
Long-term debt:			
Due within one year	-	300,000	300,000
Due in more than one year	-	11,315,000	11,315,000
Total liabilities	57,286,310	19,389,629	76,675,939
DEFERRED INFLOWS OF RESOURCES			
Difference between projected and actual earnings on pension plan investments	9,217,867	856,305	10,074,172
Total deferred inflows of resources	9,217,867	856,305	10,074,172
NET POSITION			
Net investment in capital assets	262,647,222	28,383,010	291,030,232
Restricted for:			
Housing assets	4,406,831	-	4,406,831
Assessment districts	127,306	-	127,306
Street improvements	107,002	-	107,002
Transportation	1,477,308	-	1,477,308
Miscellaneous grants	10,458	-	10,458
Unrestricted (deficit)	138,360,180	(29,675,894)	108,684,286
Total net position	\$ 407,136,307	\$ (1,292,884)	\$ 405,843,423

See accompanying Notes to the Basic Financial Statements.

City of Cerritos
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Legislative and Administration	\$ 4,883,485	\$ 12,817	\$ 575,710	\$ -
Community Development	7,085,991	2,350,352	1,829,572	163,464
Public Works	16,714,186	146,802	2,762,280	-
Water and Power	2,180	-	-	-
Community and Safety Services	24,290,009	3,416,288	123,134	-
Administrative Services	11,173,285	268,741	5,000	-
Cerritos Center for the Performing Arts	6,891,247	3,705,534	94,510	-
Unallocated infrastructure depreciation	917,259	-	-	-
Total Governmental Activities	71,957,642	9,900,534	5,390,206	163,464
Business-Type Activities:				
Water and Sewer	12,015,738	9,039,367	-	282,624
Reclaimed Water	1,361,003	1,213,014	-	-
Electric Utility	7,264,654	6,274,036	-	-
Total Business-Type Activities	20,641,395	16,526,417	-	282,624
Total	<u>\$ 92,599,037</u>	<u>\$ 26,426,951</u>	<u>\$ 5,390,206</u>	<u>\$ 446,088</u>

City of Cerritos
Statement of Activities (Continued)
For the Year Ended June 30, 2015

Functions/Programs	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Governmental Activities:			
Legislative and Administration	\$ (4,294,958)	\$ -	\$ (4,294,958)
Community Development	(2,742,603)	-	(2,742,603)
Public Works	(13,805,104)	-	(13,805,104)
Water and Power	(2,180)	-	(2,180)
Community and Safety Services	(20,750,587)	-	(20,750,587)
Administrative Services	(10,899,544)	-	(10,899,544)
Cerritos Center for the Performing Arts	(3,091,203)	-	(3,091,203)
Unallocated infrastructure depreciation	(917,259)	-	(917,259)
Total Governmental Activities	(56,503,438)	-	(56,503,438)
Business-Type Activities:			
Water and Sewer	-	(2,693,747)	(2,693,747)
Reclaimed Water	-	(147,989)	(147,989)
Electric Utility	-	(990,618)	(990,618)
Total Business-Type Activities	-	(3,832,354)	(3,832,354)
Total	(56,503,438)	(3,832,354)	(60,335,792)
General Revenues:			
Taxes:			
Sales taxes	27,071,289	-	27,071,289
Property taxes	10,279,496	-	10,279,496
Franchise taxes	1,711,848	-	1,711,848
Transient occupancy taxes	697,835	-	697,835
Other taxes	1,336,488	-	1,336,488
Investment and rental income	9,596,362	16,312	9,612,674
Miscellaneous	321,260	-	321,260
Total General Revenues	51,014,578	16,312	51,030,890
Changes in Net Position	(5,488,860)	(3,816,042)	(9,304,902)
Net Position - Beginning of Year, as restated (Note 13)	412,625,167	2,523,158	415,148,325
Net Position - End of Year	\$ 407,136,307	\$ (1,292,884)	\$ 405,843,423

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FUND FINANCIAL STATEMENTS

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

City of Cerritos
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds			
		Housing Assets	Nonmajor Governmental	Total Governmental
	General	Special Revenue	Funds	Funds
ASSETS				
Cash and investments	\$ 90,878,194	\$ 4,406,831	\$ 1,747,676	\$ 97,032,701
Receivables:				
Accounts	6,221,156	-	1,040,435	7,261,591
Interest	106,108	-	-	106,108
Loans	383,425	-	-	383,425
Notes	1,095,000	-	-	1,095,000
Prepaid items	393,685	-	-	393,685
Inventories	37,210	-	-	37,210
Due from other funds	726,626	-	-	726,626
Advances to other funds	25,713,098	-	-	25,713,098
Advances to fiduciary funds	41,266,007	4,855,893	-	46,121,900
Total Assets	\$ 166,820,509	\$ 9,262,724	\$ 2,788,111	\$ 178,871,344
LIABILITIES				
Accounts payable and accrued liabilities	\$ 3,510,774	\$ -	\$ 404,692	\$ 3,915,466
Accrued salaries and benefits	3,923,853	-	43,314	3,967,167
Deposits payable	650,422	-	-	650,422
Claims payable	70,183	-	-	70,183
Unearned revenue	1,840,336	-	25,017	1,865,353
Due to other funds	-	-	593,014	593,014
Total liabilities	9,995,568	-	1,066,037	11,061,605
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,638,850	-	-	1,638,850
Total deferred inflows of resources	1,638,850	-	-	1,638,850
FUND BALANCES				
Nonspendable	68,888,425	4,855,893	-	73,744,318
Restricted	-	4,406,831	1,722,074	6,128,905
Assigned	24,372,415	-	-	24,372,415
Unassigned	61,925,251	-	-	61,925,251
Total fund balances	155,186,091	9,262,724	1,722,074	166,170,889
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 166,820,509	\$ 9,262,724	\$ 2,788,111	\$ 178,871,344

City of Cerritos
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Total Fund Balances - Total Governmental Funds	\$ 166,170,889
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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.

Amount reported in Government-Wide Statement of Net Position	262,647,222
Less: amount reported in Internal Service Funds	<u>(583,983)</u>
	262,063,239

Revenues earned but not available to pay for current period expenditures for governmental funds are unavailable.	1,638,850
--	-----------

Internal service funds are used by management to charge the costs of various city activities to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position.	14,749,217
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Long-term liabilities applicable to the City governmental activities, excluding net pension liabilities, are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position:

Settlement payable	\$ (2,450,000)	
Compensated absences payable	<u>(2,425,753)</u>	
		(4,875,753)

Net pension liability is not due and payable in the current period and therefore is not required to be reported in the governmental funds.	(41,859,753)
--	--------------

Pension contributions made during the year after the measurement date are reported as expenditures in governmental funds and as deferred outflow of resources in the government-wide financial statements.	3,225,176
--	-----------

Difference between projected and actual earnings on pension plan investments are reported in the government-wide statements:

Actual earnings over projected earnings - CalPERS	(9,217,867)
Projected earnings over actual earnings - PARS	279,076

Net other post employment benefit asset is not available to pay for current period expenditures and therefore is not reported in the governmental funds.	<u>14,963,233</u>
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Net Position of Governmental Activities	<u>\$ 407,136,307</u>
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City of Cerritos
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		Nonmajor	Total
	General	Housing Assets Special Revenue	Governmental Funds	Governmental Funds
REVENUES:				
Property, sales, and other taxes	\$ 33,610,718	\$ -	\$ -	\$ 33,610,718
Franchise	1,711,848	-	80,472	1,792,320
Licenses and permits	3,299,686	-	-	3,299,686
Fines and forfeitures	947,802	-	-	947,802
Investment and rental income	10,237,524	47,070	11,149	10,295,743
Revenues from other agencies	5,416,472	-	4,897,885	10,314,357
Current fees and services	5,659,031	-	24,036	5,683,067
Other revenues	468,926	56,163	-	525,089
Total Revenues	61,352,007	103,233	5,013,542	66,468,782
EXPENDITURES:				
Current:				
Legislative and Administration	1,774,796	-	116,596	1,891,392
Community Development	3,784,139	-	1,433,587	5,217,726
Public Works	11,711,854	-	4,593,140	16,304,994
Community and Safety Services	22,266,516	-	-	22,266,516
Administrative Services	8,869,562	-	409,959	9,279,521
Cerritos Center for the Performing Arts	5,123,608	-	-	5,123,608
Capital outlay	390,416	-	1,655,299	2,045,715
Total Expenditures	53,920,891	-	8,208,581	62,129,472
REVENUES OVER (UNDER) EXPENDITURES	7,431,116	103,233	(3,195,039)	4,339,310
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of City property	3,845,000	-	-	3,845,000
Transfers in	-	-	4,011,926	4,011,926
Transfers out	(3,541,571)	-	(470,355)	(4,011,926)
Total Other Financing Sources (Uses)	303,429	-	3,541,571	3,845,000
Net change in fund balances	7,734,545	103,233	346,532	8,184,310
FUND BALANCES:				
Beginning of Year	147,451,546	9,159,491	1,375,542	157,986,579
End of Year	\$ 155,186,091	\$ 9,262,724	\$ 1,722,074	\$ 166,170,889

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, 2015

Net Change in Fund Balance - Total Governmental Funds:	<u>\$ 8,184,310</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 (net of \$327,380 of additions from Internal Service Funds)	\$ 1,718,335	
Depreciation expense (net of \$74,728 in Internal Service Funds)	<u>(6,444,111)</u>	(4,725,776)

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

Land obtained via swap transaction		3,325,000
Land sold via swap transaction		(8,910,509)
Loss on disposal of depreciable assets		<u>(7,240)</u>
		(5,592,749)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in governmental funds.	38,300
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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.	(501,084)
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Changes in the net pension liability reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	182,189
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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.	(2,799,472)
--	-------------

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

Change in compensated absences payable		<u>(274,578)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (5,488,860)</u></u>
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PROPRIETARY FUND FINANCIAL STATEMENTS

City of Cerritos
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds		Non-Major	Total Enterprise	
	Water and Sewer	Electric Utility	Reclaimed Water	Funds	
ASSETS					
Current Assets:					
Cash and investments	\$ -	\$ 106,849	\$ 2,177,113	\$ 2,283,962	\$ 14,247,447
Accounts receivable	1,103,041	745,828	270,098	2,118,967	-
Prepaid items	43,680	-	29,610	73,290	-
Total current assets	1,146,721	852,677	2,476,821	4,476,219	14,247,447
Noncurrent Assets:					
Capital assets:					
Construction in progress	-	-	225,722	225,722	-
Building and structures	5,707,673	-	1,315,000	7,022,673	-
Water mains and lines	28,458,270	-	13,088,252	41,546,522	-
Equipment	4,848,549	-	120,278	4,968,827	678,433
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	(28,689,885)	(4,701,667)	(8,498,765)	(41,890,317)	(94,450)
Total noncurrent assets	24,344,190	9,403,333	6,250,487	39,998,010	583,983
Total assets	25,490,911	10,256,010	8,727,308	44,474,229	14,831,430
DEFERRED OUTFLOWS OF RESOURCES					
Pension contribution after measurement date	299,606	-	-	299,606	-
Difference between projected and actual earnings on pension plan investments	25,925	-	-	25,925	-
Total deferred outflows of resources	325,531	-	-	325,531	-
LIABILITIES					
Current Liabilities:					
Accounts payable	376,798	456,098	97,762	930,658	82,213
Accrued salaries and benefits	80,165	2,760	4,486	87,411	-
Due to other funds	133,612	-	-	133,612	-
Deposits payable	41,664	-	-	41,664	-
Interest payable	-	81,352	-	81,352	-
Unearned revenue	488,239	-	1,419,632	1,907,871	-
Long-term debt - due within one year	-	300,000	-	300,000	-
Compensated absences - due within one year	53,357	-	-	53,357	-
Total current liabilities	1,173,835	840,210	1,521,880	3,535,925	82,213
Noncurrent Liabilities:					
Advances from other funds	5,674,987	20,038,111	-	25,713,098	-
Net pension liabilities (Note 10)	4,512,245	-	-	4,512,245	-
Long-term debt - due in more than one year	-	11,315,000	-	11,315,000	-
Compensated absences - due in more than one year	160,071	-	-	160,071	-
Total noncurrent liabilities	10,347,303	31,353,111	-	41,700,414	-
Total liabilities	11,521,138	32,193,321	1,521,880	45,236,339	82,213
DEFERRED INFLOWS OF RESOURCES					
Differences in expected and actual earnings on pension plan investments	856,305	-	-	856,305	-
Total deferred inflows of resources	856,305	-	-	856,305	-
NET POSITION					
Net investment in capital assets	24,344,190	(2,211,667)	6,250,487	28,383,010	583,983
Unrestricted (deficit)	(10,905,191)	(19,725,644)	954,941	(29,675,894)	14,165,234
Total Net Position (Deficit)	\$ 13,438,999	\$ (21,937,311)	\$ 7,205,428	\$ (1,292,884)	\$ 14,749,217

See accompanying Notes to the Basic Financial Statements.

City of Cerritos
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds				Governmental Activities - Equipment Replacement Internal Service Fund
	Major Funds		Non-Major	Total Enterprise	
	Water and Sewer	Electric Utility	Reclaimed Water	Funds	
OPERATING REVENUES:					
Sales of water:					
Regular	\$ 5,891,147	\$ -	\$ 987,292	\$ 6,878,439	\$ -
Wholesale	1,066,567	-	-	1,066,567	-
Sales of electricity:					-
Regular	-	6,199,898	-	6,199,898	-
Fire lines	266,455	-	-	266,455	-
Charges for services	68,011	-	-	68,011	-
Other agency contribution	1,747,187	-	225,722	1,972,909	-
Other revenues	-	74,138	-	74,138	-
Total Operating Revenues	9,039,367	6,274,036	1,213,014	16,526,417	-
OPERATING EXPENSES:					
Management	3,893,636	93,734	289,803	4,277,173	-
Production and distribution	5,131,102	-	53,991	5,185,093	-
Operations	1,405,770	5,639,935	677,622	7,723,327	537,374
Inspections	268,826	-	29,870	298,696	-
Billings and collection	219,803	-	-	219,803	-
Depreciation	1,001,182	470,167	309,717	1,781,066	74,728
Total Operating Expenses	11,920,319	6,203,836	1,361,003	19,485,158	612,102
OPERATING INCOME (LOSS)	(2,880,952)	70,200	(147,989)	(2,958,741)	(612,102)
NONOPERATING REVENUES (EXPENSES):					
Investment income/(loss)	(3,219)	8,256	11,275	16,312	111,018
Interest expense - debt service	-	(572,084)	-	(572,084)	-
Interest expense - advances	(95,419)	(488,734)	-	(584,153)	-
Total Nonoperating Revenues (Expenses)	(98,638)	(1,052,562)	11,275	(1,139,925)	111,018
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,979,590)	(982,362)	(136,714)	(4,098,666)	(501,084)
CAPITAL CONTRIBUTIONS:					
Capital contributions	282,624	-	-	282,624	-
CHANGES IN NET POSITION	(2,696,966)	(982,362)	(136,714)	(3,816,042)	(501,084)
NET POSITION:					
Beginning of the Year, as restated (Note 13)	16,135,965	(20,954,949)	7,342,142	2,523,158	15,250,301
End of the Year	<u>\$ 13,438,999</u>	<u>\$ (21,937,311)</u>	<u>\$ 7,205,428</u>	<u>\$ (1,292,884)</u>	<u>\$ 14,749,217</u>

City of Cerritos
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	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	\$ 7,930,154	6,247,396	2,648,232	\$ 16,825,782	\$ -
Cash paid to suppliers of goods or services	(8,727,453)	(6,132,599)	(690,903)	(15,550,955)	(543,959)
Cash paid to employees	(2,698,630)	(93,341)	(288,853)	(3,080,824)	-
Cash received for water assessment settlement	1,747,187	-	-	1,747,187	-
Net Cash Provided by (Used in)					
Operating Activities	(1,748,742)	21,456	1,668,476	(58,810)	(543,959)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Cash advances from other funds	1,991,825	488,734	-	2,480,559	-
Net Cash Provided by					
Noncapital Financing Activities	1,991,825	488,734	-	2,480,559	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(441,170)	-	(225,722)	(666,892)	(327,380)
Interest and fiscal charges	(95,419)	-	-	(95,419)	-
Receipt of capital contributions	282,624	-	-	282,624	-
Principal paid on debt	-	(290,000)	-	(290,000)	-
Interest paid on debt	-	(1,049,734)	-	(1,049,734)	-
Net Cash Provided by (Used in)					
Capital and Related Financing Activities	(253,965)	(1,339,734)	(225,722)	(1,819,421)	(327,380)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest income received (loss from investments)	(3,219)	8,256	11,275	16,312	111,018
Net Cash Provided by (Used in)					
Investing Activities	(3,219)	8,256	11,275	16,312	111,018
Net Increase (Decrease) in					
Cash and Cash Equivalents	(14,101)	(821,288)	1,454,029	618,640	(760,321)
CASH AND CASH EQUIVALENTS:					
Beginning of Year	14,101	928,137	723,084	1,665,322	15,007,768
End of Year	\$ -	\$ 106,849	\$ 2,177,113	\$ 2,283,962	\$ 14,247,447

See accompanying Notes to the Basic Financial Statements.

City of Cerritos
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2015

	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)	\$ (2,880,952)	\$ 70,200	\$ (147,989)	\$ (2,958,741)	\$ (612,102)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:					
Depreciation	1,001,182	470,167	309,717	1,781,066	74,728
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	153,889	(26,640)	15,586	142,835	-
(Increase) decrease in deposits	(4,154)	-	-	(4,154)	-
(Increase) decrease in prepaid items	(26,791)	2,853	(4,578)	(28,516)	-
Increase (decrease) in accounts payable	(483,287)	(495,517)	75,158	(903,646)	(6,585)
Increase (decrease) in accrued salaries and benefits	19,626	393	950	20,969	-
Increase (decrease) in unearned revenue	488,239	-	1,419,632	1,907,871	-
Increase (decrease) in compensated absences	432	-	-	432	-
Increase (decrease) pension contributions	(299,606)	-	-	(299,606)	-
Increase (decrease) in investments	(25,925)	-	-	(25,925)	-
Increase (decrease) in deferred inflow	1,155,150	-	-	1,155,150	-
Increase (decrease) in net pension liabilities	(846,545)	-	-	(846,545)	-
Net Cash Provided by (Used in) Operating Activities	(1,748,742)	\$ 21,456	\$ 1,668,476	\$ (58,810)	\$ (543,959)
NON-CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Contribution of capital assets	\$ 282,624	\$ -	\$ -	\$ 282,624	\$ -

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FIDUCIARY FUND FINANCIAL STATEMENTS

City of Cerritos
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Successor Agency to the Cerritos Redevelopment Agency
ASSETS	
Cash and investments	\$ 16,563,639
Cash and investments with fiscal agents	15,947,463
Interest receivable	13,509
Total Assets	32,524,611
DEFERRED OUTFLOWS OF RESOURCES	
Loss on refunding of debt	1,134,271
Total deferred outflow of resources	1,134,271
LIABILITIES	
Current liabilities:	
Interest payable	992,237
Net pension liability - due within one year (Note 10)	671,322
Long-term debt - due within one year	9,735,000
Total current liabilities	11,398,559
Noncurrent liabilities:	
Advances from City of Cerritos (Note 5)	46,121,900
Net pension liability - due in more than one year (Note 10)	6,041,901
Long-term debt - due in more than one year	104,805,563
Total noncurrent liabilities	156,969,364
Total Liabilities	168,367,923
NET POSITION	
Unrestricted (deficit)	(134,709,041)
Total Net Position (Deficit)	\$ (134,709,041)

City of Cerritos
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	Successor Agency to the Cerritos Redevelopment Agency
ADDITIONS:	
Redevelopment Property Tax Trust Fund	\$ 18,541,441
Investment income	<u>734,631</u>
Total additions	<u>19,276,072</u>
DEDUCTIONS:	
Administrative expenses	703,408
Interest on long-term debt	6,673,292
Fiscal charges	<u>14,779</u>
Total deductions	<u>7,391,479</u>
Change in net position	11,884,593
NET POSITION (DEFICIT):	
Beginning of Year, as restated (Note 13)	<u>(146,593,634)</u>
End of Year	<u><u>\$ (134,709,041)</u></u>

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City of Cerritos
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For the Year Ended June 30, 2015

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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, 2015

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 revenue until that time.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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, 2015

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, 2015

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 \$10,000 are capitalized if they have an expected useful life of 1 year or more.

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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 by not reported.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Measurement Period	July 1, 2013 to June 30, 2014

PARS

Valuation Date	June 30, 2013
Measurement Date	June 30, 2015
Measurement Period	July 1, 2014 to June 30, 2015

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

J. 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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

K. 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, 2015

Note 1 – Summary of Significant Accounting Policies (Continued)

K. 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.

L. 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.

M. Accounting Changes

GASB has 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. This statement became effective for periods beginning after June 15, 2014. See Note 13 for prior period adjustment as a result of implementation.

GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement became effective for periods beginning after December 15, 2013 and did not have a significant impact on the City's financial statements for year ended June 30, 2015.

GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement establishes standards relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement became effective for periods beginning after June 15, 2014. See Note 13 for prior period adjustment as a result of implementation.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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, 2015:

	Government-Wide Statement of Net Position			Fiduciary Fund Statement of Net Position	Total
	Governmental Activities	Business-Type Activities	Total		
Cash and investments	\$ 111,280,148	\$ 2,283,962	\$ 113,564,110	\$ 16,563,639	\$ 130,127,749
Restricted cash and investments:					
Investments with fiscal agents	-	-	-	15,947,463	15,947,463
Total cash and investments	\$ 111,280,148	\$ 2,283,962	\$ 113,564,110	\$ 32,511,102	\$ 146,075,212

The City's cash and investments at June 30, 2015 in more detail:

Cash and cash equivalents:	
Petty cash	\$ 10,210
Demand deposits	1,179,616
Total cash and cash equivalents	1,189,826
Investments:	
Local Agency Investment Fund	59,218,339
U.S. Government Sponsored Enterprise Securities	75,550,366
Certificates of Deposit	5,913,216
Investment Contracts	3,206,533
Money Market Mutual Funds	996,932
Total investments	144,885,386
Total cash and investments	\$ 146,075,212

A. Deposits

The carrying amounts of the City's demand deposits were \$1,179,616 at June 30, 2015. Bank balances were \$1,395,058 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, 2015

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, 2015

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)	\$ 59,218,339	\$ -	\$ -	\$ 59,218,339
Federal Home Loan Bank (FHLB)	-	25,730,248	-	25,730,248
Federal National Mortgage Association (FNMA)	-	17,915,800	-	17,915,800
Federal Home Loan Mortgage Corporation (FHLMC)	-	14,962,360	-	14,962,360
Federal Farm Credit Bank (FFCB)	-	16,941,820	-	16,941,820
Government Nat'l Mortgage Association (GNMA)	-	138	-	138
Certificates of Deposit	-	5,913,216	-	5,913,216
Investment Contracts	-	-	3,206,533	3,206,533
Money Market (MMkt) Mutual Funds	996,932	-	-	996,932
Total	\$ 60,215,271	\$ 81,463,582	\$ 3,206,533	\$ 144,885,386

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, 2015	Minimum Legal Rating	Aaa	Unrated	Not Required to be Rated
LAIF	\$ 59,218,339	N/A	\$ -	\$ -	\$ 59,218,339
FHLB	25,730,248	N/A	25,730,248	-	-
FNMA	17,915,800	N/A	17,915,800	-	-
FHLMC	14,962,360	N/A	14,962,360	-	-
FFCB	16,941,820	N/A	16,941,820	-	-
GNMA	138	N/A	138	-	-
Certificates of Deposits	5,913,216	N/A	-	5,913,216	-
Investment Contracts	3,206,533	N/A	3,206,533	-	-
MMkt Mutual Funds	996,932	N/A	-	996,932	-
Total	\$ 144,885,386		\$ 78,756,899	\$ 6,910,148	\$ 59,218,339

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

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, 2015, 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, 2015, 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, 2015, the City had \$59,218,339 invested in LAIF, which had invested 2.08% of the pool investment funds in Structured Notes and Asset-Backed securities.

Note 3 –Loans Receivable

A. Loan Receivable

At June 30, 2015, the outstanding balance of Loans receivable was as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Auto Square Loan	\$ 456,705	\$ -	(73,280)	\$ 383,425
Total	<u>\$ 456,705</u>	<u>\$ -</u>	<u>\$ (73,280)</u>	<u>\$ 383,425</u>

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 \$100,020. At June 30, 2015, the outstanding principal balance on the Loan was \$383,425.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 3 –Loans Receivable (Continued)

B. Residential Assistance and Loan Program

At June 30, 2015, the outstanding balances of the Residential Assistance and Loan Programs are as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Residential Assistance Program	\$ 2,040,000	\$ -	\$ -	\$ 2,040,000
Residential Loan Program	240,320	-	(61,254)	179,066
Subtotal	2,280,320	\$ -	\$ (61,254)	2,219,066
Less: Allowance for uncollectible	(2,280,320)			(2,219,066)
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, 2015, the City had the following internal receivable and payable:

	Internal Receivable
	Governmental Activities
Internal Payable	
Business-Type Activities	\$ 25,846,710

B. Fund Financial Statements

Due To/From Other Funds – At June 30, 2015, the City had the following due to/from other funds:

	Due from Other Funds
	Governmental Funds
Due to Other Funds	General Fund
Enterprise Funds:	
Water and Sewer Fund	\$ 133,612
Governmental Funds:	
Nonmajor Governmental Funds	593,014
	\$ 726,626

The amounts due to the General Fund are short term amounts borrowed to cover temporary cash shortfalls at June 30, 2015.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 4 – Interfund Transactions (Continued)

Advances To/From Other Funds - June 30, 2015, the City had the following advances to/from other funds:

		Advances to Other Funds
		Governmental Funds
Advances from Other Funds		General Fund
Enterprise Funds:		
Water and Sewer Fund:		
Sewer - Operations	\$	2,566,342
Water - Operations		3,108,645
Subtotal		<u>5,674,987</u>
Electric Utility Enterprise Fund:		
Operations		19,153,862
Debt service		884,249
Subtotal		<u>20,038,111</u>
	\$	<u><u>25,713,098</u></u>

Advances were made to the Water and Sewer Enterprise Fund from the General Fund during fiscal years 2012-2013 to 2014-2015. The advances were used for water and sewer operations. Interest on the outstanding balance on advances payable is charged at an annual rate of 2.50% to the Water and Sewer Enterprise Fund. For the year ended June 30, 2015, interest of \$95,419 was incurred and added to the outstanding loan balance while an additional \$1,762,794 was borrowed. At June 30, 2015, the outstanding balance was \$5,674,987.

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, 2015, interest of \$467,167 was incurred and added to the outstanding loan balance. At June 30, 2015, the outstanding balance was \$19,153,862.

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. For the year ended June 30, 2015, interest of \$21,567 was incurred and added to the outstanding loan balance. At June 30, 2015, the outstanding balance was \$884,249. 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, 2015

Note 4 – Interfund Transactions (Continued)

Transfers - At June 30, 2015, the City had the following transfers in/out:

	Transfers In	
	Governmental Funds	
	Nonmajor Governmental Funds	Total
Transfers Out		
Governmental Funds:		
General Fund	\$ 3,541,571	\$ 3,541,571
Nonmajor Governmental Funds	470,355	470,355
Total	<u>\$ 4,011,926</u>	<u>\$ 4,011,926</u>

The transfers of \$3,541,571 from the General Fund to the Nonmajor Governmental Funds relate to capital projects costs and administrative costs within the Street Improvements, Proposition “C”, Los Coyotes Lighting District, and Municipal Improvement Funds.

The transfers of \$470,355 from the Nonmajor Governmental Funds to the General Fund relate to the funding of capital projects and administrative costs within the Proposition “A”, Local Law Enforcement Grant, COPS Grant and Environmental Grants Funds.

Note 5 – Advances to Fiduciary Funds

The balance of Advances to Fiduciary Funds at June 30, 2015 is \$46,121,900.

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, 2015, 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. The outstanding amount at June 30, 2014 was \$7,670,482. No interest is charged on the outstanding balances on advances payable. For the year ended June 30, 2015, the Successor Agency made repayment of \$2,814,589 of its outstanding loan obligations. At June 30, 2015, the outstanding balances on the advances were \$4,855,893.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Reclassifications	Balance June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 85,755,817	\$ 3,325,000	\$ (8,910,509)	\$ -	\$ 80,170,308
Parking structure rights	3,760,000	-	-	-	3,760,000
Right-of-way	49,184,582	-	-	-	49,184,582
Public art	4,440,521	63,035	-	259,501	4,763,057
Trees	1,355,909	-	-	-	1,355,909
Construction in progress	550,405	-	-	(550,405)	-
Total capital assets, not being depreciated	145,047,234	3,388,035	(8,910,509)	(290,904)	139,233,856
Capital assets, being depreciated:					
Buildings	190,114,028	-	-	-	190,114,028
Improvements other than buildings	6,418,237	929,397	(7,848)	290,904	7,630,690
Furniture and equipment	24,147,795	327,380	-	-	24,475,175
Infrastructure	34,321,545	725,903	(23,191)	-	35,024,257
Total capital assets, being depreciated	255,001,605	1,982,680	(31,039)	290,904	257,244,150
Less accumulated depreciation for:					
Buildings	(83,464,033)	(4,831,726)	-	-	(88,295,759)
Improvements other than buildings	(1,548,218)	(231,384)	3,880	-	(1,775,722)
Furniture and equipment	(22,084,289)	(538,470)	-	-	(22,622,759)
Infrastructure	(20,239,204)	(917,259)	19,919	-	(21,136,544)
Total accumulated depreciation	(127,335,744)	(6,518,839)	23,799	-	(133,830,784)
Total capital assets, being depreciated, net	127,665,861	(4,536,159)	(7,240)	290,904	123,413,366
Governmental activities capital assets, net	\$ 272,713,095	\$ (1,148,124)	\$ (8,917,749)	\$ -	\$ 262,647,222

Depreciation expense was charged to the functions/programs of governmental activities for the year ended June 30, 2015 as follows:

Legislative and Administrative	\$ 548,997
Community Development	74,685
Public Works	114,043
Community and Safety Services	1,501,305
Administrative Services	1,645,667
Cerritos Center for the Performing Arts	1,642,155
Equipment Replacement Internal Service Fund	74,728
Unallocated infrastructure depreciation	917,259
Total depreciation expense	\$ 6,518,839

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 6 – Capital Assets (Continued)

During the fiscal year, the City sold land with a book value of \$8,910,509 (the “RE/MAX property”) for \$2,750,000 cash, \$1,095,000 notes receivable, and \$3,325,000 of land (the “GST Building” site). The City took a loss of \$1,740,509 on this transaction. The loss was recorded in community development expense on the Government-Wide Statement of Activities.

The following is a summary of changes in capital assets for the business-type activities for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated				
Construction in process	\$ -	\$ 225,722	\$ -	\$ 225,722
Total capital assets, not being depreciated	-	225,722	-	225,722
Capital assets, being depreciated:				
Buildings and structures	7,022,673	-	-	7,022,673
Water mains and lines	41,260,129	286,394	-	41,546,523
Equipment	4,814,050	154,776	-	4,968,826
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	81,221,435	441,170	-	81,662,605
Less accumulated depreciation for:				
Buildings and structures	(3,599,826)	(141,222)	-	(3,741,048)
Water mains and lines	(21,556,688)	(755,142)	-	(22,311,830)
Equipment	(3,535,833)	(201,283)	-	(3,737,116)
Water rights acquired	(677,811)	(56,487)	-	(734,298)
Electric utility rights acquired	(4,231,500)	(470,167)	-	(4,701,667)
Sewer mains	(6,507,593)	(156,765)	-	(6,664,358)
Total accumulated depreciation	(40,109,251)	(1,781,066)	-	(41,890,317)
Total capital assets, being depreciated, net	41,112,184	(1,339,896)	-	39,772,288
Business-type activities capital assets, net	\$ 41,112,184	\$ (1,114,174)	\$ -	\$ 39,998,010

Depreciation expense for business-type activities for the year ended June 30, 2015 was charged as follows:

Water and Sewer	\$ 1,001,182
Electric Utility	470,167
Reclaimed Water	309,717
Total depreciation expense	\$ 1,781,066

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 7 – Compensated Absences

Summary of changes in compensated absences for governmental activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year	Due in more than One Year
Compensated absences	\$ 2,151,175	\$ 274,578	\$ -	\$ 2,425,753	\$ 606,438	\$ 1,819,315
Total long-term liabilities	\$ 2,151,175	\$ 274,578	\$ -	\$ 2,425,753	\$ 606,438	\$ 1,819,315

Summary of changes in compensated absences for business-type activities for the year ended June 30, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year	Due in more than One Year
Compensated absences - Water and Sewer Fund	\$ 212,996	\$ 432	\$ -	\$ 213,428	\$ 53,357	\$ 160,071
Total long-term liabilities	\$ 212,996	\$ 432	\$ -	\$ 213,428	\$ 53,357	\$ 160,071

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.

Note 8 – 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, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year	Due in more than One Year
Los Cerritos Redevelopment						
Project Revenue Bonds:						
2003 Issue, Series B, \$3,526,250	\$ 2,976,250	\$ -	\$ (72,500)	\$ 2,903,750	\$ 75,000	\$ 2,828,750
Los Coyotes Redevelopment						
Project Revenue Bonds:						
2003 Issue, Series B, \$10,578,750	8,928,750	-	(217,500)	8,711,250	225,000	8,486,250
Total Revenue Bonds	11,905,000	-	(290,000)	11,615,000	300,000	11,315,000
Total long-term liabilities	\$ 11,905,000	\$ -	\$ (290,000)	\$ 11,615,000	\$ 300,000	\$ 11,315,000

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – 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

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, 2015

Note 8 – 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, 2015 amounted to \$2,903,750 for Los Cerritos and \$8,711,250 for Los Coyotes, respectively.

Future debt service requirements on the bonds are as follows:

Year Ending June 30,	Los Cerritos			Los Coyotes		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 75,000	\$ 140,242	\$ 215,242	\$ 225,000	\$ 420,727	\$ 645,727
2017	77,500	137,242	214,742	232,500	411,726	644,226
2018	80,000	134,142	214,142	240,000	402,427	642,427
2019	83,750	130,842	214,592	251,250	392,526	643,776
2020	87,500	127,283	214,783	262,500	381,848	644,348
2021-2025	498,750	574,292	1,073,042	1,496,250	1,722,877	3,219,127
2026-2030	633,750	440,063	1,073,813	1,901,250	1,320,188	3,221,438
2031-2035	807,500	265,000	1,072,500	2,422,500	795,000	3,217,500
2036	560,000	28,000	588,000	1,680,000	84,000	1,764,000
TOTAL	\$ 2,903,750	\$ 1,977,106	\$ 4,880,856	\$ 8,711,250	\$ 5,931,319	\$ 14,642,569

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – 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, 2015 is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Due within One Year	Due in more than One Year
Los Cerritos Redevelopment						
Project Revenue Bonds:						
2002 Issue, Series A, \$31,550,000	\$ 21,635,000	\$ -	\$ (2,660,000)	\$ 18,975,000	\$ 2,795,000	\$ 16,180,000
2002 Issue, Series B, \$7,550,000	3,565,000	-	(445,000)	3,120,000	465,000	2,655,000
Los Coyotes Redevelopment						
Project Revenue Bonds:						
1993 Issue, Series A, \$42,155,000	8,000,000	-	-	8,000,000	-	8,000,000
1993 Issue, Series B, \$63,765,000	25,325,000	-	(4,120,000)	21,205,000	4,440,000	16,765,000
1998 Issue, Series A, \$3,760,000	375,000	-	(375,000)	-	-	-
2002 Issue, Series A, \$64,710,000	52,550,000	-	(1,460,000)	51,090,000	1,540,000	49,550,000
2002 Issue, Series B, \$12,225,000	9,980,000	-	(260,000)	9,720,000	270,000	9,450,000
Subtotal	121,430,000	-	(9,320,000)	112,110,000	9,510,000	102,600,000
Add (less) deferred amounts:						
Bond premium	3,066,980	-	(306,700)	2,760,280	-	2,760,280
Bond discount	(616,346)	-	61,629	(554,717)	-	(554,717)
Total Revenue Bonds	123,880,634	-	(9,565,071)	114,315,563	9,510,000	104,805,563
Notes Payable	425,000	-	(200,000)	225,000	225,000	-
Total long-term liabilities	\$ 124,305,634	\$ -	\$ (9,765,071)	\$ 114,540,563	\$ 9,735,000	\$ 104,805,563

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, 2015

Note 8 – 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, 2015 were \$17,250,000.

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, 2015 were \$1,725,000.

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 \$3,662,318 and total tax revenue (total deposits less total administrative distributions) for the Los Cerritos Project Area was \$10,643,535.

Bonds outstanding at June 30, 2015 were \$18,975,000.

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 \$602,345 and total tax revenue (total deposits less total administrative distributions) for the Los Cerritos Project Area was \$10,643,535.

Bonds outstanding at June 30, 2015 were \$3,120,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – 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. For the year ended June 30, 2015, principal balance of \$72,500 was paid off and the balance as of June 30, 2015 was \$2,903,750. 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 \$24,598,649.

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, 2015 amounted to \$8,000,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – 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 \$5,934,670 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,598,649.

Bonds outstanding at June 30, 2015 were \$21,205,000.

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 \$399,375 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,598,649.

All remaining balances of the Bonds were paid off at June 30, 2015.

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, 2015

Note 8 – 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, 2015 were \$44,245,000.

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, 2015 were \$6,845,000.

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 \$4,019,016 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,598,649.

Bonds outstanding at June 30, 2015 were \$51,090,000.

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 \$751,155 and total tax revenue (total deposits less total administrative distributions) for the Los Coyotes Project Area was \$24,598,649.

Bonds outstanding at June 30, 2015 were \$9,720,000.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 8 – 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. For the year ended June 30, 2015, principal of \$217,500 was paid off and the balance as of June 30, 2015 was \$8,711,250. 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, 2015 amounted to \$225,000.

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, 2015

Note 9 – Fund Balance Classifications

The City's fund balances at June 30, 2015 are tabulated below:

	Major Funds		Nonmajor	
		Housing Assets	Governmental	
	General	Special Revenue	Funds	Total
Nonspendable:				
Loans receivable	\$ 383,425	\$ -	\$ -	\$ 383,425
Notes receivable	1,095,000	-	-	1,095,000
Prepaid items	393,685	-	-	393,685
Inventories	37,210	-	-	37,210
Advances to other funds	25,713,098	-	-	25,713,098
Advances to fiduciary funds	41,266,007	4,855,893	-	46,121,900
Total nonspendable	68,888,425	4,855,893	-	73,744,318
Restricted:				
Housing Assets special revenue	-	4,406,831	-	4,406,831
Street Improvements - street and sewer related purposes	-	-	105,355	105,355
Drainage - street and sewer related purposes	-	-	1,647	1,647
Proposition "A" - transportation related purposes	-	-	1,085,733	1,085,733
Assessment District #6 - assessment districts	-	-	127,306	127,306
Local Law Enforcement Grant - miscellaneous grants	-	-	9,509	9,509
COPS Grant - miscellaneous grants	-	-	95	95
Environmental Grants - miscellaneous grants	-	-	854	854
Air Quality Management District - transportation related purposes	-	-	391,233	391,233
Measure "R" - transportation related purposes	-	-	342	342
Total restricted	-	4,406,831	1,722,074	6,128,905
Assigned:				
Asset replacement	700,000	-	-	700,000
Art Center programs	10,792,377	-	-	10,792,377
Earthquake preparedness	2,492,718	-	-	2,492,718
Art in public places	44,769	-	-	44,769
Advance repayment holding	7,342,551	-	-	7,342,551
Self Insurance	3,000,000	-	-	3,000,000
Total assigned	24,372,415	-	-	24,372,415
Unassigned:				
General Fund	61,925,251	-	-	61,925,251
Total unassigned	61,925,251	-	-	61,925,251
Total	\$ 155,186,091	\$ 9,262,724	\$ 1,722,074	\$ 166,170,889

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan

A. Defined Benefit Pension Plans

a. Summary

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

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government	Fiduciary Funds Successor Agency to the Cerritos Redevelopment Agency	Total
CalPERS Miscellaneous Classic Plan - 524	\$ 38,420,116	\$ 4,192,715	\$ 42,612,831	\$ 6,713,223	\$ 49,326,054
PARS	3,439,637	319,530	3,759,167	-	3,759,167
Total	<u>\$ 41,859,753</u>	<u>\$ 4,512,245</u>	<u>\$ 46,371,998</u>	<u>\$ 6,713,223</u>	<u>\$ 53,085,221</u>

Deferred Outflows of Resources

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

Deferred Pension Contributions after the Measurement Date

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
CalPERS Miscellaneous Classic Plan - 524	\$ 3,225,176	\$ 299,606	\$ 3,524,782
Total	<u>\$ 3,225,176</u>	<u>\$ 299,606</u>	<u>\$ 3,524,782</u>

Difference between Projected and Actual Earnings on Pension Plan Investments

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
PARS	\$ 279,076	\$ 25,925	\$ 305,001
Total	<u>\$ 279,076</u>	<u>\$ 25,925</u>	<u>\$ 305,001</u>

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

a. Summary (Continued)

Deferred Inflows of Resources

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

Difference between Projected and Actual Earnings on Pension Plan Investments

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
CalPERS Miscellaneous Classic Plan - 524	\$ 9,217,867	\$ 856,305	\$ 10,074,172
Total	<u>\$ 9,217,867</u>	<u>\$ 856,305</u>	<u>\$ 10,074,172</u>

Pension Expense

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

	Governmental Activities	Business-Type Activities Water and Sewer Fund	Total Primary Government
CalPERS Miscellaneous Classic Plan - 524	\$ 3,335,245	\$ 309,832	\$ 3,645,077
PARS	502,180	46,651	548,831
Total	<u>\$ 3,837,425</u>	<u>\$ 356,483</u>	<u>\$ 4,193,908</u>

b. California Public Employees' Retirement System Plan

General Information about the Pension Plan

Plan Description

The City's defined benefit pension plan, the Miscellaneous Plan for the City (the "plan"), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The plan is part of the Public Agency portion of the California Public Employees' Retirement System ("CalPERS"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions, as well as other requirements, is established by the State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2013 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under "Forms and Publications."

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

b. California Public Employees' Retirement System Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for Service Retirement upon attainment of age 50 with at least 5 years of credited service. PEPRAs miscellaneous members become eligible for service retirement upon attainment of age 52 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2.5% to 3.0% of the average final 12 months compensation. Retirement benefits for PEPRAs miscellaneous employees are calculated as 2% of the average final 36 months compensation.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the City to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit. The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 60
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55 - 60	55 - 60
Monthly benefits, as a % of eligible compensation	2% - 3%	2% - 3%
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	20.721%	23.262%

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

b. California Public Employees' Retirement System Plan (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

	Miscellaneous Classic
Active employees	296
Inactive employees or beneficiaries currently receiving benefits	268
Inactive employees entitled to, but not yet receiving benefits	291
Total	<u>855</u>

Contributions

Participants are required to contribute 8% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. Employees hired after July 1, 2011 are required to pay seven percent (7%) of their base salary to be applied by the City to the employee's contribution to CalPERS. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The City's required employer contribution rate for fiscal year 2014-15 was 20.721%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014, the average active miscellaneous employee contribution rate was 7.000% of annual pay and the employer's contribution rate was 20.721% of miscellaneous employee annual payroll.

For the measurement period, year ended June 30, 2014, the contributions were:

	Misc. Plan - 524
Contributions - employer	\$ 3,515,860
Contributions - employee	1,544,713

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

b. California Public Employees' Retirement System Plan (Continued)

Net Pension Liability

The City's net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measure as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The total pension liabilities in the June 30, 2013 actuarial valuation were determined using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent, which is net of administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

b. California Public Employees' Retirement System Plan (Continued)

Net Pension Liability (Continued)

Discount Rate (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11 + ²
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

¹ An expected inflation of 2.5% was used for this period.

² An expected inflation of 3.0% was used for this period.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

b. California Public Employees' Retirement System Plan (Continued)

Net Pension Liability (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50%) or 1 percentage-point higher (8.50%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Classic	\$ 77,645,004	\$ 49,326,054	\$ 26,092,287

Changes in the Net Pension Liability

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

Miscellaneous Classic Plan - 524			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2013 (Valuation Date)	\$ 188,051,983	\$ 128,780,975	\$ 59,271,008
Changes Recognized for the Measurement Period:			
Service Cost	3,240,470		3,240,470
Interest on the total pension liability	13,949,974		13,949,974
Changes of benefit terms	-		-
Difference between expected and actual experience	-		-
Changes of assumptions	-		-
Contributions from the employer		3,515,860	(3,515,860)
Contributions from employees		1,544,713	(1,544,713)
Net investment income, net of administrative expense		22,074,825	(22,074,825)
Benefit payments, including refunds of employee contributions	(7,345,114)	(7,345,114)	-
Net Changes during July 1, 2013 to June 30, 2014	\$ 9,845,330	\$ 19,790,284	\$ (9,944,954)
Balance at June 30, 2014 (Measurement Date)	\$ 197,897,313	\$ 148,571,259	\$ 49,326,054

Pension Plan Fiduciary Net Position

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

b. California Public Employees' Retirement System Plan (Continued)

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

For the measurement period ending June 30, 2014, the City incurred a pension expense of \$3,645,077 for the miscellaneous plan.

As of measurement date of June 30, 2014, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

	Miscellaneous Classic	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,524,782	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	-	(10,074,172)
Total	<u>\$ 3,524,782</u>	<u>\$ (10,074,172)</u>

The \$3,524,782 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources Miscellaneous Classic Plan
2015	\$ 1,006,238
2016	(2,518,543)
2017	(2,518,543)
2018	(2,518,542)
2019	-
Thereafter	-

c. Other Defined Benefit Plans - PARS

Plan Description

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

c. Other Defined Benefit Plans – PARS (Continued)

Plan Description (Continued)

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

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

Benefits Provided

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

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

c. Other Defined Benefit Plans – PARS (Continued)

Benefits Provided (Continued)

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

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

	<u>PARS</u>
Active employees	114
Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>155</u>

Contributions

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

For the year ended June 30, 2015, the contributions were:

	<u>PARS</u>
Contributions - employer	\$ 868,240

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

c. Other Defined Benefit Plans – PARS (Continued)

Net Pension Liability

Actuarial Assumptions Used to Determine the Total Pension Liability

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

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	3.00%
Salary Increases	Graded rates based on years of service, 3.85% after 22 years of service
Investment Rate of Return	7.25% Net of Pension Plan Investment and Administrative Expenses
Mortality Rate Table	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans
Post Retirement Benefit Increase	Contract COLA of 2.00%.

Discount Rate

The best estimate for the long-term rate of return of 7.25% is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return Years 1 - 10	Real Return Years 11 +
Cash	32.04%	0.53%	0.53%
Core Fixed Income	67.06%	2.03%	1.90%
Broad US Equities	0.65%	5.64%	4.25%
Developed Foreign Equities	0.25%	6.31%	4.58%
Assumed inflation - mean		2.74%	2.74%
Assumed inflation - standard deviation		1.85%	1.85%
Portfolio real mean return		1.58%	1.53%
Portfolio nominal mean return		4.34%	4.29%
Portfolio standard deviation			3.28%
Long-term expected rate of return			7.25%

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

c. Other Defined Benefit Plans – PARS (Continued)

Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of the PARS Plan as of the measurement date, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

Plan's Net Pension Liability/(Asset)			
	Discount Rate - 1% (6.25%)	Current Discount Rate (7.25%)	Discount Rate + 1% (8.25%)
PARS	\$ 4,921,886	\$ 3,759,167	\$ 2,801,525

Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2014 (Valuation Date)	\$ 9,062,694	\$ 5,289,121	\$ 3,773,573
Changes Recognized for the Measurement Period:			
Service Cost	212,170		212,170
Interest on the total pension liability	653,773		653,773
Changes of benefit terms	-		-
Difference between expected and actual experience	-		-
Changes of assumptions	-		-
Contributions from the employer		868,240	(868,240)
Contributions from employees		-	-
Net investment income, net of administrative expense		12,109	(12,109)
Benefit payments, including refunds of employee contributions	(523,749)	(523,749)	-
Net Changes during July 1, 2014 to June 30, 2015	\$ 342,194	\$ 356,600	\$ (14,406)
Balance at June 30, 2015 (Measurement Date)	\$ 9,404,888	\$ 5,645,721	\$ 3,759,167

Pension Plan Fiduciary Net Position

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

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

A. Defined Benefit Pension Plans (Continued)

c. Other Defined Benefit Plans – PARS (Continued)

Net Pension Liability (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of \$548,831 for the PARS Plan.

At June 30, 2015, the City reported deferred outflows resources and deferred inflows of resources related to pensions from the following sources:

	PARS	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ -	\$ -
Difference between expected and actual experience	-	-
Changes of assumptions	-	-
Net difference between projected and actual earning on pension plan investments	305,001	-
Total	<u>\$ 305,001</u>	<u>\$ -</u>

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

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources PARS
2016	\$ 76,250
2017	76,250
2018	76,250
2019	76,251
2020	-
Thereafter	-

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

B. Post-Employment 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, 2015, there were 145 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, 2015, the City made benefit payments on behalf of the retirees in the amount of \$1,156,866. The purpose of these contributions is to cover the annual required contribution (“ARC”) and to prefund benefits.

As a result, the City calculated a Net OPEB Asset of \$14,963,233, representing the difference between the ARC and actual contributions, as presented below:

Annual Required Contribution	\$ 1,582,819
Interest on Beginning Net OPEB Asset	1,218,017
Adjustment to the Annual Required Contribution	1,155,502
Annual OPEB Cost	<u>3,956,338</u>
Contributions Made Outside of a Trust	<u>(1,156,866)</u>
Change in Net OPEB Asset	2,799,472
Net OPEB (Asset), Beginning of Year	<u>(17,762,705)</u>
Net OPEB (Asset), End of Year	<u><u>\$ (14,963,233)</u></u>

The interest earnings are based on actual amount of interest earned and the ARC of \$1,582,819 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.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 10 – Retirement Plan (Continued)

B. Post-Employment Health Care Benefits (Continued)

Annual OPEB Cost and Net OPEB Obligation (Asset)

For fiscal year 2014-15, the City's annual OPEB cost of \$3,956,338 was \$2,799,472 more than the actual contribution of \$1,156,866. Information on the annual OPEB cost, percentage of annual OPEB cost contributed, and Net OPEB Asset for the 2014-15 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)
6/30/2013	\$ (409,475)	\$ 2,701,455	-659.74%	\$ (14,050,287)
6/30/2014	(2,542,800)	1,169,618	-46.00%	(17,762,705)
6/30/2015	3,956,338	1,156,866	29.24%	(14,963,233)

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%.

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.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – 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 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the CJPIA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CJPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

B. *Self-Insurance Programs of the CJPIA*

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Retrospective adjustments are scheduled to continue indefinitely on coverage years 2012-13 and prior, until all claims incurred during those coverage years 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. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment.

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

For 2014-15 the CJPIA’s pooled retention is \$2 million per occurrence, with reinsurance to \$20 million, and excess insurance to \$50 million. The CJPIA’s reinsurance contracts are subject to the following additional pooled retentions: (a) 50% of the \$2.5 million annual aggregate deductible in the \$3 million x/s \$2 million layer, (b) 50% quota share of the \$3 million x/s \$2 million layer, and (c) \$3 million annual aggregate deductible in the \$5 million x/s \$10 million layer.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Costs of covered claims for subsidence losses have a sub-limit of \$30 million per occurrence.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 11 – 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 general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool’s total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2014-15 the CJPIA’s pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers’ Compensation Law.

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

C. Purchased Insurance

Pollution Legal Liability Insurance

The City participates in the pollution legal liability insurance program which is available through the CJPIA. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City. Coverage is on a claims-made basis. There is a \$50,000 deductible. The CJPIA has a limit of \$50 million for the 3-year period from July 1, 2014 through July 1, 2017. 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 \$292,784,347. 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, 2015

Note 11 – Liability, Property and Workers’ Compensation Protection (Continued)

C. Purchased Insurance (Continued)

Special Event Tenant User Liability Insurance

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

D. Adequacy of Protection

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in fiscal year 2014-2015.

Note 12 - Other Required Disclosures

A. Deficit Net Position

At June 30, 2015, the following funds had a deficit fund balance/net position:

Fund	Deficit
Enterprise Fund:	
Electric Utility Fund	\$ (21,937,311)
Fiduciary Fund:	
Successor Agency to the Cerritos Redevelopment Agency	(134,709,041)

Electric Utility Enterprise Fund – The Electric Utility Fund has a deficit net position of (\$21,937,311) 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 (\$2,211,667), which is included in the total deficit of (\$21,937,311), as the outstanding debt associated with the electric rights exceeds the net capital assets. The deficit is expected to be eliminated with the City entering into long-term contracts with vendors related to expenses incurred by the operations and through sale of the electric energy output. The General Fund has a nonspendable fund balance in the amount \$20,038,111 for the advances to the Electric Utility Fund to account for this deficit.

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 (\$134,709,041) 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.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 12 - Other Required Disclosures (Continued)

B. Excess of Expenditures over Appropriations

Excess of expenditures over appropriations occurred in individual funds during the year ended June 30, 2015 as follows:

Fund	Expenditures	Appropriations	Excess Expenditures over Appropriations
Special Revenue Funds:			
SB 821	\$ 3,222	\$ -	\$ (3,222)
Proposition "C"	1,093,862	678,760	(415,102)
Assessment District #6	50,000	-	(50,000)
Environmental Grants	7,071	-	(7,071)
Measure "R"	544,684	542,900	(1,784)

Special revenue fund actual expenditures exceeded budgeted expenditures for the SB 821, Proposition "C", Assessment District #6, Environmental Grants, and Measure "R" relating to operational and administrative costs.

Note 13 – Prior Period Adjustments

The beginning net position at July 1, 2014 was restated as follows:

	Governmental Activities	Business-type Activities	Enterprise Funds Water and Sewer Fund	Fiduciary Funds Successor Agency to the Cerritos Redevelopment Agency
Net Position at July 1, 2014	\$ 460,380,724	\$ 7,583,103	\$ 21,195,910	\$ (139,880,411)
(1) CalPERS Misc Plan:				
Net Pension Liabilities (Note 10)	(47,519,750)	(5,038,039)	(5,038,039)	(6,713,223)
Deferred outflows of resources	3,217,012	298,848	298,848	-
(2) PARS Plan:				
Net Pension Liabilities (Note 10)	(3,452,819)	(320,754)	(320,754)	-
Subtotal	(47,755,557)	(5,059,945)	(5,059,945)	(6,713,223)
Net Position at July 1, 2014, as Restated	\$ 412,625,167	\$ 2,523,158	\$ 16,135,965	\$ (146,593,634)

The City implemented GASB Statements No. 68 and No. 71 during the year ended June 30, 2015. The restatement to the beginning net position is to report the net pension liabilities for the City's CalPERS and PARS plans in accordance with GASB Statements No. 68 and No. 71 based on the measurement date of June 30, 2014 for CalPERS and June 30, 2015 for PARS.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 14 – 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 15. 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, 2015, the City's lease income was \$7,269,937.

Projected minimum lease payments to be received by the City as of June 30, 2015 are as follows:

Year Ending June 30,	
2016	\$ 6,742,192
2017	6,351,162
2018	6,319,215
2019	6,460,995
2020	6,636,521
2021-2088	407,011,847
Total	<u>\$ 439,521,932</u>

Note 15 – 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, 2015, the outstanding balance on the future lease revenue was \$22,796,213. The transaction was eliminated in the government-wide financial statements and governmental funds financial statements.

Note 16 – 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 11).

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 16 – Commitments and Contingencies (Continued)

B. Contract with Los Angeles County Sheriff's Department

The City contracts for policing services through the Los Angeles County Sheriff's Department. As part of the agreement for services, the City is required to pay 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, 2015, 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, 2015. 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.

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 2014-2015, 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.

City of Cerritos
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2015

Note 16 – Commitments and Contingencies (Continued)

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

As discussed in Note 15, 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 ensure the redevelopment purposes for which the properties were acquired can be completed and to ensure local enforcement and proper administration of the redevelopment restrictions and restrictive covenants recorded against or applicable to these properties. The City and State are currently in discussions regarding this matter.

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. 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. 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 Health and Safety Code Sections 34177(d) and (e) and 34181(a). The City intends to pursue legal actions in response to this report from the SCO.

H. Liability for Future Environmental Response Costs

As of April 17, 2014, the City of Cerritos has entered a settlement agreement with MGP IX Lincoln Station ("MGP") related to the financial responsibility for cleaning up contamination located at the Property and, more specifically, for performing environmental work. In the settlement, the City may be obligated to pay up to \$3.1 million in potential future costs. At June 30, 2015, settlement payable was reflected in the amount of \$2,450,000. In fiscal year 2015, reimbursable costs were \$70,183, 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 17 – Subsequent Events

A. 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. The City is currently in discussions with the State in resolving all matters related to the dissolution of the Redevelopment Agency.

B. Payment to Los Angeles County

In October 2015, the Department of Finance concluded their final determination on the "Other Funds and Accounts (OFA) Due Diligence Review". The Successor Agency's OFA balance available for distribution to affected taxing entities is \$10,843,383. Accordingly, on December 9, 2015, the Successor Agency paid the entire amount to the Los Angeles County. As part of the determination, the State ordered the Successor Agency and the City to reverse loan repayments from 2012, and the City and the Successor Agency agreed to do so in December 2015. The reversal of the loan repayments and the payment to Los Angeles County are recorded in December 2015.

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**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

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City of Cerritos
Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2015

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, 2015.

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, 2015, 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, 2015

Note 1 – Budget and Budgetary Accounting (Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES:				
Property, sales, and other taxes	\$ 33,288,400	\$ 32,966,070	\$ 33,610,718	\$ 644,648
Franchise	1,526,000	1,545,000	1,711,848	166,848
Licenses and permits	2,142,500	2,512,115	3,299,686	787,571
Fines and forfeitures	1,142,500	996,500	947,802	(48,698)
Investment and rental income	12,698,510	12,276,105	10,237,524	(2,038,581)
Revenues from other agencies	4,962,100	5,276,070	5,416,472	140,402
Current fees and services	6,155,660	5,542,215	5,659,031	116,816
Other revenues	375,030	442,830	468,926	26,096
TOTAL REVENUES	62,290,700	61,556,905	61,352,007	(204,898)
EXPENDITURES:				
Current:				
Legislative and Administration	1,953,640	1,741,100	1,774,796	(33,696)
Community Development	3,994,760	4,171,680	3,784,139	387,541
Public Works	12,057,120	11,719,630	11,711,854	7,776
Water and Power	-	-	-	-
Community and Safety Services	23,172,220	22,831,870	22,266,516	565,354
Administrative Services	11,727,210	11,156,470	8,869,562	2,286,908
Cerritos Center for the Performing Arts	5,790,850	5,583,750	5,123,608	460,142
Capital outlay	-	-	390,416	(390,416)
TOTAL EXPENDITURES	58,695,800	57,204,500	53,920,891	3,283,609
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,594,900	4,352,405	7,431,116	3,078,711
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of City property	-	-	3,845,000	3,845,000
Transfers out	(4,611,650)	(3,959,890)	(3,541,571)	418,319
TOTAL OTHER FINANCING SOURCES (USES)	(4,611,650)	(3,959,890)	303,429	4,263,319
NET CHANGE IN FUND BALANCE	\$ (1,016,750)	\$ 392,515	7,734,545	\$ 7,342,030
FUND BALANCE - BEGINNING OF YEAR			147,451,546	
FUND BALANCE - END OF YEAR			\$ 155,186,091	

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 1 – Budget and Budgetary Accounting (Continued)

BUDGETARY COMPARISON SCHEDULE
HOUSING ASSETS SPECIAL REVENUE FUND
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES:				
Investment and rental income	\$ 127,340	\$ 16,160	\$ 47,070	\$ 30,910
Other revenue	-	-	56,163	56,163
TOTAL REVENUES	<u>127,340</u>	<u>16,160</u>	<u>103,233</u>	<u>87,073</u>
NET CHANGE IN FUND BALANCE	<u>\$ 127,340</u>	<u>\$ 16,160</u>	103,233	<u>\$ 87,073</u>
FUND BALANCE - BEGINNING OF YEAR			<u>9,159,491</u>	
FUND BALANCE - END OF YEAR			<u>\$ 9,262,724</u>	

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

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

CITY MISCELLANEOUS PLAN – 524

Total Pension Liability	2013-14
Service cost	\$ 3,240,470
Interest on total pension liability	13,949,974
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(7,345,114)
Net change in total pension liability	9,845,330
Total pension liability - beginning	188,051,983
Total pension liability - ending (a)	\$ 197,897,313
Plan fiduciary net position	
Contributions - employer	\$ 3,515,860
Contributions - employee	1,544,713
Investment income (net of administrative expenses)	22,074,825
Benefit payments	(7,345,114)
Other	-
Net change in plan fiduciary net position	19,790,284
Plan fiduciary net position - beginning	128,780,975
Plan fiduciary net position - ending (b)	\$ 148,571,259
 Net pension liability - ending (a)-(b)	 \$ 49,326,054
Plan fiduciary net position as a percentage of the total pension liability	75.07%
Covered-employee payroll	\$ 18,404,441
Net pension liability as a percentage of covered- employee payroll	268.01%

Notes to Schedule:

Benefit changes. In 2015, benefit terms were modified to base miscellaneous employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions. In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of miscellaneous employees.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

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

CITY PARS PLAN

Total Pension Liability	2014-15
Service cost	\$ 212,170
Interest on total pension liability	653,773
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(523,749)
Net change in total pension liability	342,194
Total pension liability - beginning	9,062,694
Total pension liability - ending (a)	\$ 9,404,888

Plan fiduciary net position	
Contributions - employer	\$ 868,240
Contributions - employee	-
Investment income (net of administrative expenses)	14,398
Benefit payments	(523,749)
Other	(2,289)
Net change in plan fiduciary net position	356,600
Plan fiduciary net position - beginning	5,289,121
Plan fiduciary net position - ending (b)	\$ 5,645,721
Net pension liability - ending (a)-(b)	\$ 3,759,167

Plan fiduciary net position as a percentage of the total pension liability	60.03%
Covered-employee payroll	\$ 9,336,558
Net pension liability as a percentage of covered- employee payroll	40.26%

Notes to Schedule:

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

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

CITY MISCELLANEOUS PLAN - 524

	2013-14 ¹	2014-15 ¹
Actuarially determined contribution	\$ 3,515,860	\$ 3,524,782
Contributions in relation to the actuarially determined contributions ²	(3,515,860)	(3,524,782)
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll ^{3,4}	\$ 18,404,411	\$ 18,956,543
Contributions as a percentage of covered-employee payroll ³	19.10%	18.59%

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

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

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

⁴ Payroll from 2012-2013 (\$17,868,389) was assumed to increase by the 3.00% payroll growth assumption.

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	
Asset valuation method	For details, see June 30, 2011 Funding Valuation Report Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

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

CITY PARS PLAN

	2014-15 ¹
Actuarially determined contribution	\$ 868,240
Contributions in relation to the actuarially determined contributions ²	(868,240)
Contribution deficiency (excess)	\$ -
Covered-employee payroll ³	\$ 9,336,558
Contributions as a percentage of covered-employee payroll ³	9.30%

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

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

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

Notes to Schedule

Valuation date: 6/30/2013

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method/period	Level percent, closed for 9 years with 3.25% amortization growth rate.
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	3.00%
Salary increases	Graded rates based on years of service, 3.85% after 22 years of service
Investment rate of return	7.25%, net of pension plan investment and administrative expenses, including inflation
Post Retirement Benefit Increase	Contract COLA of 2.00%
Mortality	Consistent with Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.

* - Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

City of Cerritos
Required Supplementary Information (Unaudited) (Continued)
For the Year Ended June 30, 2015

Note 4 – Other Post Employment Benefits

SCHEDULE OF FUNDING PROGRESS

<u>SCHEDULE OF FUNDING PROGRESS FOR OPEB (\$ AMOUNT IN THOUSANDS)</u>						
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded AAL	Funded Status	Annual Covered Payroll	UAAL as a % of 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.

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, 2015

Special Revenue Funds

	Street Improvements	SB 821	Drainage	Proposition "A"	Proposition "C"
ASSETS					
Cash and investments	\$ -	\$ -	\$ 1,724	\$ 1,106,824	\$ 89,767
Accounts receivable	726,798	-	-	-	420
Total Assets	<u>\$ 726,798</u>	<u>\$ -</u>	<u>\$ 1,724</u>	<u>\$ 1,106,824</u>	<u>\$ 90,187</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 166,081	\$ -	\$ 54	\$ 21,091	\$ 90,187
Accrued salaries and benefits	39,818	-	23	-	-
Due to other funds	415,544	-	-	-	-
Unearned revenue	-	-	-	-	-
Total Liabilities	<u>621,443</u>	<u>-</u>	<u>77</u>	<u>21,091</u>	<u>90,187</u>
Fund Balances:					
Restricted	105,355	-	1,647	1,085,733	-
Total Fund Balances	<u>105,355</u>	<u>-</u>	<u>1,647</u>	<u>1,085,733</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 726,798</u>	<u>\$ -</u>	<u>\$ 1,724</u>	<u>\$ 1,106,824</u>	<u>\$ 90,187</u>

City of Cerritos
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	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	\$ 124,910	\$ 15,837	\$ 9,509	\$ 95	\$ 23,435
Accounts receivable	2,396	-	-	-	-
Total Assets	\$ 127,306	\$ 15,837	\$ 9,509	\$ 95	\$ 23,435
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 12,364	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	3,473	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	22,581
Total Liabilities	-	15,837	-	-	22,581
Fund Balances:					
Restricted	127,306	-	9,509	95	854
Total Fund Balances	127,306	-	9,509	95	854
Total Liabilities and Fund Balances	\$ 127,306	\$ 15,837	\$ 9,509	\$ 95	\$ 23,435

(Continued)

City of Cerritos
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	AQMD	Measure "R"	Community Development Block Grant	Total Special Revenue	Municipal Improvement	
ASSETS						
Cash and investments	\$ 375,233	\$ 342	\$ -	\$ 1,747,676	\$ -	\$ 1,747,676
Accounts receivable	16,000	-	159,994	905,608	134,827	1,040,435
Total Assets	\$ 391,233	\$ 342	\$ 159,994	\$ 2,653,284	\$ 134,827	\$ 2,788,111
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 15,956	\$ 305,733	\$ 98,959	\$ 404,692
Accrued salaries and benefits	-	-	-	43,314	-	43,314
Due to other funds	-	-	144,038	559,582	33,432	593,014
Unearned revenue	-	-	-	22,581	2,436	25,017
Total Liabilities	-	-	159,994	931,210	134,827	1,066,037
Fund Balances:						
Restricted	391,233	342	-	1,722,074	-	1,722,074
Total Fund Balances	391,233	342	-	1,722,074	-	1,722,074
Total Liabilities and Fund Balances	\$ 391,233	\$ 342	\$ 159,994	\$ 2,653,284	\$ 134,827	\$ 2,788,111

(Concluded)

City of Cerritos
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	Street Improvements	SB 821	Drainage	Proposition "A"	Proposition "C"
REVENUES:					
Investment and rental income/(loss)	\$ (2,159)	\$ -	\$ -	\$ 8,609	\$ (40)
Revenues from other agencies	2,101,781	2,923	-	1,012,377	730,461
Current fees and services	-	-	7,759	-	13,890
Franchise	80,472	-	-	-	-
Total Revenues	2,180,094	2,923	7,759	1,020,986	744,311
EXPENDITURES:					
Current:					
Legislative and Administration	82,385	-	324	-	-
Community Development	-	-	-	299,214	1,093,862
Public Works	2,354,174	3,222	9,003	-	-
Administrative Services	278,009	-	777	-	-
Capital outlay	720,902	-	-	-	-
Total Expenditures	3,435,470	3,222	10,104	299,214	1,093,862
REVENUES OVER (UNDER) EXPENDITURES	(1,255,376)	(299)	(2,345)	721,772	(349,551)
OTHER FINANCING SOURCES (USES):					
Transfers in	1,200,047	-	-	-	349,551
Transfers out	-	-	-	(349,551)	-
Total Other Financing Sources (Uses)	1,200,047	-	-	(349,551)	349,551
NET CHANGE IN FUND BALANCES	(55,329)	(299)	(2,345)	372,221	-
FUND BALANCES (DEFICIT):					
Beginning of Year	160,684	299	3,992	713,512	-
End of Year	\$ 105,355	\$ -	\$ 1,647	\$ 1,085,733	\$ -

City of Cerritos
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue Funds				
	Public Safety Grants Funds				
	Local Law				
	Assessment	Los Coyotes	Enforcement	COPS	Environmental
	District #6	Lighting District	Grant	Grant	Grants
REVENUES:					
Investment and rental income/(loss)	\$ 1,016	\$ -	\$ 60	\$ 327	\$ 231
Revenues from other agencies	42,179	100,094	858	106,230	20,462
Current fees and services	-	-	-	-	-
Franchise	-	-	-	-	-
Total Revenues	43,195	100,094	918	106,557	20,693
EXPENDITURES:					
Current:					
Legislative and Administration	-	33,887	-	-	-
Community Development	-	-	-	-	-
Public Works	-	970,211	-	-	7,071
Administrative Services	50,000	81,173	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	50,000	1,085,271	-	-	7,071
REVENUES OVER					
(UNDER) EXPENDITURES	(6,805)	(985,177)	918	106,557	13,622
OTHER FINANCING SOURCES (USES):					
Transfers in	-	1,000,177	-	-	-
Transfers out	-	-	(891)	(106,522)	(13,391)
Total Other Financing Sources (Uses)	-	1,000,177	(891)	(106,522)	(13,391)
NET CHANGE IN FUND BALANCES	(6,805)	15,000	27	35	231
FUND BALANCES (DEFICIT):					
Beginning of Year	134,111	(15,000)	9,482	60	623
End of Year	\$ 127,306	\$ -	\$ 9,509	\$ 95	\$ 854

(Continued)

City of Cerritos
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	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)	\$ 2,787	\$ 318	\$ -	\$ 11,149	\$ -	\$ 11,149
Revenues from other agencies	61,488	544,398	163,465	4,886,716	11,169	4,897,885
Current fees and services	-	-	-	21,649	2,387	24,036
Franchise	-	-	-	80,472	-	80,472
Total Revenues	64,275	544,716	163,465	4,999,986	13,556	5,013,542
EXPENDITURES:						
Current:						
Legislative and Administration	-	-	-	116,596	-	116,596
Community Development	40,511	-	-	1,433,587	-	1,433,587
Public Works	-	544,684	-	3,888,365	704,775	4,593,140
Administrative Services	-	-	-	409,959	-	409,959
Capital outlay	-	-	163,465	884,367	770,932	1,655,299
Total Expenditures	40,511	544,684	163,465	6,732,874	1,475,707	8,208,581
REVENUES OVER (UNDER) EXPENDITURES	23,764	32	-	(1,732,888)	(1,462,151)	(3,195,039)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	2,549,775	1,462,151	4,011,926
Transfers out	-	-	-	(470,355)	-	(470,355)
Total Other Financing Sources (Uses)	-	-	-	2,079,420	1,462,151	3,541,571
NET CHANGE IN FUND BALANCES	23,764	32	-	346,532	-	346,532
FUND BALANCES (DEFICIT):						
Beginning of Year	367,469	310	-	1,375,542	-	1,375,542
End of Year	<u>\$ 391,233</u>	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 1,722,074</u>	<u>\$ -</u>	<u>\$ 1,722,074</u>

(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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ (2,159)	\$ (2,159)
Revenues from other agencies	2,560,590	2,378,610	2,101,781	(276,829)
Franchise	75,000	76,500	80,472	3,972
Total Revenues	<u>2,635,590</u>	<u>2,455,110</u>	<u>2,180,094</u>	<u>(275,016)</u>
EXPENDITURES:				
Current:				
Legislative and Administrative	70,650	84,220	82,385	1,835
Public Works	2,131,650	2,076,350	2,354,174	(277,824)
Administrative Services	266,660	264,030	278,009	(13,979)
Capital outlay	2,168,000	1,483,230	720,902	762,328
Total Expenditures	<u>4,636,960</u>	<u>3,907,830</u>	<u>3,435,470</u>	<u>472,360</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(2,001,370)</u>	<u>(1,452,720)</u>	<u>(1,255,376)</u>	<u>197,344</u>
OTHER FINANCING SOURCES:				
Transfers in	2,001,370	1,393,220	1,200,047	(193,173)
Total Other Financing Sources	<u>2,001,370</u>	<u>1,393,220</u>	<u>1,200,047</u>	<u>(193,173)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (59,500)</u>	<u>(55,329)</u>	<u>\$ 4,171</u>
FUND BALANCE (DEFICIT):				
Beginning of Year			<u>160,684</u>	
End of Year			<u>\$ 105,355</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ -	\$ -	\$ 2,923	\$ 2,923
Total Revenues	<u>-</u>	<u>-</u>	<u>2,923</u>	<u>2,923</u>
EXPENDITURES:				
Current:				
Public works	-	-	3,222	(3,222)
Total expenditures	<u>-</u>	<u>-</u>	<u>3,222</u>	<u>(3,222)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(299)	<u>\$ (299)</u>
FUND BALANCE:				
Beginning of Year			<u>299</u>	
End of Year			<u>\$ -</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Current fees and services	\$ 15,000	\$ 74,800	\$ 7,759	\$ (67,041)
Total Revenues	<u>15,000</u>	<u>74,800</u>	<u>7,759</u>	<u>(67,041)</u>
EXPENDITURES:				
Current:				
Legislative and Administration	270	330	324	6
Public Works	9,090	8,850	9,003	(153)
Administrative Services	<u>1,010</u>	<u>1,040</u>	<u>777</u>	<u>263</u>
Total Expenditures	<u>10,370</u>	<u>10,220</u>	<u>10,104</u>	<u>116</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>4,630</u>	<u>64,580</u>	<u>(2,345)</u>	<u>(66,925)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 4,630</u>	<u>\$ 64,580</u>	<u>(2,345)</u>	<u>\$ (66,925)</u>
FUND BALANCE:				
Beginning of Year			<u>3,992</u>	
End of Year			<u>\$ 1,647</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 5,100	\$ 9,400	\$ 8,609	\$ (791)
Revenues from other agencies	996,250	955,800	1,012,377	56,577
Current fees and services	26,000	-	-	-
Total Revenues	<u>1,027,350</u>	<u>965,200</u>	<u>1,020,986</u>	<u>55,786</u>
EXPENDITURES:				
Current:				
Community Development	818,300	818,300	299,214	519,086
Total Expenditures	<u>818,300</u>	<u>818,300</u>	<u>299,214</u>	<u>519,086</u>
REVENUES OVER (UNDER) EXPENDITURES	209,050	146,900	721,772	574,872
OTHER FINANCING (USES):				
Transfers out	-	-	(349,551)	(349,551)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(349,551)</u>	<u>(349,551)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 209,050</u>	<u>\$ 146,900</u>	372,221	<u>\$ 225,321</u>
FUND BALANCE:				
Beginning of Year			<u>713,512</u>	
End of Year			<u>\$ 1,085,733</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 2,830	\$ 2,750	\$ (40)	\$ (2,790)
Revenue from other agencies	718,530	678,760	730,461	51,701
Current fees and services	60,000	13,500	13,890	390
Total Revenues	781,360	695,010	744,311	49,301
EXPENDITURES:				
Current:				
Community Development	678,760	678,760	1,093,862	(415,102)
Total Expenditures	678,760	678,760	1,093,862	(415,102)
REVENUES OVER (UNDER) EXPENDITURES	102,600	16,250	(349,551)	(365,801)
OTHER FINANCING SOURCES:				
Transfers in	-	-	349,551	349,551
Total Other Financing Sources	-	-	349,551	349,551
NET CHANGE IN FUND BALANCE	\$ 102,600	\$ 16,250	-	\$ (16,250)
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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 1,016	\$ 1,016
Revenues from other agencies	-	-	42,179	42,179
Total Revenues	-	-	43,195	43,195
EXPENDITURES:				
Current:				
Administrative services	-	-	50,000	(50,000)
Total Expenditures	-	-	50,000	(50,000)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(6,805)	<u>\$ 43,195</u>
FUND BALANCE:				
Beginning of Year			134,111	
End of Year			<u>\$ 127,306</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ 100,000	\$ 100,000	\$ 100,094	\$ 94
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,094</u>	<u>94</u>
EXPENDITURES:				
Current:				
Legislative and Administration	25,250	34,640	33,887	753
Public Works	997,000	998,820	970,211	28,609
Administrative Services	94,870	108,600	81,173	27,427
Total Expenditures	<u>1,117,120</u>	<u>1,142,060</u>	<u>1,085,271</u>	<u>56,789</u>
REVENUES OVER (UNDER) EXPENDITURES	(1,017,120)	(1,042,060)	(985,177)	56,883
OTHER FINANCING SOURCES:				
Transfers in	1,017,120	1,057,060	1,000,177	(56,883)
Total Other Financing Sources	<u>1,017,120</u>	<u>1,057,060</u>	<u>1,000,177</u>	<u>(56,883)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ 15,000</u>	15,000	<u>\$ -</u>
FUND BALANCE (DEFICIT):				
Beginning of Year			(15,000)	
End of Year			<u>\$ -</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 60	\$ 60
Revenue from other agencies	-	-	858	858
Total Revenues	-	-	918	918
OTHER FINANCING (USES):				
Transfers out	-	(9,480)	(891)	8,589
Total Other Financing (Uses)	-	(9,480)	(891)	8,589
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (9,480)</u>	27	<u>\$ 9,507</u>
FUND BALANCE:				
Beginning of Year			<u>9,482</u>	
End of Year			<u>\$ 9,509</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 327	\$ 327
Revenues from other agencies	100,000	100,000	106,230	6,230
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>106,557</u>	<u>6,557</u>
OTHER FINANCING (USES):				
Transfers out	(100,000)	(100,000)	(106,522)	(6,522)
Total Other Financing (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(106,522)</u>	<u>(6,522)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	35	<u>\$ 35</u>
FUND BALANCE:				
Beginning of Year			<u>60</u>	
End of Year			<u>\$ 95</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 140	\$ 170	\$ 231	\$ 61
Revenues from other agencies	27,100	27,100	20,462	(6,638)
Total Revenues	<u>27,240</u>	<u>27,270</u>	<u>20,693</u>	<u>(6,577)</u>
EXPENDITURES:				
Current:				
Public Works	-	-	7,071	(7,071)
Total Expenditures	<u>-</u>	<u>-</u>	<u>7,071</u>	<u>(7,071)</u>
REVENUES OVER (UNDER) EXPENDITURES	27,240	27,270	13,622	(13,648)
OTHER FINANCING (USES):				
Transfers out	(27,240)	(27,890)	(13,391)	14,499
Total Other Financing (Uses)	<u>(27,240)</u>	<u>(27,890)</u>	<u>(13,391)</u>	<u>14,499</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (620)</u>	231	<u>\$ 851</u>
FUND BALANCE:				
Beginning of Year			623	
End of Year			<u>\$ 854</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ 3,310	\$ 3,670	\$ 2,787	\$ (883)
Revenues from other agencies	60,270	55,000	61,488	6,488
Total Revenues	63,580	58,670	64,275	5,605
EXPENDITURES:				
Current:				
Community Development	48,010	57,750	40,511	17,239
Total Expenditures	48,010	57,750	40,511	17,239
NET CHANGE IN FUND BALANCE	\$ 15,570	\$ 920	23,764	\$ 22,844
FUND BALANCE:				
Beginning of Year			367,469	
End of Year			<u>\$ 391,233</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, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Investment and rental income/(loss)	\$ -	\$ -	\$ 318	\$ 318
Revenues from other agencies	538,910	542,900	544,398	1,498
Total Revenues	538,910	542,900	544,716	1,816
EXPENDITURES:				
Current:				
Legislative and Administration	12,180	-	-	-
Public Works	480,960	542,900	544,684	(1,784)
Administrative Services	45,770	-	-	-
Total Expenditures	538,910	542,900	544,684	(1,784)
NET CHANGE IN FUND BALANCE	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	32	<u><u>\$ 32</u></u>
FUND BALANCE:				
Beginning of Year			310	
End of Year			<u><u>\$ 342</u></u>	

City of Cerritos
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
CDBG Special Revenue Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES:				
Revenues from other agencies	\$ 145,000	\$ 200,000	\$ 163,465	\$ (36,535)
Total Revenues	<u>145,000</u>	<u>200,000</u>	<u>163,465</u>	<u>(36,535)</u>
EXPENDITURES:				
Capital outlay	145,000	200,000	163,465	36,535
Total expenditures	<u>145,000</u>	<u>200,000</u>	<u>163,465</u>	<u>36,535</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of Year			<u>-</u>	
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

144

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

Debt Capacity

150

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

157

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				
	2005-06	2006-07	2007-08	2008-09	2009-10
Governmental Activities:					
Net investment in capital assets	\$ 124,591,591	\$ 123,877,356	\$ 112,701,038	\$ 108,311,131	\$ 129,318,648
Restricted For:					
Special revenue	7,143,179	6,663,515	-	-	-
Street and sewer related purposes	-	-	6,498,583	6,271,895	4,423,142
Transportation related purposes	-	-	1,368,331	1,065,555	1,254,083
Assessment districts	-	-	77,532	126,594	105,662
Miscellaneous grants	-	-	239,106	484,163	492,474
Asset replacement	14,900,417	13,595,796	28,582,731	24,966,400	25,275,197
Other post employment benefits	-	-	14,000,000	-	-
Debt Service	-	-	-	-	-
Housing Assets Special Revenue Fund	-	-	-	-	-
Unrestricted	144,717,403	156,184,426	143,862,339	158,317,863	127,557,614
Total governmental activities net position	291,352,590	300,321,093	307,329,660	299,543,601	288,426,820
Business-type Activities:					
Net investment in capital assets	42,440,170	28,761,072	30,454,814	41,912,421	40,406,258
Unrestricted	15,685,283	13,011,620	9,099,926	2,164,728	(1,319,738)
Total business-type activities net position	58,125,453	41,772,692	39,554,740	44,077,149	39,086,520
Primary Government:					
Net investment in capital assets	167,031,761	152,638,428	143,155,852	150,223,552	169,724,906
Restricted For:					
Special revenue	7,143,179	6,663,515	-	-	-
Street and sewer related purposes	-	-	6,498,583	6,271,895	4,423,142
Transportation related purposes	-	-	1,368,331	1,065,555	1,254,083
Assessment districts	-	-	77,532	126,594	105,662
Miscellaneous grants	-	-	239,106	484,163	492,474
Asset replacement	14,900,417	13,595,796	28,582,731	24,966,400	25,275,197
Other post employment benefits	-	-	14,000,000	-	-
Debt Service					
Housing Assets Special Revenue Fund					
Unrestricted	160,402,686	169,196,046	152,962,265	160,482,591	126,237,876
Total primary government net position	\$ 349,478,043	\$ 342,093,785	\$ 346,884,400	\$ 343,620,750	\$ 327,513,340

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Governmental Activities:					
Net investment in capital assets	\$ 128,288,812	\$ 283,412,755	\$ 278,297,578	\$ 272,713,095	\$ 262,647,222
Restricted For:					
Special revenue	1,473,481	759,964	1,312,017	-	-
Street and sewer related purposes	-	-	103,610	164,676	107,002
Transportation related purposes	-	-	-	1,081,590	1,477,308
Assessment districts	-	-	-	134,111	127,306
Miscellaneous grants	-	-	-	10,165	10,458
Asset replacement	-	-	-	-	-
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	4,406,831
Unrestricted	123,689,932	181,493,275	183,279,880	184,788,078	138,360,180
Total governmental activities net position	297,504,700	475,800,883	464,445,193	460,380,724	407,136,307
Business-type Activities:					
Net investment in capital assets	44,962,820	44,152,806	42,472,279	31,238,684	28,383,010
Unrestricted	(7,690,616)	(12,029,929)	(13,401,066)	(23,655,581)	(29,675,894)
Total business-type activities net position	37,272,204	32,122,877	29,071,213	7,583,103	(1,292,884)
Primary Government:					
Net investment in capital assets	173,251,632	327,565,561	320,769,857	303,951,779	291,030,232
Restricted For:					
Special revenue	1,473,481	759,964	1,312,017	-	-
Street and sewer related purposes	-	-	103,610	164,676	107,002
Transportation related purposes	-	-	-	1,081,590	1,477,308
Assessment districts	-	-	-	134,111	127,306
Miscellaneous grants	-	-	-	10,165	10,458
Asset replacement	-	-	-	-	-
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	4,406,831
Unrestricted	115,999,316	169,463,346	169,878,814	161,132,497	108,684,286
Total primary government net position	\$ 334,776,904	\$ 507,923,760	\$ 493,516,406	\$ 467,963,827	\$ 405,843,423

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

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Expenses:					
Legislative and administration	\$ 5,137,856	\$ 9,586,244	\$ 10,763,138	\$ 12,202,801	\$ 24,016,676
Community development	3,461,730	7,974,456	7,944,431	7,512,609	9,634,162
Public works	17,574,984	21,644,742	21,251,184	23,981,467	17,574,871
Water and power	-	132	166,380	1,456,670	503,095
Community and safety services	20,107,426	21,788,095	21,553,201	24,661,818	23,219,777
Administrative services	25,390,327	14,898,470	13,740,128	16,536,088	12,431,539
Cerritos Center for the Performing Arts	13,166,416	12,309,527	12,950,937	12,613,288	10,795,353
Unallocated infrastructure depreciation	1,017,027	977,568	1,010,465	994,414	1,058,317
Land transferred to developer	1,752,597	144	-	-	-
Interest expense	16,189,176	16,857,542	16,686,433	16,811,036	16,114,428
Total governmental activities expenses	103,797,539		106,066,297	116,770,191	115,348,218
Water and Sewer	9,153,710	150	10,249,111	9,034,371	9,690,959
Reclaimed water	1,541,594	1,163,206	1,384,725	1,338,743	1,351,283
Electric utility	7,076,232		9,064,917	9,189,345	6,524,284
Total business-type activities expenses	17,771,536	1,163,356	20,698,753	19,562,459	17,566,526
Total primary government expenses	\$ 121,569,075	\$ 156	\$ 126,765,050	\$ 136,332,650	\$ 132,914,744
Program revenues:					
Governmental activities:					
Charges for services:					
Legislative and administration	\$ 1,536	\$ 157	\$ 7,975	\$ 24,123	\$ 8,990
Community development	1,861,055	2,059,152	2,530,848	1,151,681	1,472,210
Public works	759,197	776,251	809,946	974,575	924,062
Water and power	-	-	-	-	8,200
Community and safety services	2,943,514	2,926,171	3,069,657	3,693,983	3,724,638
Administrative services	3,059,380	3,078,915	1,949,196	1,421,710	1,313,723
Cerritos Center for the Performing Arts	5,683,029	6,269,387	6,249,316	5,267,804	4,620,793
Operating grants and contributions	8,324,225	9,247,019	8,954,724	9,954,624	11,297,870
Capital grants and contributions	352,285	101,281	472,220	176,995	613,790
Total governmental activities program revenues	22,984,221	24,458,333	24,043,882	22,665,495	23,984,276
Business-type activities:					
Charges for services:					
Water and Sewer	7,832,449	8,577,571	8,766,259	7,371,339	7,032,634
Reclaimed water	540,922	852,558	886,454	902,348	698,021
Electric utility	5,171,744	7,068,193	7,517,818	7,040,943	4,637,710
Capital grants and contributions	36,978	125,020	888,011	135,613	109,677
Total business-type activities program revenues	13,582,093	16,623,342	18,058,542	15,450,243	12,478,042
Total primary government program revenues	\$ 36,566,314	\$ 41,081,675	\$ 42,102,424	\$ 38,115,738	\$ 36,462,318
Net revenue (expense):					
Governmental activities	\$ (80,813,318)	\$ 24,458,333	\$ (82,022,415)	\$ (94,104,696)	\$ (91,363,942)
Business-type activities	(4,189,443)	15,459,986	(2,640,211)	(4,112,216)	(5,088,484)
Total primary government net expense	\$ (85,002,761)	\$ 39,918,319	\$ (84,662,626)	\$ (98,216,912)	\$ (96,452,426)

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Expenses:					
Governmental activities:					
Legislative and administration	\$ 11,895,682	\$ 6,419,681	\$ 2,529,809	\$ 4,264,280	\$ 4,888,485
Community development	5,995,050	5,475,674	5,203,327	4,991,092	7,085,991
Public works	14,271,031	14,954,988	14,303,051	18,261,026	16,714,186
Water and power	180,845	254,155	22,232	3,431	2,180
Community and safety services	22,595,702	22,894,351	22,299,612	22,432,108	24,290,009
Administrative services	13,033,543	13,102,290	12,112,586	11,123,229	11,168,285
Cerritos Center for the Performing Arts	9,697,750	8,922,981	7,420,483	6,934,822	6,891,247
Unallocated infrastructure depreciation	908,341	918,541	938,514	895,164	917,259
Land transferred to developer	-	-	-	-	-
Interest expense	16,654,681	8,151,223	-	-	-
Total governmental activities expenses	95,232,625	81,093,884	64,829,614	68,905,152	71,957,642
Water and Sewer	11,575,152	9,448,471	7,886,861	10,764,211	12,015,738
Reclaimed water	1,086,647	895,664	1,001,303	976,476	1,361,003
Electric utility	11,428,662	8,720,028	6,966,208	6,872,487	7,264,654
Total business-type activities expenses	24,090,461	19,064,163	15,854,372	18,613,174	20,641,395
Total primary government expenses	\$ 119,323,086	\$ 100,158,047	\$ 80,683,986	\$ 87,518,326	\$ 92,599,037
Program revenues:					
Governmental activities:					
Charges for services:					
Legislative and administration	\$ 7,623	\$ 142,846	\$ 18,057	\$ 4,682	\$ 12,817
Community development	1,055,373	1,268,682	935,105	2,756,838	2,350,352
Public works	767,444	130,209	139,144	175,944	146,802
Water and power	66,788	-	-	-	-
Community and safety services	3,864,946	3,526,634	3,857,319	3,587,773	3,416,288
Administrative services	1,237,313	1,259,756	1,237,470	191,295	268,741
Cerritos Center for the Performing Arts	4,558,285	4,058,413	3,473,035	3,707,910	3,705,534
Operating grants and contributions	8,711,464	8,279,618	6,120,017	4,931,724	5,390,206
Capital grants and contributions	-	-	-	155,321	163,464
Total governmental activities program revenues	20,269,236	18,666,158	15,780,147	15,511,487	15,454,204
Business-type activities:					
Charges for services:					
Water and Sewer	7,828,759	7,863,166	7,548,709	7,639,804	9,039,367
Reclaimed water	838,548	890,786	885,922	1,177,437	1,213,014
Electric utility	4,556,861	5,012,358	4,260,721	5,343,831	6,274,036
Capital grants and contributions	95,360	125,956	78,771	113,913	282,624
Total business-type activities program revenues	13,319,528	13,892,266	12,774,123	14,274,985	16,809,041
Total primary government program revenues	\$ 33,588,764	\$ 32,558,424	\$ 28,554,270	\$ 29,786,472	\$ 32,263,245
Net revenue (expense):					
Governmental activities	\$ (74,963,389)	\$ (62,427,726)	\$ (49,049,467)	\$ (53,393,665)	\$ (56,503,438)
Business-type activities	(10,770,933)	(5,171,897)	(3,080,249)	(4,338,189)	(3,832,354)
Total primary government net expense	\$ (85,734,322)	\$ (67,599,623)	\$ (52,129,716)	\$ (57,731,854)	\$ (60,335,792)

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

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
General revenues and other changes in net position:					
Governmental Activities:					
Taxes:					
Sales taxes	\$ 26,136,953	\$ 26,680,643	\$ 25,083,985	\$ 20,602,899	\$ 17,166,138
Property taxes in lieu of sales taxes	32,938,305	32,293,806	35,005,279	36,392,537	34,842,837
Motor vehicle taxes	4,026,334	4,146,681	4,210,900	4,446,679	4,382,067
Franchise taxes	1,146,323	1,341,635	1,418,403	1,507,105	1,498,545
Transient occupancy taxes	443,467	474,297	481,880	394,290	356,119
Other taxes	272,498	403,210	240,331	258,898	286,895
Investment and rental income	18,353,462	25,200,318	22,483,705	18,318,651	20,581,624
Miscellaneous	24,664	79,703	106,499	195,668	1,132,936
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>83,341,873</u>	<u>90,725,293</u>	<u>89,030,982</u>	<u>86,318,637</u>	<u>80,247,161</u>
Business-type activities:					
Investment and rental income	529,425	546,768	422,259	142,035	97,855
Gain (loss) on sale of assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	133	(105,000)	-	(4,201,910)	-
Total business-type activities	<u>529,558</u>	<u>441,768</u>	<u>422,259</u>	<u>(4,059,875)</u>	<u>97,855</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>529,558</u>	<u>441,768</u>	<u>422,259</u>	<u>(4,059,875)</u>	<u>97,855</u>
Total primary government	<u>\$ 83,871,431</u>	<u>\$ 91,167,061</u>	<u>\$ 89,453,241</u>	<u>\$ 82,258,762</u>	<u>\$ 80,345,016</u>
Changes in net position:					
Governmental activities	\$ 2,528,555	\$ 115,183,626	\$ 7,008,567	\$ (7,786,059)	\$ (11,116,781)
Business-type activities	(3,659,885)	15,901,754	(2,217,952)	(8,172,091)	(4,990,629)
Total primary government	<u>\$ (1,131,330)</u>	<u>\$ 131,085,380</u>	<u>\$ 4,790,615</u>	<u>\$ (15,958,150)</u>	<u>\$ (16,107,410)</u>

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
General revenues and other changes in net position:					
Governmental Activities:					
Taxes:					
Sales taxes	\$ 20,486,099	\$ 23,036,906	\$ 26,306,965	\$ 26,719,271	\$ 27,071,289
Property taxes in lieu of sales taxes	35,034,773	18,611,602	6,756,462	5,179,470	10,279,496
Motor vehicle taxes	4,451,226	4,336,940	4,451,795	4,585,486	-
Franchise taxes	1,487,320	1,547,794	1,531,153	1,642,819	1,711,848
Transient occupancy taxes	398,620	445,413	460,809	504,289	697,835
Other taxes	262,970	385,743	473,120	326,668	1,336,488
Investment and rental income	19,458,284	13,473,853	7,767,576	10,327,623	9,596,362
Miscellaneous	621,736	125,248	54,991	43,570	321,260
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	82,443,119	240,723,909	37,693,777	49,329,196	51,014,578
Business-type activities:					
Investment and rental income	71,130	22,570	28,585	14,366	16,312
Gain (loss) on sale of assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(242,091)	-	-	-	-
Total business-type activities	(170,961)	22,570	28,585	(17,149,921)	16,312
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	(170,961)	22,570	28,585	(17,149,921)	16,312
Total primary government	\$ 82,272,158	\$ 240,746,479	\$ 37,722,362	\$ 32,179,275	\$ 51,030,890
Changes in net position:					
Governmental activities	\$ 7,479,730	\$ 178,296,183	\$ (11,355,690)	\$ (4,064,469)	\$ (5,488,860)
Business-type activities	(10,941,894)	(5,149,327)	(3,051,664)	(21,488,110)	(3,816,042)
Total primary government	\$ (3,462,164)	\$ 173,146,856	\$ (14,407,354)	\$ (25,552,579)	\$ (9,304,902)

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

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
General fund:					
Reserved	\$ 91,500,873	\$ 92,579,824	\$ 98,193,022	\$ 99,903,724	\$ 102,622,950
Unreserved	97,162,922	101,236,061	81,992,326	81,541,328	80,477,124
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	<u>\$ 188,663,795</u>	<u>\$ 193,815,885</u>	<u>\$ 180,185,348</u>	<u>\$ 181,445,052</u>	<u>\$ 183,100,074</u>
All other governmental funds:					
Reserved	\$ 4,999,544	\$ 4,095,975	\$ 2,837,221	\$ 5,851,972	\$ 1,953,330
Unreserved, reported in:					
Special revenue funds	7,143,179	6,663,515	8,183,552	7,849,641	6,275,361
Debt service funds	(31,728,190)	(47,251,487)	(45,566,239)	(43,171,702)	(66,053,156)
Capital projects funds	20,171,114	34,522,333	21,762,988	19,212,994	23,322,838
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total all other governmental funds	<u>\$ 585,647</u>	<u>\$ (1,969,664)</u>	<u>\$ (12,782,478)</u>	<u>\$ (10,257,095)</u>	<u>\$ (34,501,627)</u>
				(a)	

(a) Fiscal year 2010 included the Sewer Fund as part of the Nonmajor Governmental Funds. Beginning with 2010-2011, it was reclassified as an Enterprise Fund.

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
General fund:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	90,135,195	57,906,335	60,663,598	65,838,456	68,888,425
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	14,150,052	21,941,464	22,203,228	24,017,566	24,372,415
Unassigned	71,056,060	67,305,842	63,903,057	57,595,524	61,925,251
Total general fund	<u>\$ 175,341,307</u>	<u>\$ 147,153,641</u>	<u>\$ 146,769,883</u>	<u>\$ 147,451,546</u>	<u>\$ 155,186,091</u>
All other governmental funds:					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-	-
Special revenue funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Nonspendable	11,881,487	9,032,711	7,670,482	7,670,482	4,855,893
Restricted	35,084,512	11,013,651	2,867,735	2,879,551	6,128,905
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(75,915,744)	(118,798)	-	(15,000)	-
Total all other governmental funds	<u>\$ (28,949,745)</u>	<u>\$ 19,927,564</u>	<u>\$ 10,538,217</u>	<u>\$ 10,535,033</u>	<u>\$ 10,984,798</u>

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

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Revenues:					
Property, sales, and other taxes	\$ 58,539,846	\$ 59,211,957	\$ 61,019,400	\$ 58,009,779	\$ 52,651,959
Licenses and permits	1,844,753	2,026,677	2,425,107	2,037,294	1,913,968
Fines and forfeitures	1,207,626	1,178,472	1,162,016	1,146,489	1,103,441
Investment and rental income	17,847,889	24,607,789	21,889,177	18,358,111	19,768,319
Revenues from other agencies	14,104,013	13,904,277	13,907,020	15,161,460	16,614,010
Current fees and services	10,333,249	10,888,836	9,699,277	7,783,043	7,090,018
Franchise	1,146,324	1,341,635	1,418,403	1,507,105	1,504,852
Other revenues	748,401	644,735	1,103,420	1,140,096	1,848,075
Total revenues	<u>105,772,101</u>	<u>113,804,378</u>	<u>112,623,820</u>	<u>105,143,377</u>	<u>102,494,642</u>
Expenditures:					
Current:					
Legislative and administration	4,098,818	9,983,075	10,148,023	10,943,195	21,357,884
Community development	4,607,205	5,992,210	4,851,226	5,042,844	4,657,802
Public works	19,659,561	20,146,511	19,926,345	17,288,857	16,127,237
Water and power	-	143,296	164,016	299,790	105,823
Community and safety services	18,740,162	19,985,188	19,904,050	20,894,079	21,351,962
Administrative services	20,349,051	11,719,308	12,322,795	11,495,344	10,646,488
Cerritos Center for the Performing Arts	10,331,228	10,508,816	11,083,634	9,528,923	8,781,832
Land transferred to developer	-	-	-	-	-
Capital outlay	15,495,350	8,457,564	21,081,472	6,695,801	18,533,849
Prefund other post employment benefits obligation	-	-	14,000,000	-	-
Debt service:					
Principal retirement	5,105,000	6,092,500	6,467,500	6,862,500	7,260,000
Interest	16,341,796	17,018,816	16,851,905	16,508,867	16,261,275
Bond issuance costs	-	-	-	-	-
Total expenditures	<u>114,728,171</u>	<u>110,047,284</u>	<u>136,800,966</u>	<u>105,560,200</u>	<u>125,084,152</u>
Excess of revenues over (under) expenditures	<u>(8,956,070)</u>	<u>3,757,094</u>	<u>(24,177,146)</u>	<u>(416,823)</u>	<u>(22,589,510)</u>
Other Financing Sources (Uses):					
Transfers in	19,901,653	30,324,598	14,025,441	15,856,712	25,559,016
Transfers out	(20,244,200)	(30,494,913)	(14,291,646)	(11,654,802)	(25,559,016)
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>682,453</u>	<u>(170,315)</u>	<u>(266,205)</u>	<u>4,201,910</u>	<u>-</u>
Net change in fund balances before extraordinary item	<u>(8,273,617)</u>	<u>3,586,779</u>	<u>(24,443,351)</u>	<u>3,785,087</u>	<u>(22,589,510)</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>\$ (8,273,617)</u>	<u>\$ 3,586,779</u>	<u>\$ (24,443,351)</u>	<u>\$ 3,785,087</u>	<u>\$ (22,589,510)</u>
Debt service as a percentage of noncapital expenditures	21.61%	22.75%	20.15%	23.64%	21.46%

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues:					
Property, sales, and other taxes	\$ 55,981,782	\$ 42,406,274	\$ 32,956,476	\$ 32,729,379	\$ 33,610,718
Licenses and permits	1,869,739	1,836,228	1,876,262	2,776,265	3,299,686
Fines and forfeitures	1,305,871	1,048,029	1,161,194	1,032,869	947,802
Investment and rental income	18,625,601	12,279,439	7,759,099	10,678,378	10,295,743
Revenues from other agencies	15,708,684	42,497,203	10,184,713	9,494,456	10,314,357
Current fees and services	6,989,711	6,889,141	6,303,623	5,912,674	5,683,067
Franchise	1,566,675	1,629,285	1,601,601	1,724,318	1,792,320
Other revenues	789,502	978,588	1,522,350	492,344	525,089
Total revenues	102,837,565	109,564,187	63,365,318	64,840,683	66,468,782
Expenditures:					
Current:					
Legislative and administration	11,348,362	5,920,780	2,093,625	4,078,994	1,891,392
Community development	7,723,995	34,261,653	5,233,924	5,128,714	5,217,726
Public works	14,111,947	15,049,370	14,825,564	16,303,401	16,304,994
Water and power	175,593	288,595	17,140	-	-
Community and safety services	21,157,439	21,797,914	22,150,378	22,265,436	22,266,516
Administrative services	11,300,202	11,557,115	11,005,650	10,063,366	9,274,521
Cerritos Center for the Performing Arts	8,054,469	7,413,896	6,168,778	5,614,248	5,123,608
Land transferred to developer	-	-	-	-	-
Capital outlay	14,717,173	913,455	1,534,270	708,045	2,050,715
Prefund other post employment benefits obligation	-	-	-	-	-
Debt service:					
Principal retirement	7,712,500	8,095,000	-	-	-
Interest	16,736,956	7,816,850	-	-	-
Bond issuance costs	-	-	-	-	-
Total expenditures	113,038,636	113,114,628	63,029,329	64,162,204	62,129,472
Excess of revenues over (under) expenditures	(10,201,071)	(3,550,441)	335,989	678,479	4,339,310
Other Financing Sources (Uses):					
Transfers in	3,207,464	6,044,861	3,495,893	2,538,165	4,011,926
Transfers out	(2,965,373)	(6,044,861)	(3,495,893)	(2,538,165)	(4,011,926)
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	-	-	-	3,845,000
Total other financing sources (uses)	11,242,091	8,668,536	(10,109,094)	-	3,845,000
Net change in fund balances before extraordinary item	1,041,020	5,118,095	(9,773,105)	678,479	8,184,310
EXTRAORDINARY ITEM					
Gain (loss) on dissolution of the former Cerritos Redevelopment Agency	-	15,571,548	-	-	-
Net Change in fund balances	\$ 1,041,020	\$ 20,689,643	\$ (9,773,105)	\$ 678,479	\$ 8,184,310
Debt service as a percentage of noncapital expenditures	24.87%	14.18%	0.00%	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
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	88,701	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
2014-15	27,071,289	1,792,320	6,539,429	1,027,101	2,240,780	31,805

(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
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	104,343,377
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
2014-15	947,802	10,295,743	5,683,067	10,314,357	525,089	66,468,782

(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				
	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
Residential	\$ 3,925,932,025	\$ 4,236,487,296	\$ 4,492,069,661	\$ 4,672,038,063	\$ 4,539,269,735
Commercial	1,057,807,314	1,160,350,438	1,228,751,400	1,343,951,315	1,366,103,446
Industrial	685,464,066	708,718,893	757,782,869	908,573,269	952,870,116
Government	-	2,750,027	-	-	-
Institutional	21,702,864	27,537,449	26,101,211	19,811,379	20,572,239
Irrigated	-	-	328	334	340
Miscellaneous	-	-	-	-	-
Recreational	5,114,306	5,216,591	6,523,402	6,653,868	6,786,944
Vacant land	10,224,697	8,462,513	9,684,651	8,777,294	5,495,684
SBE nonunitary	1,309,388	1,237,559	2,737,670	2,597,624	2,597,624
Possessory interest	4,717,568	6,518,019	5,849,466	14,163,200	13,854,359
Unsecured	275,010,910	290,016,895	294,796,408	306,757,198	309,113,020
Exempt	(29,083,529)	(29,016,454)	(30,799,948)	(28,844,386)	(39,947,438)
Unknown	2,064,175	2,105,454	-	-	-
Subtotal	5,960,263,784	6,420,384,680	6,793,497,118	7,254,479,158	7,176,716,069
Add back exempt	29,083,529	29,016,454	30,799,948	28,844,386	39,947,438
Grand Total	<u>\$ 5,989,347,313</u>	<u>\$ 6,449,401,134</u>	<u>\$ 6,824,297,066</u>	<u>\$ 7,283,323,544</u>	<u>\$ 7,216,663,507</u>
Total Direct Rate	0.58997%	0.59562%	0.59608%	0.59547%	0.48569%

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

Category	Fiscal Year				
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Residential	\$ 4,580,132,941	\$ 4,729,519,127	\$ 4,853,973,263	\$ 4,977,340,010	\$ 5,198,430,172
Commercial	1,323,612,342	1,319,237,463	1,328,300,323	1,375,986,165	1,451,612,802
Industrial	948,998,591	956,167,409	998,702,972	1,059,593,438	1,039,888,633
Government	-	-	-	-	-
Institutional	19,001,598	21,387,674	22,968,422	33,259,181	24,120,806
Irrigated	338	340	346	352	352
Miscellaneous	-	-	-	-	-
Recreational	6,770,857	6,821,840	6,958,275	7,097,438	7,129,658
Vacant land	3,313,710	8,219,218	7,626,840	9,771,184	10,108,450
SBE nonunitary	2,597,624	2,597,624	2,597,624	2,597,624	2,597,624
Possessory interest	11,602,663	36,268,951	41,094,458	39,836,710	39,800,342
Unsecured	283,995,026	288,845,948	301,477,458	295,052,199	302,637,567
Exempt	(32,985,082)	(44,055,369)	(38,989,358)	(38,989,210)	(38,720,924)
Unknown	-	-	-	-	-
Subtotal	7,147,040,608	7,325,010,225	7,524,710,623	7,761,545,091	8,037,605,482
Add back exempt	32,985,082	44,055,369	38,989,358	38,989,210	38,720,924
Grand Total	<u>\$ 7,180,025,690</u>	<u>\$ 7,369,065,594</u>	<u>\$ 7,563,699,981</u>	<u>\$ 7,800,534,301</u>	<u>\$ 8,076,326,406</u>
Total Direct Rate	0.48117%	0.48243%	0.48023%	0.08552%	0.08558%

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)
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
2015	1.0000	.0000	.1236	.0000	.0035	1.1271	0.08558

(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	2014-15		2005-06	
		Assessed Valuations	Percentage of Total (1)	Assessed Valuations	Percentage of Total (1)
City of Cerritos	Commercial	\$ 412,731,451	5.11%	\$ -	0.00%
Macerich Cerritos LLC	Commercial	303,233,985	3.75%	-	0.00%
ICON Woner Pool 1 LA Non-Bus	Industrial	122,853,219	1.52%	-	0.00%
Teachers Insurance and Annuity Assoc.	Industrial	85,586,808	1.06%	-	0.00%
Cerritos Retail Centercal LLC	Commercial	66,690,411	0.83%	-	0.00%
AG-Crowsnest Cerritos Owner LLC	Industrial	42,500,000	0.53%	-	0.00%
JCC California Properties, LLC	Industrial	41,036,463	0.51%	-	0.00%
Cerritos Promenade LLC	Commercial	39,337,000	0.49%	-	0.00%
Cerritos Corporate Tower LP	Commercial	33,300,000	0.41%	-	0.00%
Target Corporation	Commercial	33,087,444	0.41%	-	0.00%
Macerich Cerritos	Commercial	-	0.00%	211,442,466	3.67%
Maguire Partners, Inc.	Commercial	-	0.00%	80,733,000	1.40%
Equity Office Properties Trust	Office Building	-	0.00%	75,088,536	1.30%
California West Industrial Holdings, LLC	Industrial	-	0.00%	68,895,340	1.19%
Cerritos Best Plaza, LLC	Commercial	-	0.00%	58,650,000	1.02%
TA Western LLC	Industrial	-	0.00%	54,739,138	0.95%
Cerritos Towne Center, LLC	Commercial	-	0.00%	47,492,164	0.82%
Cerritos Investors, LLC	Office Building	-	0.00%	31,483,014	0.55%
Cerritos College Square, LLC	Office Building	-	0.00%	27,700,800	0.48%
TIAA Realty, Inc.	Office Building	-	0.00%	27,175,150	0.47%
		<u>\$ 1,180,356,781</u>	<u>14.62%</u>	<u>\$ 683,399,608</u>	<u>11.85%</u>
(1) 2014-15 and 2005-06 total secured assessed valuation is		<u>\$ 8,076,326,406</u>		<u>\$ 5,703,460,751</u>	

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

Fiscal Year	Property Tax Collections
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	-
2014-15	-

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			Deferred Charge on Refunding
				Bond Premium	Bond Discount		
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	-	-	-	-	-	-	-
2014-15	-	-	-	-	-	-	-

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				
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	-	-	169,765,344	52,249	3,249	7.775%
2010-11	-	-	161,949,409	49,041	3,302	7.758%
2011-12	-	-	- (b)	49,223	-	(a)
2012-13	-	-	- (b)	49,470	-	(a)
2013-14	2,976,250 (c)	8,928,750 (c)	11,905,000	49,741	239	(a)
2014-15	2,903,750 (c)	8,711,250 (c)	11,615,157	49,968	232	(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, 2015

2014-15 Assessed Valuation: \$8,076,326,406

	Total Debt 6/30/2015	% Applicable (1)	City's Share of Debt 6/30/15
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	15,105,000	0.674	\$ 101,808
Metropolitan Water District	110,420	0.349	385,366
Cerritos Community College District	286,615,023	20.605	59,057,025
ABC Unified School District	38,354,966	60.855	23,340,915
Bellflower Unified School District	36,100,000	3.895	1,406,095
Los Angeles County Regional Park and Open Space Assessment District	82,880,000	0.672	556,954
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			84,848,163

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Los Angeles County General Fund Obligations		0.672%	\$12,669,421
Los Angeles County Superintendent of Schools Certificates of Participation	8,719,113	0.672	58,592
Bellflower Unified School District Certificates of Participation	15,180,000	3.896	591,261
City of Cerritos General Fund Obligations	-	100	-
Los Angeles County Sanitation District No. 2 Authority	19,355,816	0.896	173,428
Los Angeles County Sanitation District No. 3 Authority	6,475,536	0.327	21,175
Los Angeles County Sanitation District No. 18 Authority	10,820,968	6.919	748,703
Los Angeles County Sanitation District No. 19 Authority	3,486,333	45.876	1,599,390
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$15,861,970
Less: Los Angeles County General Fund Obligations supported by landfill revenues			30,542
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$15,831,428

OVERLAPPING TAX INCREMENT DEBT (Successor Agency): \$112,110,000 100% \$112,110,000

TOTAL DIRECT DEBT \$0
TOTAL GROSS OVERLAPPING DEBT \$212,820,133
TOTAL NET OVERLAPPING DEBT \$212,789,591

GROSS COMBINED TOTAL DEBT \$212,820,133 (2)
NET COMBINED TOTAL DEBT \$212,789,591

- (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 2014-15 Assessed Valuation:

Overlapping Tax and Assessment Debt	1.05%
Total Direct Debt	0.00%
Gross Combined Total Debt	2.64%
Net Combined Total Debt	2.63%

Ration to Redevelopment Incremental Valuation (\$3,578,555,826):

Total Overlapping Tax Increment Debt	3.13%
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Source: California Municipal Statistics, Inc.

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City of Cerritos
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
Debt Limit	\$ 901,944,542	\$ 971,890,907	\$ 1,028,776,348	\$ 1,098,825,713	\$ 1,089,326,156
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 901,944,542</u>	<u>\$ 971,890,907</u>	<u>\$ 1,028,776,348</u>	<u>\$ 1,098,825,713</u>	<u>\$ 1,089,326,156</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

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

	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
Debt Limit	\$ 1,084,570,960	\$ 1,112,986,620	\$ 1,142,098,479	\$ 1,176,293,833	\$ 1,219,571,424
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 1,084,570,960</u>	<u>\$ 1,112,986,620</u>	<u>\$ 1,142,098,479</u>	<u>\$ 1,176,293,833</u>	<u>\$ 1,219,571,424</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 2014-2015:					
Assessed value					\$ 8,076,326,406
Add back: exempt real property					<u>54,149,755</u>
Total assessed value					<u>\$ 8,130,476,161</u>
Debt limit (15% of total assessed value)					\$ 1,219,571,424
Debt applicable to limit					<u>-</u>
Legal debt margin					<u>\$ 1,219,571,424</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>
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	47,743	2,350,054	6.00%
2012-13	49,470	48,425	2,395,585	5.90%
2013-14	49,741	(a)	(a)	5.40%
2014-15	49,968	(a)	(a)	5.20%

*Based on Los Angeles County personal income data

(a) Not Available

Sources: (1) City of Cerritos

(2) Bureau of Economic Analysis

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

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

Department	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14 (a)	2014-15 (a)
Legislative and administration	9	9	9	9	9	9	8	8	7	7
Community Development	20	21	20	20	20	20	19	18	17	17
Public Works	130	113	114	111	96	90	84	78	71	69
Water and Power	-	19	19	18	17	17	17	15	14	13
Community and safety services	239	251	255	292	298	296	292	294	246	248
Administrative services	147	148	155	155	153	150	140	129	121	115
Cerritos Center for the Performing Arts	221	203	201	190	200	200	198	197	76	71
Total	766	764	773	795	793	782	758	739	552	540
Full-Time employees	241	241	241	235	239	230	214	209	189	181
Part-Time employees	525	523	532	560	554	552	544	530	363	359
Total	766	764	773	795	793	782	758	739	552	540

(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				
	2005-06	2006-07	2007-08	2008-09	2009-10
Public Works					
Maintenance:					
Graffiti removal (average incidence)	8,000	7,800	8,000	7,800	7,800
Streetsweeping miles	7,100	7,100	7,100	7,100	7,100
Trees maintained	28,000	28,000	29,450	29,450	29,500
Trees trimmed	12,000	11,500	12,000	12,000	12,000
Water and Power					
Water:					
Number of customer accounts	15,647	15,647	15,482	15,159	15,668
Average daily consumption (millions of gallons)	8.18	8.80	10.13	9.75	8.57
Water samples taken (annual)	2,272	2,104	2,128	2,038	2,039
Community and Safety Services					
Police (1):					
Number of sworn officers	58	54	56	59	60
Community Service officers (non-sworn)	17	16	16	14	19
Calls dispatched	17,447	17,286	16,931	16,830	16,745
Crime reports	5,650	5,991	5,946	5,843	5,511
Moving citations	6,740	5,615	4,920	6,395	5,868
Parking citations	936	825	1,152	1,116	1,089
Culture and Recreation:					
Leisure classes attendance	58,346	60,947	47,135	48,360	53,360
Indoor park reservation attendance	177,712	152,561	121,777	99,119	101,237
Picnic shelter attendance	56,091	61,658	44,716	53,880	57,903
Swim lessons attendance	181,996	298,131	288,504	292,674	284,994
Recreational swim attendance	51,009	55,587	55,021	51,594	48,784
Volunteer hours	20,954	16,097	16,027	11,974	12,550
Administrative Services					
Library:					
Number of patrons	1,172,500	1,173,000	1,042,445	1,064,875	1,128,990

(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				
	2010-11	2011-12	2012-13	2013-14	2014-15
Public Works					
Maintenance:					
Graffiti removal (average incidence)	7,000	7,500	5,500	6,000	5,500
Streetsweeping miles	7,100	7,100	7,100	7,100	7,100
Trees maintained	28,500	28,500	28,700	28,900	28,000
Trees trimmed	4,000	7,500	4,000	4,000	2,700
Water and Power					
Water:					
Number of customer accounts	15,668	15,714	15,676	15,655	15,792
Average daily consumption (millions of gallons)	8.16	8.17	8.26	8.10	7.55
Water samples taken (annual)	2,076	2,052	2,702	2,130	2,061
Community and Safety Services					
Police (1):					
Number of sworn officers	63	62	67	68	65
Community Service officers (non-sworn)	17	15	16	3	3
Calls dispatched	14,738	14,469	15,110	15,798	16,469
Crime reports	4,900	4,887	5,725	4,990	4,747
Moving citations	6,376	6,518	7,372	7,336	6,351
Parking citations	1,923	509	413	463	664
Culture and Recreation:					
Leisure classes attendance	51,423	47,317	49,957	47,583	43,636
Indoor park reservation attendance	91,813	79,264	76,953	78,284	69,264
Picnic shelter attendance	77,475	80,785	76,376	65,953	48,869
Swim lessons attendance	265,800	252,221	250,341	237,457	213,559
Recreational swim attendance	49,182	54,695	55,330	55,656	48,162
Volunteer hours	13,158	13,760	15,599	15,855	14,948
Administrative Services					
Library:					
Number of patrons	1,066,492	1,035,263	964,412	935,480	912,852

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

City of Cerritos
Capital Assets By Function
Last Ten Fiscal Years

Function	Fiscal Year				
	2005-06	2006-07	2007-08	2008-09	2009-10
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	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	238,860	241,942	241,607	247,405	258,349

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

Function	Fiscal Year				
	2010-11	2011-12	2012-13	2013-14	2014-15
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	245,942	269,926	265,789	252,108	266,647