NEW ISSUE—FULL BOOK-ENTRY | **RATINGS: Moody's: Aa2" S&P: AA"**
See "MISCELLANEOUS – Ratings"

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

$100,000,000
CERRITOS COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
Election of 2012 General Obligation Bonds, Series 2019C

Dated: Date of Delivery | **Due: August 1, as shown on inside cover page**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page not otherwise defined shall have the meanings set forth herein.

The Cerritos Community College District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series 2019C (the "Bonds") were authorized at an election of the registered voters of the Cerritos Community College District (the "District") held on November 6, 2012 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $350,000,000 principal amount of general obligation bonds of the District. The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the Bonds.

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of Los Angeles County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively, "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees. The Bonds are issuable as fully registered bonds in denominations of $5,000 or any integral multiple thereof.

The Bonds will be issued as current interest bonds such that interest thereon will accrue from the date of delivery of the Bonds, and be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2020. Payments of principal of and interest on the Bonds will be made by the designated bond registrar and paying agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector of Los Angeles County to act as Paying Agent for the Bonds

The Bonds are subject to optional redemption and mandatory sinking fund redemption prior to their stated maturity dates as further described herein.

MATURITY SCHEDULE
(see inside front cover)

The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed upon for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about June 27, 2019.

Morgan Stanley

Dated: June 11, 2019

MATURITY SCHEDULE

Base CUSIP[†]: 156792

$100,000,000
CERRITOS COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
Election of 2012 General Obligation Bonds, Series 2019C

$65,715,000 Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix[†]
2020	$875,000	4.000%	1.030%	JG9
2021	5,800,000	4.000	1.040	JH7
2022	590,000	4.000	1.050	JJ3
2023	770,000	4.000	1.090	JK0
2024	960,000	4.000	1.110	JL8
2025	1,165,000	4.000	1.170	JM6
2026	1,385,000	5.000	1.220	JN4
2027	1,635,000	5.000	1.300	JP9
2028	1,905,000	5.000	1.380	JQ7
2029	2,195,000	5.000	1.470	JR5
2030	2,505,000	5.000	1.590(1)	JS3
2031	2,840,000	4.000	1.790(1)	JT1
2032	3,170,000	4.000	1.910(1)	JU8
2033	3,525,000	4.000	2.060(1)	JV6
2034	3,905,000	4.000	2.160(1)	JW4
2035	4,305,000	4.000	2.250(1)	JX2
2036	4,735,000	4.000	2.370(1)	JY0
2037	5,190,000	3.000	2.860(1)	JZ7
2038	5,620,000	3.000	2.920(1)	KA0
2039	6,080,000	3.000	2.980(1)	KB8
2040	6,560,000	3.000	3.030	KC6

$34,285,000 – 3.000% Term Bonds due August 1, 2044 - Yield: 3.130% - CUSIP Suffix[†]: KD4

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the Underwriter, the Municipal Advisor or the District is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

(1) Yield to call at par on August 1, 2029

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of municipal securities. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement.

> "The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented there is not part of this Official Statement, is not incorporated herein by any reference, and should not be relied upon in making an investment decision with respect to the Bonds.

CERRITOS COMMUNITY COLLEGE DISTRICT

District Administration

Dr. Jose Fierro, *President/Superintendent*
Felipe Lopez, *Vice President, Business Services/Assistant Superintendent*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

KNN Public Finance LLC
Oakland, California

Paying Agent

U.S. Bank National Association, as agent of the
Treasurer and Tax Collector of Los Angeles County,
Los Angeles, California

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$100,000,000
CERRITOS COMMUNITY COLLEGE DISTRICT
(Los Angeles County, California)
Election of 2012 General Obligation Bonds, Series 2019C

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the Cerritos Community College District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series 2019C (the "Bonds").

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The Cerritos Community College District (the "District"), founded in 1955, serves an area of 52 square miles of southeastern Los Angeles County (the "County"), and includes within its service area the cities and communities of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, La Mirada, Norwalk, and portions of Bell Gardens, Lakewood, Long Beach, Santa Fe Springs, and South Gate. The District currently operates Cerritos College (the "College"), located on a 135-acre site in the City of Norwalk, and which provides collegiate level instruction in 87 degree and certification programs in over 180 areas of study. The College is fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). For fiscal year 2018-19, the District has a projected full-time equivalent student ("FTES") count of 16,000, and taxable property within the District has an assessed valuation of $47,688,600,386.

The District is governed by a seven-member Board of Trustees (the "Board of Trustees"), each member of which is elected to a four-year term by voters within seven trustee areas. Elections for positions to the Board of Trustees are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a President/Superintendent appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Jose Fierro currently serves as the President/Superintendent of the District and Felipe Lopez currently serves as the Vice President, Business Services/Assistant Superintendent.

See "TAX BASE FOR REPAYMENT OF BONDS" herein for more information regarding the assessed valuation of property within the District, and "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "CERRITOS COMMUNITY COLLEGE DISTRICT" herein for more information regarding the District's finances and operations generally. The audited financial statements of the District for fiscal year ending June 30, 2018 are attached hereto as APPENDIX B and should be read in their entirety.

Purpose of the Bonds

The Bonds are being issued by the District to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance of the Bonds.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code, California Constitution and other applicable law, and pursuant to a resolution adopted by the Board on May 1, 2019 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only (without coupons), initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to actual purchasers of the Bonds (the "Beneficial Owners") in the denominations set forth on the inside cover, under the book-entry only system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Bonds, but will instead receive credit balances on the books of their respective nominees. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" attached hereto. In event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuance of Book-Entry Only System; Registration, Payment and Transfer of Bonds" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS," as well as in APPENDIX A) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiple thereof.

Redemption. The Bonds are subject to redemption as further provided herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the initial date of delivery of the Bonds (the "Date of Delivery"), and is payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each, a "Bond Payment Date"). Principal of the Bonds is payable on August 1 in the year, and amounts set forth on the inside cover page hereof. Payments of the principal of and interest on the Bonds will be made by the designated paying agent, bond registrar, authentication agent and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners of the Bonds. U.S. Bank National Association has been appointed as agent of the Treasurer and Tax Collector of the County (the "Treasurer") to act as Paying Agent for the Bonds.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, based on existing statutes, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about June 27, 2019.

Bondowner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all taxable property in the District. For more complete information regarding the taxation of property within the District, and certain other considerations, see "TAX BASE FOR REPAYMENT OF BONDS" and "LIMITATION ON REMEDIES; BANKRUPTCY" herein.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate relating to the disclosure of annual financial information and notices of certain events executed by the District as of the Date of Delivery, as it may be amended from time to time in accordance with the terms thereof. These covenants will be made in order to assist Morgan Stanley & Co. LLC (the "Underwriter") in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). See "LEGAL MATTERS – Continuing Disclosure" and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "intend," "budget" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY

SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. KNN Public Finance LLC, Oakland, California is acting as Municipal Advisor to the District in connection with the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and KNN Public Finance LLC will receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP, Los Angeles, California. From time to time, Bond Counsel represents the Underwriter with regard to matters unrelated to the District or the Bonds.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change.

Copies of documents referred to herein and information concerning the Bonds are available from Cerritos Community College District, 11110 Alondra Boulevard, Norwalk, California 90650, telephone: (562) 860-2451. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

Certain information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIIIA of the California Constitution and pursuant to the Resolution. The District received authorization at an election held on November 6, 2012 by the requisite 55% or more of the votes cast by eligible voters within the District to issue $350,000,000 of general obligation bonds (the "2012 Authorization"). The Bonds represent the third series of bonds within the 2012 Authorization and, following the issuance thereof, $75,000,000 of bonds authorized by the 2012 Authorization will remain unissued.

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Board of Supervisors of the County is empowered and obligated to levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the District subject to taxation thereby (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The County, however, is not obligated to establish such a reserve, and the District can make no representation that the County will do so. Such taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. Such taxes, when collected, will be placed by the County in the Debt Service Fund (defined herein) created by the Resolution, which is segregated and held by the County and which is designated for the payment of the Bonds and interest thereon when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the County is obligated to levy *ad valorem* property taxes for the payment of the Bonds, and the County will maintain the Debt Service Fund, the Bonds are not a debt of the County.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same becomes due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* property taxes levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rates to fluctuate. Economic and other factors beyond the District's control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination, could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the respective annual tax rates. For further information regarding the District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien secures all bonds of the District, including the Bonds, issued after January 1, 2016 and payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. However, the statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee of DTC. Beneficial Owners will not receive certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the Date of Delivery, and be payable semiannually on each Bond Payment Date, commencing February 1, 2020. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond shall bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2020, in which event it shall bear interest from its date. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof. The Bonds mature on August 1, in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds shall be payable upon maturity upon surrender at the principal office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds.

Application and Investment of Bond Proceeds

The Bonds are being issued by the District to finance the acquisition, construction, modernization and equipping of District sites and facilities, and to pay the costs of issuance associated with the Bonds.

The net proceeds from the sale of the Bonds will be paid to the County to the credit of the building fund created by the Resolution (the "Building Fund"). Any interest earnings on moneys held in the Building Fund shall be retained therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which the Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds.

Any premium received by the District from the sale of the Bonds, and *ad valorem* property tax proceeds for the payment of the Bonds, will be kept separate and apart in the debt service fund created by the Resolution (the "Debt Service Fund") and used only for payment of principal of and interest on the Bonds, and for no other purpose. Any interest earnings on moneys held in the Debt Service Fund shall be retained therein. If, after the Bonds has been redeemed or paid and otherwise cancelled, there are moneys remaining in the respective Debt Service Fund, said moneys shall be transferred to the general fund of the District as provided and permitted by law

Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX F – LOS ANGELES COUNTY INVESTMENT POOL" attached hereto.

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Annual Debt Service

The following table summarizes the debt service requirements of the District for the Bonds (assuming no optional redemptions):

Year Ending (August 1)	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service Payment
2020	$875,000.00	$3,851,240.56	$4,726,240.56
2021	5,800,000.00	3,483,900.00	9,283,900.00
2022	590,000.00	3,251,900.00	3,841,900.00
2023	770,000.00	3,228,300.00	3,998,300.00
2024	960,000.00	3,197,500.00	4,157,500.00
2025	1,165,000.00	3,159,100.00	4,324,100.00
2026	1,385,000.00	3,112,500.00	4,497,500.00
2027	1,635,000.00	3,043,250.00	4,678,250.00
2028	1,905,000.00	2,961,500.00	4,866,500.00
2029	2,195,000.00	2,866,250.00	5,061,250.00
2030	2,505,000.00	2,756,500.00	5,261,500.00
2031	2,840,000.00	2,631,250.00	5,471,250.00
2032	3,170,000.00	2,517,650.00	5,687,650.00
2033	3,525,000.00	2,390,850.00	5,915,850.00
2034	3,905,000.00	2,249,850.00	6,154,850.00
2035	4,305,000.00	2,093,650.00	6,398,650.00
2036	4,735,000.00	1,921,450.00	6,656,450.00
2037	5,190,000.00	1,732,050.00	6,922,050.00
2038	5,620,000.00	1,576,350.00	7,196,350.00
2039	6,080,000.00	1,407,750.00	7,487,750.00
2040	6,560,000.00	1,225,350.00	7,785,350.00
2041	7,070,000.00	1,028,550.00	8,098,550.00
2042	7,605,000.00	816,450.00	8,421,450.00
2043	8,170,000.00	588,300.00	8,758,300.00
2044	11,440,000.00	343,200.00	11,783,200.00
Total	$100,000,000.00	$57,434,640.56	$157,434,640.56

(1) Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing February 1, 2020.

See "CERRITOS COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for a schedule of the total annual debt service requirements for all of the District's outstanding general obligation bonds.

Redemption

Optional Redemption. The Bonds maturing on or before August 1, 2029 are not subject to redemption prior to their respective stated maturity dates. The Bonds maturing on or after August 1, 2030 are subject to redemption prior to their stated maturity dates, at the option of the District, from any source of available funds, in whole or in part on any date on or after August 1, 2029, at a redemption price equal to the principal amount of the Bonds called for redemption, without premium, together with interest accrued thereon to the date of redemption.

Mandatory Sinking Fund Redemption. The Bonds maturing on August 1, 2044 (the "Term Bonds") are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 2041, at a redemption price equal to the principal amount thereof as of the date fixed for redemption, together with interest accrued to the date set for such redemption, without premium. The principal amount represented by such Term Bonds to be so redeemed and the redemption dates therefor, and the final payment date is as indicated in the following table:

Redemption Date (August 1)	**Principal Amount**
2041	$7,070,000
2042	7,605,000
2043	8,170,000
2044(1)	11,440,000

(1) Maturity.

In the event that portions of the Term Bonds shown above are optionally redeemed prior to their respective maturity dates, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, in integral multiples of $5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the redemption of Bonds and less than all Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed in part shall be in a principal amount of $5,000, or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will specify (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) a Redemption Notice will be provided to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance," the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent will execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption is valid upon payment of the amount required to be paid to such Owner, and the County and the District will be released and discharged thereupon from all liability to the extent of such payment.

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in "—Defeasance," and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance," such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, and premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Discontinuation of Book-Entry Only System; Registration, Payment and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain and keep at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry only system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal office of the Paying Agent. Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount upon presentation and surrender at the principal trust office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any), at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with cash and any amounts transferred from the Debt Service Fund, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such Bonds shall cease and terminate, except only the obligation of such escrow agent to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by Moody's Investors Service ("Moody's") or S&P Global Ratings ("S&P").

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds	$100,000,000.00
Net Original Issue Premium	6,907,077.35
Total Sources	$106,907,077.35

Uses of Funds

Building Fund	$99,680,000.00
Debt Service Fund	6,657,077.35
Costs of Issuance [(1)]	570,000.00
Total Uses	$106,907,077.35

(1) Reflects all initial costs of issuance, including but not limited to, the underwriting discount, legal and municipal advisory fees, printing expenses, demographics, rating agency fees, filing fees and the costs and fees of the Paying Agent.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem *property taxation, assessed valuation, and other measures of the tax base of the District. The Bonds are payable solely from* ad valorem *property taxes levied and collected by the County on taxable property in the District. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

District property taxes are assessed and collected by the County at the same time and on the same rolls as special district property taxes. Assessed valuations are the same for both District and County taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll." A supplemental roll is developed when property changes hands or new construction is completed. The County levies and collects all property taxes for property falling within the County's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently enrolled in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the Treasurer. After the second installment of taxes on the secured roll is delinquent, the tax collector shall collect a cost of $10 for preparing the delinquent tax records and giving notice of delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5%

per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the Treasurer.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecure tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "— Secured Tax Charges and Delinquencies" herein

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including community college districts, share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

The following represents the 10-year history of assessed valuations in the District, as of the date the equalized assessment tax roll is established in August of each year, and excluding any exemptions granted after such date in each year.

ASSESSED VALUATIONS
Fiscal Years 2009-10 through 2018-19
Cerritos Community College District

	Local Secured	Utility	Unsecured	Total	% Change
2009-10	$33,656,319,921	$7,131,220	$2,144,626,941	$35,808,078,082	--
2010-11	33,445,340,169	7,130,890	1,474,919,116	34,927,390,175	(2.46)
2011-12	34,085,647,852	6,570,158	1,477,728,807	35,569,946,817	1.84
2012-13	34,805,214,018	6,570,158	1,516,132,620	36,327,916,796	2.13
2013-14	36,014,484,505	6,570,158	1,495,632,142	37,516,686,805	3.27
2014-15	37,591,590,637	6,570,158	1,596,966,414	39,195,127,209	4.47
2015-16	39,206,780,534	6,570,158	1,652,067,280	40,865,417,972	4.26
2016-17	42,227,941,538	6,570,158	1,740,613,827	42,975,125,523	5.16
2017-18	43,561,146,997	9,543,106	1,759,231,847	45,329,918,950	5.48
2018-19	45,974,664,082	9,549,205	1,704,387,099	47,688,600,386	5.20

Source: California Municipal Statistics, Inc.

Economic and other factors beyond the District's control, such as general market decline in property values, disruption in financial markets that may reduce availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, wildfire, flood, drought or toxic contamination, could cause a reduction in the assessed value of taxable property within the District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the County to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" herein.

Appeals and Adjustments of Assessed Valuations. Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization ("SBE"), with the appropriate county board of equalization or assessment appeals board. County assessors may independently reduce assessed values as well based upon the above factors or reductions in the fair market value of the taxable property. In most cases, an appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. Such reductions are subject to yearly reappraisals and may be adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

The District does not have information regarding pending appeals of assessed valuation of property within the District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 ("AB 102"). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the District.

Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in the District by jurisdiction, in terms of its fiscal year 2018-19 assessed valuation.

ASSESSED VALUATION BY JURISDICTION[1]
Fiscal Year 2018-19
Cerritos Community College District

Jurisdiction:	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Artesia	$1,711,408,452	3.59%	$1,711,408,452	100.00%
City of Bell Gardens	30,999,483	0.07	1,805,948,793	1.72
City of Bellflower	5,043,965,168	10.58	5,511,201,130	91.52
City of Cerritos	9,637,201,915	20.21	9,637,201,915	100.00
City of Downey	11,452,445,457	24.02	11,764,870,372	97.34
City of Hawaiian Gardens	906,225,457	1.90	906,520,774	99.97
City of La Mirada	6,215,634,673	13.03	6,690,574,916	92.90
City of Lakewood	3,431,782,071	7.20	9,655,308,714	35.54
City of Long Beach	170,082,239	0.36	57,611,235,602	0.30
City of Norwalk	6,172,637,661	12.94	7,708,902,736	80.07
City of Paramount	2,546,613	0.01	3,999,245,043	0.06
City of Santa Fe Springs	2,195,614,421	4.60	7,851,781,183	27.96
City of South Gate	549,910,605	1.15	5,898,927,399	9.32
Unincorporated Los Angeles County	168,146,171	0.35	107,666,068,683	0.16
Total District	$47,688,600,386	100.00%		
Los Angeles County	$47,688,600,386	100.00%	$1,518,401,584,349	3.14%

(1) Before deduction of redevelopment incremental valuation.
Source: California Municipal Statistics, Inc.

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Assessed Valuation by Land Use. The following table shows the distribution of taxable property within the District by principal use, as measured by assessed valuation and parcels in fiscal year 2018-19.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2018-19
Cerritos Community College District

Non-Residential:	**2018-19 Assessed Valuation**[1]	**% of Total**	**No. of Parcels**	**% of Total**
Commercial	$5,625,529,712	12.24%	3,038	2.95%
Vacant Commercial	78,238,771	0.17	247	0.24
Industrial	5,171,781,904	11.25	1,563	1.52
Vacant Industrial	89,999,545	0.20	252	0.24
Recreational	271,933,492	0.59	62	0.06
Government/Social/Institutional	372,733,352	0.81	1,010	0.98
Miscellaneous	13,235,663	0.03	49	0.05
Subtotal Non-Residential	$11,623,452,439	25.28%	6,221	6.04%
Residential:				
Single Family Residence	$27,792,282,559	60.45%	81,891	79.54%
Condominium/Townhouse	1,750,370,936	3.81	6,839	6.64
Mobile Home	25,956,438	0.06	989	0.96
Mobile Home Park	73,941,339	0.16	50	0.05
2-4 Residential Units	1,499,951,525	3.26	3,538	3.44
5+ Residential Units/Apartments	2,974,957,663	6.47	1,625	1.58
Vacant Residential	233,751,183	0.51	1801	1.75
Subtotal Residential	$34,351,211,643	74.72%	96,733	93.96%
Total	$45,974,664,082	100.00%	102,954	100.00%

[1] Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within the District among various fiscal year 2018-19 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2018-19
Cerritos Community College District

	No. of Parcels	2018-19 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	81,891	$27,792,282,559	$339,381	$318,058

2018-19 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $49,999	1,769	2.160%	2.160%	$61,620,426	0.222%	0.222%
50,000 - 99,999	8,535	10.422	12.583	639,626,232	2.301	2.523
100,000 - 149,999	4,958	6.054	18.637	614,834,222	2.212	4.735
150,000 - 199,999	5,456	6.663	25.299	960,855,533	3.457	8.193
200,000 - 249,999	8,445	10.312	35.612	1,914,742,359	6.889	15.082
250,000 - 299,999	8,731	10.662	46.274	2,397,756,201	8.627	23.710
300,000 - 349,999	8,080	9.867	56.140	2,620,972,679	9.431	33.140
350,000 - 399,999	7,651	9.343	65.483	2,866,864,371	10.315	43.455
400,000 - 449,999	6,836	8.348	73.831	2,904,582,720	10.451	53.907
450,000 - 499,999	6,241	7.621	81.452	2,958,820,542	10.646	64.553
500,000 - 549,999	4,288	5.236	86.688	2,244,696,082	8.077	72.629
550,000 - 599,999	3,220	3.932	90.620	1,844,388,879	6.636	79.266
600,000 - 649,999	2,168	2.647	93.268	1,352,762,707	4.867	84.133
650,000 - 699,999	1,752	2.139	95.407	1,180,006,490	4.246	88.379
700,000 - 749,999	1,164	1.421	96.829	842,038,073	3.030	91.409
750,000 - 799,999	793	0.968	97.797	613,445,518	2.207	93.616
800,000 - 849,999	577	0.705	98.502	475,537,231	1.711	95.327
850,000 - 899,999	347	0.424	98.925	303,264,123	1.091	96.418
900,000 - 949,999	218	0.266	99.192	201,201,875	0.724	97.142
950,000 - 999,999	153	0.187	99.378	148,949,961	0.536	97.678
1,000,000 and greater	509	0.622	100.000	645,316,335	2.322	100.000
Total	81,891	100.000%		$27,792,282,559	100.000%	

(1) Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

Certain counties in the State of California operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.**

The District participates in the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Government Code Section 6516.6. The District anticipates that CSDTFA will from time to time purchase delinquent *ad valorem* property tax receivables from the District. For the most recent fiscal year for which CSDTFA purchased delinquencies (the 2016-17 fiscal year), such delinquencies were purchased from the District at a purchase price equal to 110% thereof. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. CSDTFA does not currently purchase *ad valorem* property tax receivables related to the payment of general obligation bonds of the District. Thus, the District's participation in CSDTFA's program does not ensure that the District will receive the timely payment of *ad valorem* property taxes levied to secure the Bonds. See also "—*Ad Valorem* Property Taxation" herein.

Secured Tax Charges and Delinquencies

Information regarding annual secured tax levies within the District for fiscal years 2008-09 through 2017-18, and amounts delinquent as of June 30, are shown below.

SECURED TAX CHARGES AND DELINQUENCIES
Fiscal Years 2008-09 through 2017-18
Cerritos Community College District

Fiscal Year	Secured Tax Charge(1)	Amt. Del. June 30	% Del. June 30
2008-09	$8,911,113.22	$416,940.68	4.68%
2009-10	8,727,805.05	299,101.08	3.43
2010-11	8,552,167.50	204,941.60	2.40
2011-12	8,747,024.99	182,262.08	2.08
2012-13	8,980,166.13	161,238.87	1.80
2013-14	9,296,854.81	136,954.22	1.47
2014-15	9,745,592.63	140,311.43	1.44
2015-16	10,188,403.42	144,486.58	1.42
2016-17	10,696,456.16	127,046.44	1.19
2017-18	11,360,955.79	141,150.78	1.24

Fiscal Year	Secured Tax Charge(2)	Amt. Del. June 30	% Del. June 30
2008-09	$3,423,227.03	$162,700.38	4.75%
2009-10	6,155,721.68	192,477.15	3.13
2010-11	8,829,149.06	179,392.22	2.03
2011-12	6,002,407.92	110,663.95	1.84
2012-13	8,968,699.40	169,679.58	1.89
2013-14	8,938,996.32	116,283.15	1.30
2014-15	17,928,864.47	230,312.50	1.28
2015-16	18,864,528.44	224,899.63	1.19
2016-17	19,305,691.75	191,836.40	0.99
2017-18	18,969,548.44	180,808.21	0.95

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds. Reflects countywide delinquency rate.
(2) Bond debt service levy only
Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the District in terms of their fiscal year 2018-19 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST 2018-19 LOCAL SECURED TAXPAYERS
Cerritos Community College District

	Property Owner	Primary Land Use	2018-19 Assessed Valuation	% of Total[1]
1.	The Macerich Company	Shopping Center/Mall	$407,890,803	0.89%
2.	Golden Springs Development	Industrial	299,319,615	0.65
3.	Icon Owner Pool 1 LA	Industrial	195,964,855	0.43
4.	PCCP IRG Downey LLC	Shopping Center	138,757,010	0.30
5.	Cerritos Office Center	Office Building	134,599,821	0.29
6.	GLC SFS II LLC	Industrial	126,646,304	0.28
7.	Duke Realty LP	Industrial	122,884,905	0.27
8.	Teachers Insurance and Annuity Association	Industrial	108,376,718	0.24
9.	Cerritos Towne Center LLC, Lessee	Shopping Center	106,787,832	0.23
10.	PRC Multi Family LLC	Apartments	91,379,846	0.20
11.	TPG Cerritos Acquisition LLC	Apartments	88,836,738	0.19
12.	Cerritos Corporate Center Property owner LLC	Office Building	84,573,565	0.18
13.	Downey Landing LLC	Shopping Center	79,800,544	0.17
14.	Cerritos Gardens General Hospital Co.	Hospital	79,619,703	0.17
15.	Cerritos Retail Centercal LLC	Shopping Center	74,706,007	0.16
16.	Norwalk MM LLC	Office Building	72,683,357	0.16
17.	Hoag Foundation	Apartments	52,887,798	0.12
18.	SBMC Cerritos LLC	Industrial	52,785,000	0.11
19.	Freeway Springs LLC	Industrial	52,258,361	0.11
20.	Lone Oak Downey LLC	Industrial	51,620,000	0.11
			$2,422,378,782	5.27%

[1] 2018-19 Local Secured Assessed Valuation: $45,974,664,082.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below demonstrates the total *ad valorem* property tax rates levied by all taxing entities, as a percentage of assessed valuation, in typical tax rate area ("TRA") of the District during the five-year period from 2014-15 through 2018-19.

TYPICAL TAX RATES - TRA 3304
Fiscal Years 2014-15 through 2018-19
Cerritos Community College District

	2014-15	2015-16	2016-17	2017-18	2018-19[1]
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Cerritos Community College District	.048092	.048285	.046976	.043705	.044462
Downey Unified School District	.065493	.114732	.114732	.105383	.101126
Metropolitan Water District	.003500	.003500	.003500	.003500	.003500
Total	1.117085%	1.165208%	1.165208%	1.152588%	1.149088%

[1] 2018-19 assessed valuation of TRA 3304 is $2,601,586,559, which represents 5.46% of the District's total assessed valuation.
Source: California Municipal Statistics, Inc.

Statement of Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. effective as of April 5, 2019 for debt outstanding as of April 1, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The table shows the percentage of each overlapping entity's assessed value located within the boundaries of the District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
Cerritos Community College District

2018-19 Assessed Valuation: $47,688,600,386

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 4/1/19**
Metropolitan Water District	1.635%	$785,618
Cerritos Community College District	**100.000**	**313,451,990** [1]
ABC Unified School District	100.000	26,476,267
Bellflower Unified School District	100.000	76,275,000
Downey Unified School District	98.864	202,701,112
Norwalk-La Mirada Unified School District	100.000	177,428,832
Los Angeles County Regional Park and Open Space Assessment District	3.141	427,804
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$797,546,623
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	3.141%	$67,905,801
Los Angeles County Superintendent of Schools Certificates of Participation	3.141	183,053
Bellflower Unified School District Certificates of Participation	100.000	13,320,000
Norwalk-La Mirada Unified School District Certificates of Participation	100.000	2,770,165
City of Downey General and Pension Fund Obligation Bonds	97.344	63,312,538
City of Norwalk General Fund Obligations	80.072	12,296,663
Other City General Fund Obligations	Various	26,080,314
Los Angeles County Sanitation District No. 2 Authority	32.912	2,844,788
Los Angeles County Sanitation District No. 3 Authority	3.567	234,273
Los Angeles County Sanitation District No. 18 Authority	37.553	1,814,659
Los Angeles County Sanitation District No. 19 Authority	72.081	1,122,209
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT		$191,884,463
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$221,760,928
COMBINED TOTAL DEBT		$1,211,192,014 [2]

Ratios to 2018-19 Assessed Valuation:

Direct Debt ($313,451,990).. 0.66%
Total Direct and Overlapping Tax and Assessment Debt...... 1.67%
Combined Total Debt 2.54%

Ratio to Redevelopment Incremental Valuation ($10,872,854,175):

Total Overlapping Tax Increment Debt................................ 2.04%

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(1) Excludes the Bonds described herein.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem *property tax levied by the County for the payment thereof. See "THE BONDS – Security and Sources of Payment" Articles XIIIA, XIIIB, XIIIC and XIIID of the Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the County to levy taxes on behalf of the District and the District spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the County to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA ("Article XIIIA") of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under 'full cash value,' or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by fifty-five percent or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds of all members of the State Legislature to change any state taxes for the purpose of increasing tax revenues.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA of the State Constitution to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("unitary property"). Under the State Constitution, such property is assessed by the SBE as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a Basic Aid district (as defined herein), taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" herein.

Article XIIIB of the California Constitution

Article XIIIB ("Article XIIIB") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIIIB defines

(a) "change in the cost of living" with respect to school districts and community college districts to mean the percentage change in State per capita income from the preceding year, and

(b) "change in population" with respect to a school district or community college district to mean the percentage change in the average daily attendance of such school district or community college district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from

(a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIIIB also includes a requirement that fifty percent of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" below.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, the voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the State Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic one percent *ad valorem* property tax levied and collected by the County pursuant to Article XIIIA of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). Certain provisions of the Accountability Act were modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget.

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

e. School Funding Guarantee. A complex adjustment was made to the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues ("Test 1") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to per capita personal income) and enrollment ("Test 2"). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" to K-14 school districts (also referred to as a "maintenance factor"), which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by fifty-five percent (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current one percent limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, and county offices of education. As noted above, the State Constitution previously limited property taxes to one percent of the value of property, such that property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to buy or improve real property that receive two-thirds voter approval after July 1, 1978.

The fifty-five percent vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school facilities bonds to be approved by fifty-five percent of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary or high school district), or $25 (for a community college district), per $100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA of the Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-third approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. The State may shift to school and community college districts a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to school or community college districts or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by the voters of the State on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on state transportation bonds, to borrow or change the distribution of state fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for state mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was projected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was projected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 Minimum Funding Guarantee (defined herein) for school districts and community college districts. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the "EPA"). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Jarvis v. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the State Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 2

On November 4, 2014, voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB of the Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for enrollment growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for enrollment growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school districts lack sufficient local funding, it may apply for additional state grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school ($500 million) and technical education ($500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for state loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, state grants are capped at $3 million for a new facility and $1.5 for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual state budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 state facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community colleges is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from State revenues. The Bonds are solely payable from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

Major Revenues

General. California community college districts (other than Basic Aid districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for the most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Basic Aid" community college districts (also referred to "community supported" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 55" herein. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that the legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not a Basic Aid district.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism referred to as the "Student Centered Funding Formula," (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") that is calculated using various performance-based metrics.

The SCFF includes several provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2020-21, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2021-22 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.)

<u>Base Allocation.</u> The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see "—Enrollment Based Funding"), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college district in fiscal year 2018-19, 65% in fiscal year 2019-20 and 60% in fiscal years 2020-21 and onward.

The SCFF provides minimum funding levels for credit FTES for the first three fiscal years, as follows: (i) $3,727 for fiscal year 2018-19, (ii) $3,387 for fiscal year 2019-20, adjusted for COLAs and other base adjustments, and (iii) $3,046 for fiscal year 2020-21, adjusted for COLAs and other base adjustments in both the then-current and prior fiscal year. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts, which do not include the District, that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

The table below shows the District's resident FTES figures for the last nine fiscal years, along with projected FTES for the current fiscal year.

FULL TIME EQUIVALENT STUDENTS
Fiscal Years 2009-10 through 2018-19
Cerritos Community College District

Fiscal Year	Funded FTES	Unfunded FTES	Total FTES
2009-10	16,703	1,373	18,076
2010-11	17,097	461	17,558
2011-12	15,760	1,432	17,192
2012-13	16,027	--	16,027
2013-14	16,435	429	16,864
2014-15	17,241	549	17,790
2015-16	17,741	--	17,741
2016-17[(1)]	17,741	--	17,741
2017-18	16,777	--	16,777
2018-19[(2)]	16,000	--	16,000

(1) Reflects the receipt of "stability" funding. Under California Code Regulations Section 58776, during the initial year of a decline in FTES, community college districts are eligible to receive "stability" funding, in an amount equal to the revenue loss associated with a decline in FTES for that year. Stability funding is available for a one year period. If FTES are not restored to the pre-decline level within a period of two years following the initial decline, a community college district that has received stability funding is subject to a permanent reduction of its funded FTES and an attendant decline in operating revenue.
(2) Projected.
Source: Cerritos Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under California Education Code 76300. The SCFF provides $919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in a various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts in fiscal year 2018-19, 15% in fiscal year 2019-20 and 20% in fiscal years 2020-21 and onward. Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of $440 per point, and additional $111 per point for Pell Grant and California College Promise Grant students. For fiscal year 2019-20, these rates increase to $660 per point and $167 per point, respectively, subject to COLAs and other base adjustments. For fiscal year 2020-21, the rates increase to $880 per point and $222 per point, respectively, subject to COLAs and other base adjustments.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the Chancellor's Office of the California Community Colleges, submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the governor, and by January 10 a proposed State budget is presented by the governor to the legislature. The Governor's Budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the governor issues a revised budget with changes he or she can support. The law requires the legislature to submit its approved budget by June 15, and by June 30 the governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the statewide governing board of the California community colleges (the "Board of Governors") and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of California's community college districts. In accordance with statutory and regulatory provisions, the Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and full-time equivalent student patterns. Those districts with greater financial difficulty will receive follow-up visits from the Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

The table below shows the District's general fund budgets for fiscal years 2014-15 through 2018-19, the District's unaudited ending results for fiscal years 2014-15 through 2017-18. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT" attached hereto.

COMPARISON OF GENERAL FUND BUDGETS
Fiscal Years 2014-15 through 2018-19
Cerritos Community College District

	Fiscal Year 2014-15		Fiscal Year 2015-16		Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19
	Budgeted[(1)]	Ending[(1)]	Budgeted[(1)]	Ending[(1)]	Budgeted[(1)]	Ending[(1)]	Budgeted[(1)]	Ending[(1)]	Budgeted[(1)]
REVENUES:									
Federal	$4,100,012	$4,068,005	$3,821,330	$3,343,563	$2,526,869	$2,315,947	$2,504,943	$2,419,890	$2,519,940
State	81,904,406	86,182,201	108,034,968	102,569,457	94,551,058	92,786,406	88,864,183	85,082,706	106,439,245
Local	19,932,815	20,299,234	18,638,791	28,777,824	24,215,772	32,729,754	33,751,351	38,522,493	34,506,500
TOTAL REVENUES	105,937,233	110,549,440	130,495,089	134,690,844	121,293,699	127,832,107	125,120,477	126,025,089	143,465,685
EXPENDITURES:									
Academic Salaries	43,862,905	45,143,240	47,398,145	46,921,960	56,058,320	56,031,859	55,575,701	56,591,620	54,645,464
Classified Salaries	22,706,213	22,635,004	24,188,925	24,676,571	25,459,669	25,474,138	26,606,072	26,275,394	26,574,981
Employee Benefits	19,099,467	18,876,154	21,445,174	23,698,024	24,354,752	27,798,082	27,598,548	31,250,260	33,079,031
Books and Supplies	2,775,852	2,536,143	2,627,236	2,479,608	2,431,718	2,126,965	2,626,217	2,184,818	3,483,663
Services and Other Operating Expenditures	8,634,446	8,007,776	10,632,106	10,259,865	11,362,886	10,101,414	10,262,610	8,194,607	13,207,987
Capital Outlay	3,777,870	3,705,583	4,647,428	3,941,481	4,476,548	3,084,066	4,678,720	2,999,514	5,777,516
TOTAL EXPENDITURES	100,856,753	100,903,900	110,939,014	111,977,509	124,143,893	124,616,524	127,347,868	127,496,213	136,768,642
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	5,080,480	9,645,540	19,556,075	22,713,335	(2,850,194)	3,215,583	(2,227,391)	(1,471,124)	6,697,043
OTHER FINANCING SOURCES/USES	--	157,687	158,000	352,772	164,828	620,006	186,146	1,096,622	278,354
OTHER OUTGO	(3,704,539)	(1,014,330)	(19,373,554)	(17,355,362)	(708,949)	(1,397,309)	(1,106,502)	(2,463,725)	(1,835,580)
NET CHANGE IN FUND BALANCE	1,375,941	8,788,897	340,521	5,710,745	(3,394,315)	2,438,280	(3,147,747)	(2,838,227)	5,139,817
BEGINNING FUND BALANCE	19,081,500	19,081,500	27,870,397	27,870,397	33,581,142	33,581,142	36,019,422	36,019,422	33,181,195
ENDING FUND BALANCE	$20,457,441	$27,870,397	$28,210,918	$33,581,142	$30,186,827	$36,019,422	$32,871,675	$33,181,195	$38,321,012

(1) Drawn from the District's CCFS-311 Reports filed with the Chancellor's Office. For audited statements of revenues, expenditures and changes in fund balances for the District's governmental funds for fiscal years 2013-14 through 2017-18, see "CERRITOS COMMUNITY COLLEGE DISTRICT — Comparative Financial Statements" herein.
Source: Cerritos Community College District.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, California voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added Test 3 to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in California's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIIIB).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to community colleges and K-12 which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Assistance

California community college districts' principal funding formulas and revenue sources are derived from the budget of the State of California. The following information concerning the State of California's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Underwriter take any responsibility as to the accuracy or completeness of such publicly available information and has not independently verified such information.

2018-19 Budget. On June 27, 2018, the Governor signed into law the State budget for fiscal year 2018-19 (the "2018-19 Budget"). The following information is drawn from the LAO's preliminary review of the 2018-19 Budget.

To protect against potential future economic recessions, the 2018-19 Budget fully funds the BSA with a total deposit of over $4.4 billion, including a $2.6 billion optional deposit in addition to the Constitutionally-required deposit, and adds two additional reserves to State law: the Safety Net Reserve Fund, intended to save money specifically for future expenditures of the CalWORKs and Medi-Cal programs; and the Budget Deficit Savings Account ("BDSA"), which for 2018-19 will temporarily hold the $2.6 billion optional BSA deposit until May 2019. In May 2019, the optional BSA deposit amount will be adjusted as necessary to reflect updated estimates of revenues, at which point it will be transferred to the BSA. The projected ending balance in the BSA at the end of the 2018-19 fiscal year is expected to equal the BSA's current constitutional maximum of 10 percent of the estimated general fund revenues for fiscal year 2018-19.

For fiscal year 2017-18, the 2018-19 Budget projects total general fund revenues and transfers of $129.8 billion and total expenditures of $127.0 billion. The State is projected to end the 2017-18 fiscal year with total available general fund reserves of $16.7 billion, including $7.3 billion in the traditional general fund reserve and $9.4 billion in the BSA. For fiscal year 2018-19, the 2018-19 Budget projects total general fund revenues and transfers of $133.3 billion and authorizes expenditures of $138.7 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $15.9 billion, including $2.0 billion in the traditional general fund reserve, $13.8 billion in the BSA and $200 million in the Safety Net Reserve Fund. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the 2018-19 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2016-17 and 2017-18, as a result of higher general fund revenues. The 2018-19 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2016-17 at $71.6 billion, an increase of $252 million from the prior year. The 2018-19 Budget revises the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion, reflecting an increase of $1.1 billion from the prior year. As part of the 2017-18 increase, the State is making an additional maintenance factor payment of $789 million, on top of a previous $536 million payment. After making the approximately $1.3 billion total payment, the State will have eliminated all remaining maintenance factor for the first time since 2005-06. In both 2016-17 and 2017-18, the State is spending at the calculated minimum guarantee.

For fiscal year 2018-19, the 2018-19 Budget sets the minimum funding guarantee at $78.4 billion, reflecting an increase of $2.8 billion (or 3.7%) from the revised prior-year level. Fiscal year 2018-19 is projected to be a "Test 2" year, with the increase in the minimum funding guarantee attributable to a 3.67% increase in per capita personal income. With respect to community college education, the 2018-19 Budget sets Proposition 98 funding at $9.2 billion, including $6.0 billion from the State general fund, reflecting an increase of $474 million (or 5.5%) from the prior year. This increase includes $164 million for the K-12 component of the Strong Workforce Program – excluding this amount, the total increase for community college spending from the prior year's level is $310 million (or 3.6%). Per-FTES spending increases $630 (or 8.5%) to $8,046.

Other significant features with respect to community college education funding include the following:

- *New Funding Formula* – $175 million in ongoing and $35 million one-time Proposition 98 funding to begin the transition to a new community college funding formula. See "—Major Revenues - Student Centered Funding Formula" herein.

- *Enrollment; Apportionments* – An increase of $60 million in Proposition 98 funding to base allocations to support a 1% growth in enrollment system-wide. The 2018-19 Budget also provides $173 million to fund a 2.71% COLA to apportionments and $13 million to fund a 2.71% COLA to selected categorical programs.

- *California Online College* – $100 million in one-time Proposition 98 funding and $20 million in ongoing Proposition 98 funding for the establishment and operation of a fully online community college (the "Online College") to be administered by the California Community Colleges Board of Governors.

- *Online Programs for Existing Community College Districts* – $35 million one-time Proposition 98 funding for existing community college districts to develop online programs and courses that lead to short-term industry-valued credentials or enable a student who completed a program at the Online College to continue their education at an existing community college.

- *Faculty* – $50 million additional ongoing Proposition 98 funding for colleges to hire more full-time faculty, and $50 million one-time Proposition 98 funding for part-time faculty office hours.

- *Financial Aid* – $46 million in Proposition 98 funding for the expansion of the California College Promise Grant program. The 2018-19 Budget also replaces the Full-Time Student Success Grant and the Community College Completion Grant with a new program – the Community Colleges Student Success Completion Grant – intended to help financially needy community college students with their living costs. The 2018-19 Budget provides $132 million in funding for this new program, an increase of $41 million over the combined cost of the two prior programs in 2017-18.

- *Student Services* – Several one-time allocations for community college districts to help students with various issues of core academic instruction, including $10 million to provide mental health services, $10 million to address student hunger at campuses, and $10 million to provide legal services to undocumented students.

- *Maintenance and Instructional Equipment* – $28 million in one-time Proposition 98 funding for scheduled maintenance, special repairs, hazardous substance abatement, architectural barrier removal, certain seismic retrofit projects, water conservation projects and replacement of instructional equipment and library materials. Funds will be allocated based on full time equivalent student enrollment.

- *Proposition 51* – $10 million in Proposition 51 bond funds for initial design activities for six new capital outlay projects, and $40 million in Proposition 51 bond funds for subsequent phases of 15 projects approved in the 2017-18 fiscal year.

For additional information regarding the 2018-19 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed 2019-20 Budget. On January 10, 2019, the Governor released his proposed State budget for fiscal year 2019-20 (the "Proposed 2019-20 Budget"). The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the Proposed 2019-20 Budget.

For fiscal year 2018-19, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $136.9 billion and total expenditures of $144.1 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $18.3 billion, including $3.9 billion in the traditional general fund reserve, $13.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the Proposed 2019-20 Budget projects total general fund revenues and transfers of $142.6 billion and authorizes expenditures of $144.2 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $18.5 billion, including $2.3 billion in the traditional general fund reserve, $15.3 billion in the BSA and $900 million in the Safety Net Reserve Fund. The Governor notes that additional deposits to the BSA are premised on a recent opinion by the California Office of Legislative Counsel which concluded that supplemental payments to the BSA made in prior fiscal years do not count towards calculating its constitutional maximum of 10% Under the Governor's new estimates, mandatory deposits to the BSA represent only 8.1% of State general fund taxes. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the Proposed 2019-20 Budget revises the Proposition 98 minimum funding guarantees for both fiscal years 2017-18 and 2018-19, as a result of lower-than-anticipated ADA and a year-to-year decline in State general fund revenue growth. The Proposed 2019-20 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2017-18 at $75.5 billion, a decrease of $120.1 million from the prior year. The Proposed 2019-20 Budget revises the minimum funding guarantee for fiscal year 2018-19 at $77.9 billion, reflecting a decrease of $525.7 million from the prior year. Notwithstanding these decreases, the Proposed 2019-20 Budget maintains level funding for K-14 education in these years by maintaining a $44 million overappropriation to the fiscal year 2017-18 minimum guarantee and using settle-up payments to offset otherwise unfunded obligations in fiscal year 2018-19.

For fiscal year 2019-20, the Proposed 2019-20 Budget sets the minimum funding guarantee at $80.7 billion, reflecting an increase of $2.8 billion (or 3.6%) from the revised prior-year level. Fiscal year 2019-20 is projected to be a "Test 3" year. Significant features with respect to community college funding include the following:

- *Student Centered Funding Formula* – The Proposed 2019-20 Budget includes certain revisions to the Student Centered Funding Formula, including (i) funding outcomes included in the Student Success Allocation at their current rates, adjusted for inflation in fiscal year 2019-20, and (ii) establishing reasonable limits, capped at 10%, on the year-over-year increases in resources a community college district could receive through the Student Success Allocation. See also "—Major Revenues - Student Centered Funding Formula" herein.

- *Enrollment; Apportionments* – An increase of $26 million in Proposition 98 funding to base allocations to support a growth in enrollment system-wide. The Proposed 2019-20 Budget also provides $248.3 million to fund a 3.46% COLA to apportionments, and $18 million to fund a similar COLA for the Adult Education block grant program.

- *California College Promise* – $40 million of Proposition 98 funding to support a second year of free tuition for certain qualifying students.

- *Pension Costs* – A $3 billion, one-time payment from non-Proposition 98 funds to CalSTRS, to reduce long-term liabilities for K-14 school districts. Of this amount, $700 million would be provided to buy down employer contribution rates in fiscal years 2019-20 and 2020-21. The remaining $2.3 billion would be paid towards employers' long-term unfunded liability.

- *Legal Services* – An increase of $10 million in Proposition 98 funding to provide legal services to undocumented and immigrant students, faculty and staff on district campuses.

- *Proposition 51* – $358.7 million in Proposition 51 bond funds for 12 new and 15 continuing projects.

For additional information regarding the Proposed 2019-20 Budget, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

May Revision. On May 9, 2019, the Governor released his May revision (the "May Revision") to the Proposed 2019-20 Budget. The following information is drawn from the State Department of Finance's summary, and the LAO's review of, the May Revision.

For fiscal year 2018-19, the May Revision projects total general fund revenues and transfers of $138 billion and total expenditures of $143.2 billion. The State is projected to end the 2018-19 fiscal year with total available general fund reserves of $ 20.1 billion, including $4.8 billion in the traditional general fund reserve, $14.4 billion in the BSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2019-20, the May Revision projects total general fund revenues and transfers of $143.8 billion and authorizes expenditures of $147 billion. The State is projected to end the 2019-20 fiscal year with total available general fund reserves of $19.5 billion, including $1.6 billion in the traditional general fund reserve, $16.5 billion in the BSA and $900 million in the Safety Net Reserve Fund. As further described herein, the May Revision also calculates that, for the first time, the State will be obligated to make a deposit into the PSSSA, the Proposition 39 reserve established by Proposition 2. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2" herein.

With respect to education funding, the May Revision makes additional revisions to Proposition 98 funding levels for fiscal years 2017-18 and 2018-19. Specifically, the May Revision sets the minimum funding guarantee for fiscal year 2017-18 at $75.6 billion (including $53 billion from the State general fund), an increase of $78.4 million from the level set by the Proposed 2019-20 Budget. For fiscal year 2018-19, the May Revision sets the minimum funding guarantee at $78.1 billion (including $54.4 billion from the State general fund), an increase of $279 million from the Proposed 2019-20 Budget. These increases in funding are primarily attributable to stronger growth in State general fund revenues relative to the administration's January estimates, as well as a slight upward revision in student attendance estimates.

For fiscal year 2019-20, the May Revision sets the minimum funding guarantee at $81.1 billion (including $55.9 billion from the State general fund), an increase of $389 million from the Proposed 2019-20 Budget. Fiscal year 2019-20 is now projected to be a "Test 1" year. Although total Proposition 98 funding increases during fiscal years 2017-18 through 2019-20, the State general fund share of education funding also increases by approximately $1.1 billion, due to a decrease in projected property tax revenues over this period.

Other significant adjustments, or additional proposals, with respect to community college education funding include the following:

- *Student Centered Funding Formula* – The May Revision extends the hold-harmless provision included in the SCFF by an additional year, such that no district will receive less funding than they received in fiscal year 2017-18, as adjusted for COLAs, until fiscal year 2021-22. See also "—Major Revenues – Student Centered Funding Formula."

- *Proposition 98 Reserve Deposit* – The May Revision projects that a deposit to the PSSSA of $389.3 million will be required during fiscal year 2019-20 in order to comply with Proposition 2. The amount of the deposit reflects the difference between the projected "Test 1" funding level in 2019-20, and the prior year's funding level, as adjusted for growth and inflation. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2."

- *Apportionments* – A decrease of $18.3 million in Proposition 98 funding relative to the Proposed 2019-20 Budget, to reflect a change in the apportionment COLA from 3.46% to 3.26%.

- *Other COLA Adjustments* – Decreases of $1 million and $860,000 in Proposition 98 funding for adult education and categorical programs, respectively, relative to the Proposed 2019-20 Budget, to reflect a change in COLAs for these programs from 3.46% to 3.26%.

- *California College Promise* – An increase of $5.2 million in Proposition 98 funding, relative to the Proposed 2019-20 Budget, to support the existing first year and a proposed second year of free tuition for certain qualifying students.

- *Pension Costs* – An increase of $150 million to the one-time, non-Proposition 98 funding provided in the Proposed 2019-20 Budget to reduce long-term STRS liabilities for K-14 school districts. As a result, employer contribution rates for fiscal year 2019-20 would be effectively reduced to 16.7%.

- *Student Success* – An increase of $7.5 million in Proposition 98 funding to reflect revised estimates of participation in financial aid programs.

- *Deferred Maintenance* – An increase of \$39.6 million in one-time Proposition 98 funding for deferred maintenance, instructional equipment and specified water conservation projects.

- *Student Fees* – A decrease of \$15.7 million in Proposition 98 funding as a result of increased offsetting student enrollment fees.

For additional information regarding the May Revision, see the State Department of Finance website at www.dof.ca.gov and the LAO's website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Budgets and Actions. The District cannot predict what actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund education. State budget shortfalls in future fiscal years could have an adverse financial impact on the State general fund budget. However, the obligation to pay *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

CERRITOS COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations and finances of the District is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the revenues generated by an ad valorem *property tax required to be levied by the County in an amount sufficient for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

General Information

The District, founded in 1955, serves an area of 52 square miles of southeastern Los Angeles County, and includes within its service area the cities and communities of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, La Mirada, Norwalk, and portions of Bell Gardens, Lakewood, Long Beach, Santa Fe Springs, and South Gate. The District currently operates Cerritos College, located on a 135-acre site in the City of Norwalk, and which provides collegiate level instruction in 87 degree and certification programs in over 180 areas of study. Cerritos College is fully accredited by the ACCJC. For fiscal year 2018-19, the District has a projected FTES count of 16,000, and taxable property within the District has an assessed valuation of \$47,688,600,386.

Administration

The District is governed by a seven-member Board of Trustees, each member of which is elected to a four-year term by voters within seven trustee areas. Elections for positions to the Board are held every two years. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

BOARD OF TRUSTEES
Cerritos Community College District

Name	Office	Term Expires
Carmen Avalos	President	November 30, 2020
Marisa Perez	Vice President	November 30, 2020
Martha Camacho-Rodriguez	Clerk	November 30, 2020
James Cody Birkey	Member	November 30, 2022
Zurich Lewis	Member	November 30, 2022
Dr. Shin Liu	Member	November 30, 2022
Dr. Sandra Salazar	Member	November 30, 2020

The management and policies of the District are administered by an President/Superintendent appointed by the Board of Trustees who is responsible for day-to-day District operations as well as the supervision of the District's other key personnel. Dr. Jose Fierro is the President/Superintendent of the District and Felipe Lopez is the Vice President, Business Services/Assistant Superintendent. Brief biographies of the President/Superintendent and the Vice President, Business Services/Assistant Superintendent follow:

Dr. Jose Fierro, President/Superintendent. Dr. Fierro was appointed as the President/Superintendent of the District effective July 6, 2015. Previously, he served as the Vice-President of Academic Affairs and Chief Academic Officer at Laramie County Community College, a multicampus institution and the largest community college in the state of Wyoming. Dr. Fierro's other prior positions include serving as an Academic Dean, Associate Dean of Liberal Arts and Sciences, and professor of biological sciences at Florida State College at Jacksonville. Dr. Fierro earned a doctorate degree from the University of Applied Sciences in Bogotá, Colombia; a Master of Science degree in Leadership and Management of Educational Programs from Nova Southeastern University in Ft. Lauderdale, Florida, and a doctorate degree in Higher Education Leadership from Northcentral University in Prescott, Arizona.

Felipe Lopez, Vice President, Business Services/Assistant Superintendent. Mr. Lopez began his tenure as Vice President of Business Services of the District on January 3, 2017. Mr. Lopez previously served as the Chief Business Officer of the Compton Community College District for approximately five years. Mr. Lopez previously served nearly 10 years as audit supervisor at Vavrinek, Trine, Day & Co., LLP, a Certified Public Accounting firm that provides audit and accounting services to institutions of higher education in California. Mr. Lopez has also served as a presenter on state program accountability and audit issues for the State Chancellor, and currently serves as a committee member on the Fiscal Standards Task Force for the Association of Chief Business Officials. Mr. Lopez earned a Bachelor of Science degree in business administration with an emphasis in accounting from California Baptist University, a certificate in accounting for governmental and nonprofit organizations from the University of California, Riverside, and a Master of Business Administration degree from the University of Redlands.

Labor Relations

The District currently employs 287 full-time certificated professionals and 301 full-time classified employees, 48 education and classified managers, five executive employees, 11 confidential employees, and 12 child development employees. In addition, the District employs approximately 500 part-time faculty, and approximately 575 part-time staff. District employees, except management and some part-time employees, are represented by the bargaining units noted below.

LABOR RELATIONS ORGANIZATIONS
Cerritos Community College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
California School Employees Association	301	June 30, 2018[1]
American Federation of Teachers	287	June 30, 2019[2]

(1) Members of this bargaining units are working under the terms of their expired contract.
(2) The District settled all non-monetary items through June 30, 2021, except for salary and health benefits, which were settled through June 30, 2019.

State Retirement Programs

The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the "2014 Liability"), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate for employees hired after the Implementation Date (defined below) will be 10.205%.

Pursuant to AB 1469, K-14 school districts' contribution rate will increase over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

The District's contributions to STRS were $4,541,059 in fiscal year 2015-16, $6,268,874 in fiscal year 2016-17 and $7,365,070 in fiscal year 2017-18. The District has projected $8,501,721 for its contribution to STRS for fiscal year 2018-19.

The State also contributes to STRS, currently in an amount equal to 7.328% for fiscal year 2018-19 and 7.828% for fiscal year 2019-20. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2017 included 1,624 public agencies and 1,366 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The District is currently required to contribute to PERS at an actuarially determined rate, which is 18.062% of eligible salary expenditures for fiscal year 2018-19, and will be 20.733% of eligible salary expenditures in fiscal year 2019-20. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2018-19 and will be 7% in fiscal year 2019-20, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2018-19 and will be 7% in fiscal year 2019-20. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $2,499,424 in fiscal year 2014-15, $2,744,808 in fiscal year 2015-16, $3,182,278 in fiscal year 2016-17 and $2,908,464 in fiscal year 2017-18. The District has projected $3,674,526 for its contribution to PERS for fiscal year 2018-19.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703.

Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions) (1)
Fiscal Years 2010-11 through 2017-18

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)(2)	Unfunded Liability (MVA)(2)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)(3)	Unfunded Liability (AVA)(3)
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--(4)	--(4)
2014-15	73,325	56,814	16,511	--(4)	--(4)
2015-16	77,544	55,785	21,759	--(4)	--(4)
2016-17	84,416	60,865	23,551	--(4)	--(4)
2017-18(5)	92,071	64,846	27,225	--(4)	--(4)

(1) Amounts may not add due to rounding.
(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.
(3) Reflects actuarial value of assets.
(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.
(5) On April 16, 2019, the PERS Board (defined below) approved the K-14 school district contribution rate for fiscal year 2019-20 and released certain actuarial information to be incorporated into the June 30, 2018 actuarial valuation to be released in summer 2019.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the "2017 STRS Actuarial Valuation"), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%. The 2017 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed and actuarial asset gains recognized from the current and prior years, the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2018 (the "2018 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $109 million since the 2017 STRS Actuarial Valuation and the funded ratio increased by 1.4% to 64.0% over such time period.

According to the 2018 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the morality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

On April 16, 2019, the PERS Board established the employer contribution rates for 2019-20 and released certain information from the Schools Pool Actuarial Valuation as of June 30, 2018, ahead of its summer of 2019 release date. Based on the changes in the discount rate, inflation rate, payroll growth rate and demographic assumptions, along with the expected reductions in normal cost due to the continuing transition of active members from those employees hired prior to the Implementation Date (defined below), to those hired after such date, the projected contribution rate for 2020-21 is projected to be 23.6%, with annual increases thereafter, resulting in a projected 26.5% employer contribution rate for fiscal year 2025-26.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (currently, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2018, the District's proportionate shares of the net pension liabilities for the STRS and PERS programs were $82,307,200 and $45,954,831, respectively. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT —Note 10" attached hereto.

Other Post-Employment Benefits

Benefit Plan. The District operates a defined benefit healthcare plan that provides medical, dental and vision insurance benefits (the "Post-Employment Benefits") to eligible retirees of the District and their spouses. As of June 30, 2018, there were 303 retirees currently receiving benefits, and 668 active plan members.

Funding Policy. The District recognizes expenditures for Post-Employment Benefits on a pay-as-you-go-basis to cover the cost of benefits for current retirees, together with an additional amount to prefund the District's outstanding accrued liability for Post-Employment Benefits (as discussed herein). During fiscal years 2015-16 through 2017-18, the District realized total expenditures for Post-Employment Benefits of $689,113, $573,804 and $742,581, respectively. The District has projected $700,000 for such expenditures in fiscal year 2018-19.

The District has established a retiree benefits fund to begin funding the accrued liability (discussed below) represented by the Post-Employment Benefits. The balance in this fund, as of June 30, 2018, was $14,095,595. The retiree benefits fund, however, has not been irrevocably pledged to the payment of Post-Employment Benefits, and may be accessed upon Board action for other purposes.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved Statements Nos. 74 and 75 (each, "GASB 74" and "GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post –employment benefits to plan members and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability, to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the Net OPEB Liability and a sensitivity analysis of the Net OPEB Liability to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net

Position is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The Fiduciary Net Position measures the value of trust assets, adjusted for payees and receivables.

GASB No. 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB Statement No. 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB No. 75 in their financial statements for fiscal year 2017-18. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 11" attached hereto.

Actuarial Study. The District's most recent actuarial study, dated as of June 4, 2018, calculated the District's accrued liability in accordance with GASB No. 74 and GASB No. 75. The study concluded that, as of a June 30, 2017 valuation date, the District's Total OPEB Liability was $21,233,167, its Fiduciary Net Position was $0 and its Net OPEB Liability was $21,233,167. In calculating the accrued liability, the District is required to recognize an implicit subsidy in retiree premium rates because retirees and current employees in the District's health insurance plan are insured as a group, and it is assumed that the premiums paid for retiree insurance coverage are lower than they would have been if current retirees were insured separately.

Risk Management

The District is exposed to various risks of loss related to property, general liability, workers' compensation and employee benefits. These risks are addressed through a combination of commercial insurance, self-insurance and participation in certain public entity risk pools.

The District participates in several joint powers authorities (the "JPAs") for insurance coverage purposes. Specifically, the District participates in the Statewide Association of Community Colleges ("SWACC") and the Schools Association for Excess Risk ("SAFER") for property and liability insurance coverage, as well the Southern California Community College District Joint Powers Agency ("SCCCD") and the Protected Insurance Program for Schools and Community Colleges ("PIPS") for workers compensation insurance coverage. Coverage limits are as follows: (i) $250,000,000 of property coverage and $25,000,000 of liability coverage through SAFER, (ii) $250,000 of property coverage and $1,000,000 of liability coverage through SWACC, and (iii) $155,000,000 of workers compensation through PIPS. SCCCD operates as an insurance purchasing pool, pursuant to which the District achieves a reduced premium for workers compensation coverage.

The District pays annual premiums to each of SWACC, SAFER, and SCCCD for its property and liability, and workers' compensation insurance coverage. The relationship between the District and the JPAs is such that none of the JPAs are a component unit of the District for financial reporting purposes.

There are currently no pending claims against the District. For the past three fiscal years, settled claims have not exceeded available insurance coverages. See also "APPENDIX B – 2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT —Note 14" attached hereto.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. GASB has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. These requirements became effective for the District in May 15, 2002. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

Comparative Financial Statements

Pursuant to applicable guidance from GASB, the District's financial statements present a comprehensive, entity-wide perspective of the District's assets, liabilities, and cash flows. The table on the following page displays the District's revenues, expenses and changes in net assets for its primary government funds during fiscal years 2013-14 through 2017-18.

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AUDITED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS – PRIMARY GOVERNMENT
Fiscal Years 2013-14 through 2017-18
Cerritos Community College District

	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18
OPERATING REVENUES					
Enrollment, tuition and other fees (gross)	$25,250,914	$24,020,874	$20,771,953	$23,205,741	$24,275,268
Less: Scholarship discounts and allowances	(15,790,827)	(14,536,569)	(14,536,569)	(12,993,255)	(14,297,488)
Net enrollment, tuition and other fees	9,460,087	9,484,305	6,235,384	10,212,486	9,977,780
Grant and contracts, non-capital:					
Federal	4,399,870	4,068,005	44,724,806	39,667,203	42,412,504
State	9,890,223	16,289,140	36,176,091	21,458,522	24,310,302
Local	1,203,588	492,179	--	3,303,490	3,096,315
TOTAL OPERATING REVENUES	24,953,768	30,333,629	87,136,281	74,641,701	79,796,901
OPERATING EXPENSES					
Salaries	65,564,328	69,570,412	73,605,905	83,939,337	85,015,334
Employee benefits	23,620,944	26,841,409	24,576,081	30,709,493	42,806,444
Supplies, materials and other operating expenses and services	9,298,526	17,143,130	25,560,438	16,802,518	14,639,886
Utilities	--	--	--	2,102,161	2,174,806
Financial aid	42,940,270	44,148,870	44,889,254	43,050,947	45,816,647
Capital outlay	--	5,991,501	--	--	--
Depreciation	3,789,400	4,285,584	4,364,341	5,136,368	8,829,093
TOTAL OPERATING EXPENSES	145,213,468	167,980,906	172,996,019	181,740,824	199,282,210
OPERATING INCOME (LOSS)	(120,259,700)	(137,647,277)	(85,859,738)	(107,099,123)	(119,485,309)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, non-capital	52,262,332	58,690,790	53,845,193	65,986,180	59,412,053
Local property taxes	21,863,924	39,083,400	41,182,289	24,932,980	30,632,257
State taxes and other revenues	17,327,649	15,546,827	17,652,668	10,354,046	9,158,668
Federal Grants	40,753,224	41,583,924	--	--	--
State Grants	--	--	--	--	--
Other non-operating revenues	591,337	4,131,768	--	--	--
Investment income, net	729,006	1,111,702	2,221,340	765,080	1,126,278
Other local revenues	--	--	5,197,092	1,000	7,500
Interest income on capital asset-related debt, net	--	--	--	--	--
Interest expense	(12,033,902)	(19,572,066)	(4,814,733)	(9,113,724)	(12,984,438)
TOTAL NON-OPERATING REVENUES (EXPENSES)	121,493,570	140,576,345	115,283,849	92,925,562	87,352,318
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS OR (LOSSES)	1,233,870	2,929,068	29,424,111	(14,173,561)	(32,132,991)
OTHER REVENUES, EXPENSES, GAINS/(LOSSES)					
State apportionments, capital	575,754	473,761	--	841,760	972,144
Local revenues, capital	--	--	--	20,338,815	20,279,509
Interest and investment income, capital	--	--	--	735,740	941,050
Loss on disposal of equipment	--	--	--	637	(45,486)
TOTAL OTHER REVENUES, EXPENSES, GAINS OR (LOSSES)	575,754	473,761	--	21,916,952	22,147,217
CHANGE IN NET POSITION	1,809,624	3,402,829	29,424,111	7,743,391	(9,985,774)
NET ASSETS, BEGINNING OF YEAR	86,015,586	78,288,161	5,651,650	35,075,761	42,819,152
ADJUSTMENT FOR RESTATEMENT	(9,537,049)(1)	(76,039,340)(2)	--	--	14,015,096(3)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING	--	--	--	--	(15,135,271)(4)
NET ASSETS, AS RESTATED	76,478,537	2,248,821	5,651,650	35,075,761	41,698,977
NET ASSETS, END OF YEAR	$78,288,161	$5,651,650	$35,075,761	$42,819,152	$31,713,203

(Footnotes follow on next page).

(Footnotes to table on prior page)

(1) Net restatement is the product of (i) a decrease of $2,132,521 to the beginning net position in order to reflect the elimination of amortization of debt issuance costs in accordance with the implementation of GASB Statement No. 65, and (ii) an adjustment of $7,404,528 to the net capital assets due to prior-fiscal year entry conversions.

(2) Net restatement to the beginning position results from the implementation of GASB Statement No. 68 in order to recognize the District's net pension liability, deferred outflows of resources and deferred inflows of resources. See "– Retirement Programs - GASB Statement Nos. 67 and 68" herein.

(3) Reflects a restatement to the beginning net position to recognize construction costs not capitalized and accumulated depreciation costs not recognized for assets placed into service in the period in which costs were incurred.

(4) Restatement to beginning net position resulting from the implementation of GASB 75. The net reduction recognizes a beginning Net OPEB Liability of $20,424,036, less the liability recorded as of the end of the prior fiscal year ($4,714,961) under previous GASB standards, offset by OPEB deferred outflows of $534,804 as of such fiscal year.

Source: Cerritos Community College District.

Educational Foundation

The Cerritos College Foundation (the "Foundation") is a non-profit entity organized under Section 501(c)(3) of the Internal Revenue Code. The Foundation contributes approximately $1.8 million annually to the District in the form of student grants and scholarships, as well as to donations to educational programs and departments at the District. The financial activity of the Foundation is reported as a separate discretely presented component unit of the District.

District Debt Structure

Long-Term Debt. A schedule of the District's general long-term debt as of June 30, 2018, is shown below.

	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
Compensated absences	$2,632,681	--	$(231,390)	$2,401,291
General obligation bonds (2004 Measure CC):				
Bonds payable	179,382,021	--	(3,926,032)	175,455,989
Accreted interest	9,962,538	$2,394,120	(93,967)	12,262,691
Bond premium	10,554,969	--	(747,006)	9,807,963
General obligation bonds (2012 Measure G):				
Bonds payable	81,355,000	75,000,000	(7,455,000)	148,900,000
Bond premium	6,633,954	8,137,625	(408,455)	14,363,124
Net pension liability	103,848,480	24,413,551	--	128,262,031
Other postemployment benefits other than pension (OPEB)	20,424,036	809,131	--	21,233,167
Supplemental employee retirement plan (SERP)	408,617	4,551,615	(1,318,940)	3,641,292
Totals	$415,202,296	$115,306,042	$(14,180,790)	$516,327,548

Source: Cerritos Community College District.

General Obligation Bonds. At an election held on March 2, 2004, the voters of the District approved the issuance of not-to-exceed $210,000,000 of general obligation bonds of the District (the "2004 Authorization"). The District has issued substantially all of the bonds authorized by the 2004 Authorization. Pursuant to the 2012 Authorization, the voters have approved the issuance of $350,000,000 of bonds. The District has issued two series of bonds pursuant to the 2012 Authorization. The District has also issued general obligation refunding bonds to refinance portions of the bonds issued pursuant to the 2004 Authorization. The following table summarizes the prior outstanding bond issuances of the District, not including the Bonds.

SUMMARY OF OUTSTANDING BONDED DEBT
Cerritos Community College District

Issuance	Initial Principal Amount	Principal Currently Outstanding	Date of Delivery
Election of 2004, Series 2009C	$55,000,000.00	$1,360,000.00	March 9, 2009
Election of 2004, Series 2012D	82,825,515.05	80,556,991.05	April 4, 2012
Election of 2012, Series 2014A	100,000,000.00	73,900,000.00	November 20, 2014
2014 Refunding, Series A	80,395,000.00	77,305,000.00	November 20, 2014
2014 Refunding, Series B	17,975,000.00	11,900,000.00	November 20, 2014
Election of 2012, Series 2018A	75,000,000.00	68,430,000.00	January 23, 2018

The table on the following page summarizes the annual debt service requirements for the District's outstanding general obligation bonded debt following the issuance of the Bonds (and assuming no optional redemptions).

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GENERAL OBLIGATION BONDS – CONSOLIDATED DEBT SERVICE SCHEDULE
Cerritos Community College District

Year Ending (August 1)	Election of 2004 Series 2009C	Election of 2004 Series 2012D	Election of 2012 Series 2014A	2014 Refunding Series A	2014 Refunding Series B	Election of 2012 Series 2018B	The Bonds	Total Annual Debt Service
2019	$1,414,400.00	$3,155,718.76	$3,310,450.00	$4,136,650.00	$2,397,832.30	$10,339,150.00	--	$24,754,201.06
2020	--	3,365,718.76	3,310,450.00	5,572,400.00	2,493,016.80	10,472,350.00	$4,726,240.56	29,940,176.12
2021	--	3,580,718.76	3,310,450.00	5,709,900.00	2,590,976.70	3,011,350.00	9,283,900.00	27,487,295.46
2022	--	3,795,718.76	3,310,450.00	5,845,400.00	2,695,206.06	2,754,100.00	3,841,900.00	22,242,774.82
2023	--	4,030,718.76	3,310,450.00	5,984,650.00	2,804,891.20	2,993,100.00	3,998,300.00	23,122,109.96
2024	--	5,115,718.76	3,310,450.00	8,080,150.00	--	3,244,100.00	4,157,500.00	23,907,918.76
2025	--	5,500,718.76	3,310,450.00	8,364,650.00	--	3,505,850.00	4,324,100.00	25,005,768.76
2026	--	5,750,718.76	3,310,450.00	8,652,400.00	--	3,782,100.00	4,497,500.00	25,993,168.76
2027	--	6,010,718.76	3,310,450.00	8,956,900.00	--	4,066,350.00	4,678,250.00	27,022,668.76
2028	--	6,290,718.76	3,310,450.00	9,270,900.00	--	4,357,350.00	4,866,500.00	28,095,918.76
2029	--	6,535,718.76	3,310,450.00	9,592,400.00	--	4,663,850.00	5,061,250.00	29,163,668.76
2030	--	6,835,718.76	3,310,450.00	9,939,400.00	--	4,984,100.00	5,261,500.00	30,331,168.76
2031	--	7,145,718.76	5,620,450.00	10,282,000.00	--	3,006,350.00	5,471,250.00	31,525,768.76
2032	--	13,020,718.76	5,844,950.00	5,181,800.00	--	3,129,350.00	5,687,650.00	32,864,468.76
2033	--	13,825,718.76	6,077,450.00	5,340,400.00	--	3,252,600.00	5,915,850.00	34,412,018.76
2034	--	17,135,718.76	6,321,700.00	--	--	3,380,600.00	6,154,850.00	32,992,868.76
2035	--	17,135,718.76	6,576,200.00	--	--	3,517,600.00	6,398,650.00	33,628,168.76
2036	--	17,133,950.00	6,839,450.00	--	--	3,655,600.00	6,656,450.00	34,285,450.00
2037	--	17,086,175.00	7,109,950.00	--	--	3,804,400.00	6,922,050.00	34,922,575.00
2038	--	17,089,625.00	7,396,200.00	--	--	3,958,200.00	7,196,350.00	35,640,375.00
2039	--	--	7,691,200.00	--	--	4,116,400.00	7,487,750.00	19,295,350.00
2040	--	--	7,998,200.00	--	--	4,283,400.00	7,785,350.00	20,066,950.00
2041	--	--	8,319,800.00	--	--	4,448,400.00	--	12,768,200.00
2042	--	--	8,653,200.00	--	--	4,626,000.00	--	13,279,200.00
2043	--	--	8,997,000.00	--	--	4,815,200.00	--	13,812,200.00
2044	--	--	9,354,800.00	--	--	--	--	9,354,800.00
Total	$1,414,400.00	$179,541,968.92	$142,525,950.00	$110,910,000.00	$12,981,923.06	$108,167,850.00	$120,373,140.56	$675,915,232.54

TAX MATTERS

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Bond (the first price at which a substantial amount of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owners of the Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Internal Revenue Code of 1986, as amended (the "Code") might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS OR THE MARKET VALUE OF THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. IT IS POSSIBLE THAT LEGISLATIVE CHANGES WILL BE INTRODUCED WHICH, IF ENACTED, WOULD RESULT IN ADDITIONAL FEDERAL INCOME OR STATE TAX BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes provided that the District continue to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest (and original issue discount) on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the

Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the bonds and the bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Treasury Pool, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX F – LOS ANGELES COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights

The proposed form of the approving opinion of Bond Counsel attached hereto as Appendix A is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights

LEGAL MATTERS

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and, under provisions of the Government Code, are eligible security for deposits of public moneys in the State.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2018-19 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of material events is included in "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriter in complying with the Rule.

Prior Undertakings. Within the past five years, the District failed to file portions of the annual reports for fiscal years 2014-15 and 2015-16, and failed to file portions of the annual reports in a timely manner for fiscal year 2014-15, each as required by its prior continuing disclosure undertakings pursuant to the Rule.

No Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. There is no litigation pending, and the District is not aware of any litigation threatened, questioning the political existence of the District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

Information Reporting Requirements

Under Section 6049 of the Internal Revenue Code of 1986, as amended by the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"), interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The effective date of this provision is for interest paid after December 31, 2005, regardless of when the tax-exempt obligations were issued. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Legal Opinion

The legal opinion of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers of the Bonds without cost. A copy of the proposed form of such legal opinion is attached to this Official Statement as Appendix A.

MISCELLANEOUS

Ratings

The Bonds have been assigned ratings of "AA" and "Aa2" by S&P and Moody's, respectively. The ratings reflect only the view of the rating agencies, and any explanation of the significance of such ratings should be obtained from such rating agencies. There is no assurance that the ratings will be retained for any given period of time or that the same will not be revised downward or withdrawn entirely by the rating agencies if, in the judgment of the rating agencies, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of the ratings obtained may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file notices of any ratings changes on the Bonds. See the caption "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to ratings changes on the Bonds may be publicly available from Moody's or S&P prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change pursuant to the Rule. Purchasers of the Bonds are directed to the respective websites of Moody's and S&P, and official media outlets, for the most current ratings changes with respect to the Bonds after the initial issuance thereof.

Financial Statements

The financial statements with supplemental information for the year ended June 30, 2018, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated November 26, 2018 of Clifton Larson Allen LLP (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in Appendix B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Underwriting

Morgan Stanley & Co. LLC (the "Underwriter"), has agreed to purchase all of the Bonds for a purchase price of $106,657,077.35 (which is equal to the principal amount of the Bonds of $100,000,000.00, plus net original issue premium of $6,907,077.35, and less an underwriting discount of $250,000.00).

The purchase contract related to the Bonds provide that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the purchase contracts, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriter has provided the information below for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should be construed as a representation of the District.

Morgan Stanley & Co. LLC, the Underwriter of the Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Bonds.

Additional Information

This Official Statement supplies information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein about the District has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

CERRITOS COMMUNITY COLLEGE DISTRICT

By: /s/ Dr. Jose Fierro
President/Superintendent

APPENDIX A

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect thereto in substantially the following form.

June 27, 2019

Board of Trustees
Cerritos Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $100,000,000 Cerritos Community College District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series 2019C (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, a greater than fifty-five percent vote of the qualified electors of the Cerritos Community College District (the "District") voting at an election held on November 6, 2012, and a resolution adopted by the Board of Trustees of the District (the "Resolution").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the

Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

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APPENDIX B

2017-18 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

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CERRITOS COMMUNITY COLLEGE DISTRICT
LOS ANGELES COUNTY

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
INCLUDING REPORTS ON COMPLIANCE
June 30, 2018

CERRITOS COMMUNITY COLLEGE DISTRICT

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CERRITOS COMMUNITY COLLEGE DISTRICT

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cerritos Community College District
Norwalk, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Cerritos Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity'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 entity'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.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Cerritos Community College District
Norwalk, California

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

Opinion

In our opinion, the financial statements referred to in the aforementioned table of contents present fairly, in all material respects, the financial position of the District as of June 30, 2018, and the results of its operations, changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Changes in Accounting Principles

During fiscal year ended June 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* As a result of the implementation of Statement No. 75, the District reported a restatement for the change in accounting principle (see Note 16). Our auditors' opinion was not modified with respect to the restatement.

Correction of Errors

As described in Note 16 to the financial statements, the District identified errors in amounts recorded for capital assets. 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, schedule of the District's proportionate share of the net pension liability (CalSTRS-STRP and CalPERS-Schools Pool Plan), schedule of the District pension contributions (CalSTRS-STRP and CalPERS-Schools Pool Plan), and schedule of changes in the net postemployment healthcare benefits liability and related ratios, 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

Board of Trustees
Cerritos Community College District
Norwalk, California

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 an opinion on the District's financial statements as a whole. The supplementary schedules and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary section, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary section, including the schedule of expenditures of federal awards, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 26, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2018

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the Cerritos Community College District (the "District") for the year ended June 30, 2018. This discussion has been prepared by college administration and should be read in conjunction with the financial statements and notes thereto which follow this section. The District is using the Business Type Activity (BTA) model in which financial reports are generated using the full accrual basis of accounting. The California Community College Chancellor's Office, through its Fiscal Standards and Accountability Committee, recommended that all community college districts implement the reporting standards of the BTA model. To comply with the recommendation of the Chancellor's Office and to report in a manner consistent with other California Community College Districts, the District has adopted the BTA reporting model for these financial statements.

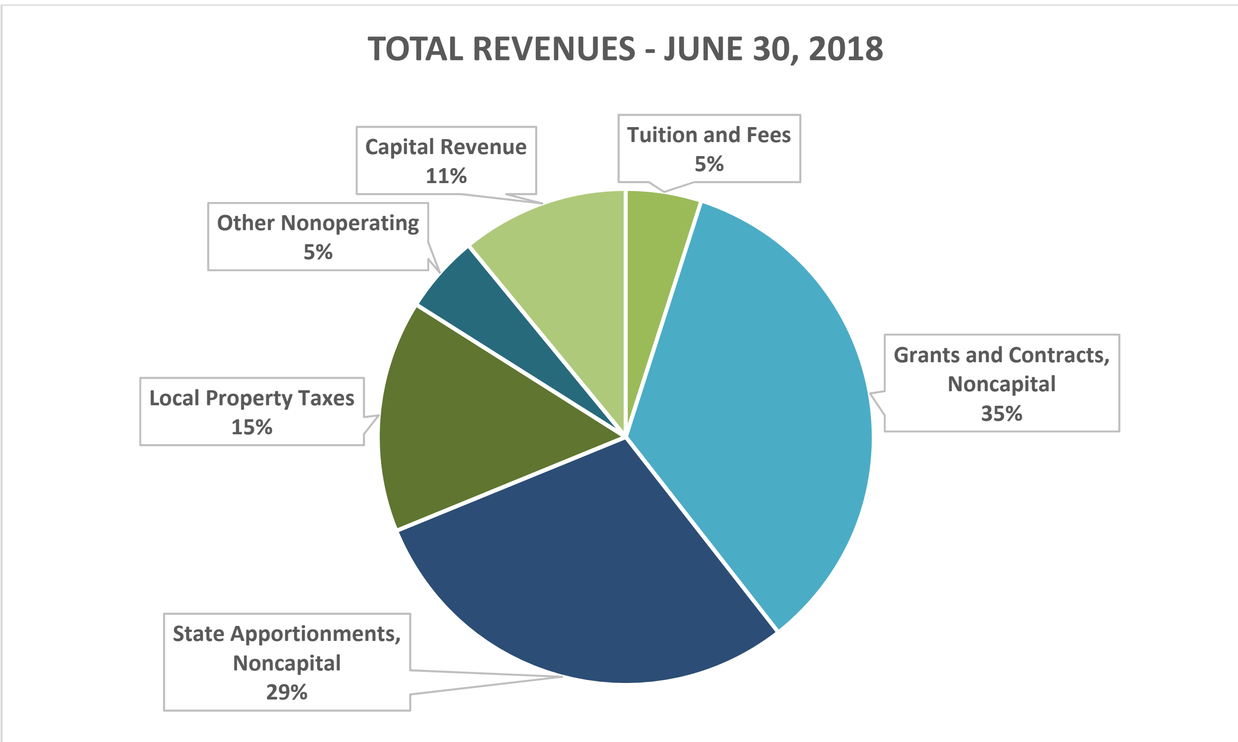
THE COLLEGE

Cerritos College is the preeminent educational, cultural, and economic development institution in the cities of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, La Mirada, Norwalk, and portions of Bell Gardens, Lakewood, Long Beach, Santa Fe Springs, and South Gate. We offer programs of the highest quality for Cerritos College students who continue on with their higher education studies; programs of remediation and reentry for Cerritos College students; cultural and arts programs of national distinction; programs of exceptional depth in professional training, job training and workforce development; and community education programs of personal interest. In addition, we are a leading community provider of programs for seniors. We invite you to learn more about us and our services to students and the community at www.cerritos.edu.

FINANCIAL HIGHLIGHTS

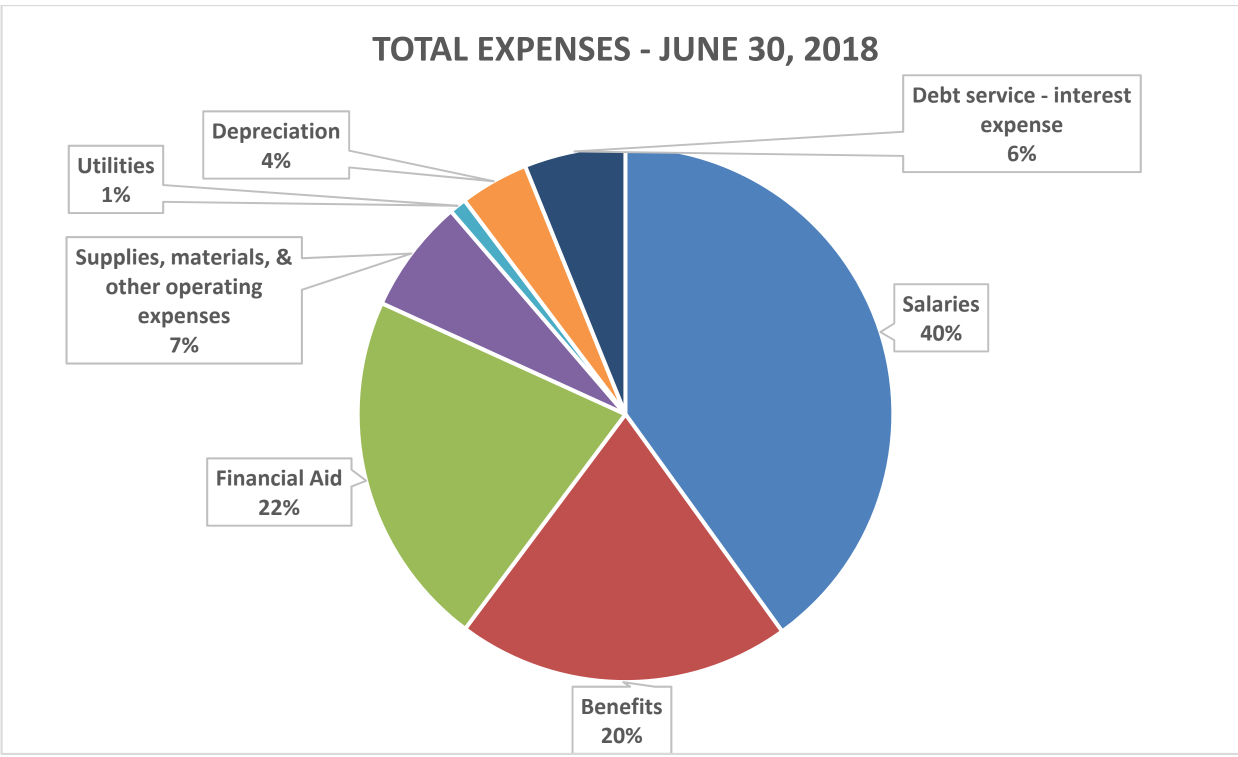
Revenues

For fiscal year (FY) 2017-18, the District received total revenues of $161.6 million, excluding pass-through financial aid revenues that are to be distributed to students. The following chart depicts each source of revenue with its relevant percentage to total revenues.



Expenditures

For FY 2017-18, the District's total expenditures were $171.7 million, excluding pass-through financial aid funds that were distributed to students. The following chart depicts each expenditure category with its relevant percentage to total expenditures.



Capital Assets

As of June 30, 2018, the District had $351.4 million in net capital assets. Total capital assets consist of land, buildings, and building improvements, construction in progress, vehicles, data processing equipment, and other equipment. Accumulated depreciation related to these assets is $75.6 million. Depreciation expense of $8.8 million was recorded for the fiscal year. Note 6 to the financial statements provides additional information on capital assets.

	2018	2017*	Net Change
Land and construction in progress	$ 92,667,917	$ 108,863,962	$ (16,196,045)
Buildings and equipment	334,368,170	250,162,244	84,205,926
Accumulated depreciation	(75,623,314)	(63,183,934)	(12,439,380)
Total Capital Assets	$ 351,412,773	$ 295,842,272	$ 55,570,501

* Prior year amounts have not been restated for restatement of $14,015,096 for construction costs not capitalized and accumulated depreciation costs not recognized for assets placed in service in the period in which costs were incurred. See note 16.

Debt

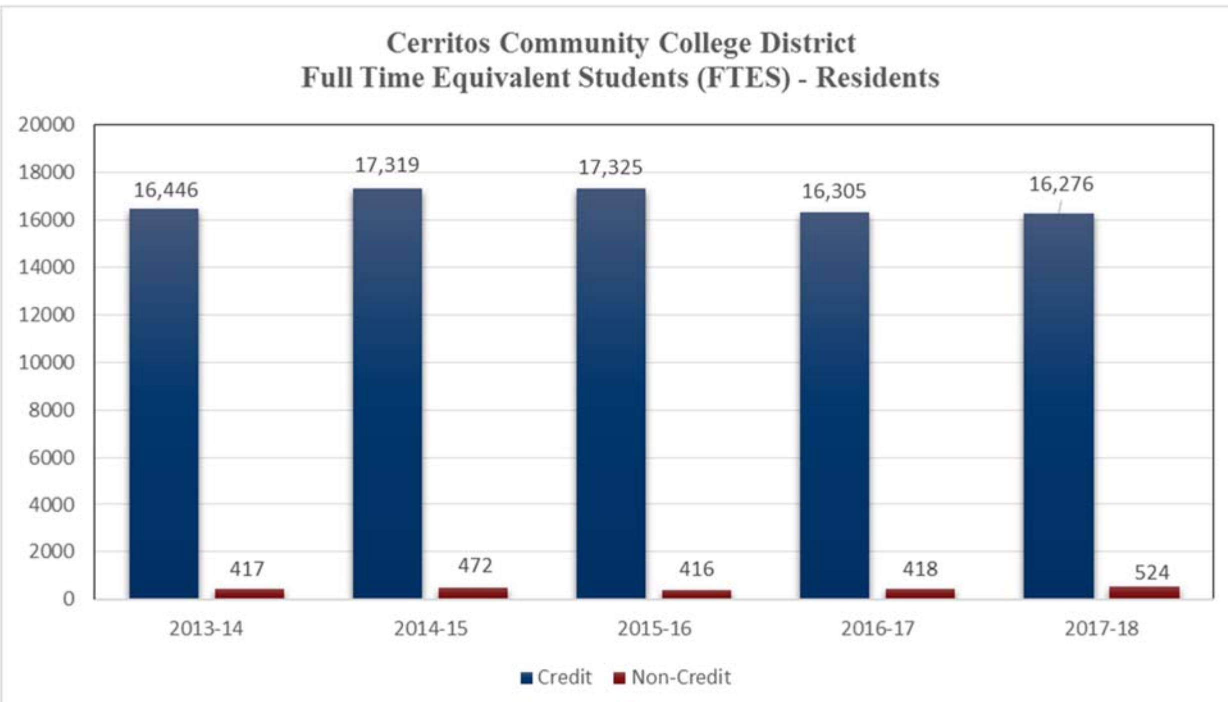
At June 30, 2018, the District had $516.3 million in debt, $360.8 million is related to the General Obligation Bonds. Note 12 to the financial statements provides additional information on long-term liabilities.

	2018	2017 *	Net Change
Compensated absences	$ 2,401,291	$ 2,632,681	$ (231,390)
2004, Measure CC General Obligation Bonds	197,526,643	199,899,528	(2,372,885)
2012, Measure G General Obligation Bonds	163,263,124	87,988,954	75,274,170
Net pension liability	128,262,031	103,848,480	24,413,551
Other postemployment benefits (OPEB)	21,233,167	20,424,036	809,131
Supplemental employee retirement plan (SERP)	3,641,292	408,617	3,232,675
Total Long-Term Liabilities	$ 516,327,548	$ 415,202,296	$ 101,125,252

* Prior year amounts have been restated for adoption of GASB Statements No. 75. See note 16.

ENROLLMENT

Enrollment can fluctuate due to factors such as population growth, competition from private institutions, economic conditions and housing values. Losses in enrollment will cause a district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs. For FY 2017-18 the Districts' total actual FTES remains flat. A District's "CAP" (maximum funded FTES) for a fiscal year represents a benchmark for growth that the State has determined it would fund each college/district throughout the Community College system in a given fiscal year. The following chart shows the trend for credit and non-credit FTES combined for the past 5 years.



STATE BUDGET HIGHLIGHTS AND ECONOMIC OUTLOOK

The major economic factors that influence the District and all California Community College District's financial condition are directly related to the overall economic, budgetary, and fiscal condition of the State of California and any legislation that impacts the funding of all community colleges.

The condition of the state's budget depends on many volatile and unpredictable economic conditions, including fluctuations in the stock market. Even in the short term, these conditions cannot be predicted with precision. They are even more difficult to anticipate years in the future. As such, the Legislative Analyst's Office (LAO) has reasonable confidence in the expectations about the economy's performance in 2017-18.

For the near term, under our current economic projections and assuming the state makes no additional budget commitments, the LAO estimates a positive outlook with the state would end the 2017-18 fiscal year with $11.5 billion in total reserves. This total includes $2.8 billion in discretionary reserves, which the Legislature can appropriate for any purpose, and $8.7 billion in required reserves, which will be available for a future budget emergency. These reserve levels reflect the continued progress California has made in improving its budget situation.

For the longer term, the LAO estimates the condition of the state budget under two different economic scenarios. They are: (1) an economic growth scenario, which assumes the economy continues to grow, and (2) a mild recession scenario, which assumes the state experiences a mild economic downturn beginning in the middle of 2018. Under the growth scenario, the LAO estimates the budget remains in surplus over the outlook period. Under the recession scenario, the LAO finds that the state would have enough reserves to cover almost all of its operating deficits through 2020-21. This means, under the LAO's assumptions, the state could weather a mild recession without cutting spending or raising taxes through 2020-21.

The District's largest component of revenue coming from the State of California, the most important element of State funding in the total computational revenue (TCR), which accounts for 88.8 percent of the District's 2017-18 Unrestricted General Fund revenues. TCR is directly tied to the generation and reporting of full-time equivalent students (FTES). Over the last year, total FTES has increased slightly however is still down 941 FTES since 2015-16.

Looking to fiscal year 2018-19, the District, based on the new student centered funding formula, anticipates receiving approximately $11.1 million more in total computational revenue compared to 2017-18.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) REPORTING STANDARDS

As required by the Governmental Accounting Standards Board (GASB) reporting standards, the annual report consists of three basic financial statements that provide information on the District as a whole:

- Statement of Net Position
- The Statements of Revenue, Expenses, and Changes in Net Position
- The Statement of Cash Flows

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows and net position of the District as of the end of the fiscal year and is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The Statement of Net Position is a point of time financial statement whose purpose is to present to the readers a fiscal snapshot of the District. The Statement of Net Position presents end-of year data concerning assets (current and non-current), deferred outflows, liabilities (current and non-current), deferred inflows and net position (assets minus liabilities).

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operation of the District. Readers are also able to determine how much the District owes vendors and employees. Finally, the Statement of Net Position provides a picture of the net position availability for expenditure by the District. The difference between total assets, total deferred outflows, total liabilities and total deferred inflows (net position) is one indicator of the current financial condition of the District; the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets, deferred outflows, liabilities and deferred inflows are generally measured using current values. One notable exception is capital assets, which is stated at historical cost less an allocation for depreciation expense. The Net Position listed on the Statement of Net Position is divided into three major categories. The first category, Invested in Capital Assets net of related debt, provides the equity amount in property, plant, and equipment owned by the District with the debt related to those amounts subtracted. The second category is Restricted; this net position are available for expenditure by the District, but must be spent for purposes as determined by external entities and/or donors that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted; this net position is available to the District for any lawful purpose of the District.

The Statement of Net Position as of June 30, 2018 and 2017 is summarized and presented herein:

	2018	2017*	Net Change
Assets			
Current assets	$ 86,633,882	$ 89,262,635	$ (2,628,753)
Non-current assets	442,188,306	354,449,667	87,738,639
Total Assets	528,822,188	443,712,302	85,109,886
Deferred Outflows of Resources	59,570,749	43,130,282	16,440,467
Liabilities			
Current liabilities	41,629,446	44,269,880	(2,640,434)
Non-current liabilities	504,048,229	387,257,781	116,790,448
Total Liabilities	545,677,675	431,527,661	114,150,014
Deferred Inflows of Resources	11,002,059	12,495,771	(1,493,712)
Net Position			
Net investment in capital assets	46,867,620	36,844,646	10,022,974
Restricted	44,255,594	36,728,573	7,527,021
Unrestricted	(59,410,011)	(30,754,067)	(28,655,944)
Total Net Position	$ 31,713,203	$ 42,819,152	$ (11,105,949)

* Prior year amounts have not been restated for adoption of GASB Statements No. 75. See note 16.

This schedule has been prepared from the Statement of Net Position presented on page 2.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the operating and non-operating revenues earned, whether received or not, by the District; the operating and nonoperating expenses incurred, whether paid or not, by the District; and any other revenues, expenses, gains and/or losses earned or incurred by the District. Thus, this statement presents the District's results of operations.

Generally, operating revenues, including tuition and fees and grants and contracts, non-capital, are earned for providing goods and services to the various customers and constituencies of the District. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues earned and to fulfill the mission of the District. Nonoperating revenues are those received or pledged for which goods and services are not provided; for example, state appropriations are non-operating because they are provided by the legislature to the District without the legislature directly receiving commensurate goods and services for those revenues.

The Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2018 and 2017 is summarized and presented herein:

Operating Revenues	**2018**	**2017 ***	**$ Change**
Net student tuition & fees	$ 9,977,780	$ 10,212,486	$ (234,706)
Grants and contracts, noncapital	69,819,121	64,429,215	5,389,906
Total Operating Revenues	79,796,901	74,641,701	5,155,200
Total Operating Expenses	199,282,210	181,740,824	17,541,386
Operating Loss	(119,485,309)	(107,099,123)	(12,386,186)
Total Nonoperating Revenues (Expenses)	87,352,318	92,925,562	(5,573,244)
Gain Before Other Revenues and Losses	(32,132,991)	(14,173,561)	(17,959,430)
Total Other Revenues and Losses	22,147,217	21,916,952	230,265
Change in Net Position	(9,985,774)	7,743,391	(17,729,165)
Net Position - Beginning	42,819,152	35,075,761	6,623,216
Cumulative Effect of Restatement	14,015,096		
Cumulative Effect of Change in Accounting Principle	(15,135,271)		
Net Position, Beginning of Year After Restatements	41,698,977	35,075,761	6,623,216
Net Position - Ending	$ 31,713,203	$ 42,819,152	$ (11,105,949)

* Prior year amounts have not been restated for adoption of GASB Statements No. 75. See note 16.

This schedule has been prepared from the Statement of Revenue, Expenses and Changes in Net Position presented on page 3.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about cash receipts and cash payments during the fiscal year. This Statement also helps users assess the District's ability to generate positive cash flows, meet obligations as they come due and determine the need for external financing. The Statement of Cash Flows is divided into five parts. The first part reflects operating cash flows and shows the net cash provided by the operating activities of the District. The second part details cash received for nonoperating, non-investing, and non-capital financing purposes. The third part shows cash flows from capital and related financing activities. This deals with the cash used for the acquisition and construction of capital and related items. The fourth section provides information from investing activities and the amount of interest received. The fifth and final section reconciles the net cash provided by operating activities to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

The Statement of Cash Flows for the year ended June 30, 2018 and 2017 is summarized and presented herein:

	2018	2017	$ Change
Cash provided by (used by)			
Operating activities	$ (98,808,581)	$ (101,046,077)	$ 2,237,496
Non-capital financing activities	95,883,094	110,600,585	(14,717,491)
Capital and related financing activities	32,010,870	(42,283,941)	74,294,811
Investing activities	1,041,291	648,302	392,989
Net increase (decrease) in cash and cash equivalents	30,126,674	(32,081,131)	62,207,805
Cash balance, beginning of year	139,383,060	171,464,191	(32,081,131)
Cash balance, end of year	$ 169,509,734	$ 139,383,060	$ 30,126,674

DISTRICT'S FIDUCIARY RESPONSIBILITY

The District is the trustee, or fiduciary, for certain amounts held on behalf of students, clubs, and donors for student loans and scholarships. The District's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District's other financial statements because these assets cannot be used to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the District's finances. Questions concerning this report or requests for additional financial information should be addressed to the Cerritos Community College District, Office of the Vice President of Business Services/Assistant Superintendent, 11110 Alondra Blvd., Norwalk, CA 90650.

BASIC FINANCIAL STATEMENTS

CERRITOS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION
June 30, 2018

Assets	
Current assets:	
Cash and cash equivalents	$ 78,734,201
Accounts receivable, net	7,549,737
Prepaid expenses	349,944
Total Current Assets	86,633,882
Non-Current Assets:	
Restricted cash and cash equivalents	90,775,533
Capital assets, net of accumulated depreciation	351,412,773
Total Non-Current Assets	442,188,306
Total Assets	528,822,188
Deferred Outflows of Resources	
Deferred outflows - refunded bonds	10,038,992
Deferred outflows - pension	48,759,473
Deferred outflows - other postemployment benefits (OPEB)	772,284
Total Deferred Outflows of Resources	59,570,749
Total Assets and Deferred Outflows of Resources	$ 588,392,937
Liabilities	
Current Liabilities:	
Accounts payable	$ 10,808,045
Accrued interest payable	6,348,097
Accrued liabilities	7,513,377
Unearned revenue	4,680,608
Current portion of long term liabilities	12,279,319
Total Current Liabilities	41,629,446
Non-Current Liabilities	
Non-current portion of long term liabilities	504,048,229
Total Non-Current Liabilities	504,048,229
Total Liabilities	545,677,675
Deferred Inflows of Resources	
Deferred inflows - pensions	11,002,059
Net Position	
Net investment in capital assets	46,867,620
Restricted for:	
Capital projects	15,178,919
Debt service	19,601,910
Scholarship and loans	1,116,846
Restricted - expendable	8,357,919
Unrestricted	(59,410,011)
Total Net Position	31,713,203
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 588,392,937

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2018

Operating Revenues	
Tuition and fees (gross)	$ 24,275,268
Less: Scholarship discounts and allowances	(14,297,488)
Net tuition and fees	9,977,780
Grants and contracts, non-capital:	
Federal	42,412,504
State	24,310,302
Local	3,096,315
Total Operating Revenues	79,796,901
Operating Expenses	
Salaries	85,015,334
Employee benefits	42,806,444
Supplies, materials, and other operating expenses and services	14,639,886
Financial aid	45,816,647
Utilities	2,174,806
Depreciation	8,829,093
Total Operating Expenses	199,282,210
Operating Loss	(119,485,309)
Non-Operating Revenues (Expenses)	
State apportionments, non-capital	59,412,053
Local property taxes	30,632,257
States taxes and other revenue	9,158,668
Interest and investment income, non-capital	1,126,278
Other local revenues	7,500
Debt service - interest expense	(12,984,438)
Total Non-Operating Revenues (Expenses)	87,352,318
Loss Before Other Revenues, Expenses, Gains and Losses	(32,132,991)
Other Revenues, Expenses, Gains and Losses	
State apportionments, capital	972,144
Local property taxes and revenues, capital	20,279,509
Loss on disposal of assets	(45,486)
Interest and investment income, capital	941,050
Total Other Revenues, Expenses, Gains and Losses	22,147,217
Changes in Net Position	(9,985,774)
Net Position, Beginning of Year as Previously Reported	42,819,152
Cumulative Effect of Restatement	14,015,096
Cumulative Effect of Change in Accounting Principle	(15,135,271)
Net Position, Beginning of Year After Restatements	41,698,977
Net Position, End of Year	$ 31,713,203

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees (net)	$ 11,077,761
Federal grants and contracts	42,344,578
State grants and contracts	25,864,246
Local grants and contracts	2,122,830
Payments to suppliers	(17,487,718)
Payments to/on-behalf of employees	(116,913,734)
Payments to/on-behalf of students	(45,816,544)
Net cash used by operating activities	(98,808,581)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments and receipts	55,683,642
Local property taxes	30,632,257
State taxes and other revenue	9,567,195
Net cash provided by non-capital financing activities	95,883,094
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State apportionment for capital purposes	972,144
Local revenue for capital purposes	20,650,133
Interest on investments, capital funds	698,148
Net purchase and sale of capital assets	(52,282,056)
Principal and interest paid on capital related debt	(21,165,124)
Proceeds from debt issuance, net	83,137,625
Net cash provided by capital and related financing activities	32,010,870
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	1,041,291
Net cash provided by investing activities	1,041,291
NET INCREASE IN CASH AND CASH EQUIVALENTS	30,126,674
CASH BALANCE - Beginning of Year	139,383,060
CASH BALANCE - End of Year	$ 169,509,734

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2018

	Reconciliation of Operating Loss to Net Cash Used by Operating Activities
CASH USED BY OPERATING ACTIVITIES	
Operating loss	$ (119,485,309)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation expense	8,829,093
Changes in assets and liabilities:	
Receivables, net	37,078
Prepaid expenses	(283,024)
Deferred outflows of resources - pensions	(16,977,517)
Deferred outflows of resources - OPEB	198,480
Accounts payable	(389,899)
Accrued liabilities	956,826
Unearned revenue	1,575,436
Compensated absences	(231,390)
Supplemental employee retirement plan	3,232,675
Net pension liabilities	24,413,551
Other postemployment retiree benefits (OPEB)	809,131
Deferred inflows of resources - pensions	(1,493,712)
Net cash used by operating activities	$ (98,808,581)
Breakdown of ending cash balance:	
Cash and cash equivalents	$ 78,734,201
Restricted cash and cash equivalents	90,775,533
Total	$ 169,509,734

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2018

		Associated Students of Cerritos College
Assets		
Cash and cash equivalents	$	1,740,729
Accounts receivable		207,741
Total Assets	$	1,948,470
Liabilities		
Accounts payable	$	135,310
Funds held in trust		619,691
Total Liabilities		755,001
Net Position		
Unrestricted		1,193,469
Total Net Position		1,193,469
Total Liabilities and Net Position	$	1,948,470

See accompanying notes to the financial statements.

CERRITOS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Fiscal Year Ended June 30, 2018

	Associated Students of Cerritos College
Additions	
Student fees	$ 599,534
Grants and contracts, non-capital:	
Federal	52,902
Local	204,244
Sales and other local revenues	452,870
Interest and investment income, non-capital	21,929
Total Additions	1,331,479
Deductions	
Salaries	270,381
Employee benefits	76,453
Supplies, materials, and other operating expenses and services	926,230
Financial aid	256,207
Total Deductions	1,529,271
Net changes in net position	(197,792)
Net Position, Beginning of Year	1,391,261
Net Position, End of Year	$ 1,193,469

See accompanying notes to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The District is the level of government primarily accountable for activities related to public education. The governing authority consists of elected officials who, together, constitute the Board of Trustees.

The District considered its financial and operational relationships with potential component units under the reporting entity definition of Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including another organization in the District's reporting entity for financial reports is the ability of the District's elected officials to exercise oversight responsibility over such agencies. Oversight responsibility implies that one entity is dependent on another and a financial benefit or burden relationship is present and that the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the District's power and includes, but is not limited to: financial interdependency; selection of governing authority; designation of management; ability to significantly influence operations; and accountability for fiscal matters.

Due to the nature and significance of their relationship with the District, including ongoing financial support of the District or its other component units, certain organizations warrant inclusion as part of the financial reporting entity. A legally separate, tax-exempt organization should be reported as a component unit of the District if all of the following criteria are met:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the District, its component units, or its constituents.
- The District, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the District, or its component units, is entitled to, or has the ability to otherwise access, are significant to the District.

Based upon the application of the criteria listed above, the following potential component unit has not been included in the District's reporting entity:

The Cerritos College Foundation: The Foundation is a separate not-for-profit corporation formed to promote and assist the educational programs of the District. The Foundation is not included as a component unit because the third criterion was not met. Separate financial statements for the Foundation may be obtained through the District.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles as prescribed by the GASB. The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the District's financial activities. The entity-wide perspective replaces the fund-group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund and the Retiree Benefits Fund, are excluded from the basic financial statements.

The District operates a Warrant Pass-Through agency fund as a holding account for amounts collected from employees for Federal taxes, state taxes and other contributions. The District had cash in the County Treasury amounting to $128,469 on June 30, 2018, which represents withholdings payable. The Warrant Pass-Through Fund is not reported in the basic financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

For financial reporting purposes, the District is considered a special-purpose government engaged in business-type activities. Accordingly, the District's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

For internal accounting purposes, the budgetary and financial accounts of the District have been recorded and maintained in accordance with the Chancellor's Office of the California Community College's *Budget and Accounting Manual*.

To ensure compliance with the California Education Code, the financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities.

By state law, the District's Governing Board must approve a budget no later than September 15. A public hearing must be conducted to receive comments prior to adoption. The District's Governing Board satisfied these requirements. Budgets for all governmental funds were adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These budgets are revised by the District's Governing Board during the year to give consideration to unanticipated income and expenditures. Formal budgetary integration was employed as a management control device during the year for all budgeted funds. Expenditures cannot legally exceed appropriations by major object account.

Cash and Cash Equivalents

The District’s cash and cash equivalents, are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash in the County Treasury is recorded at cost, which approximates fair value, in accordance with the requirements of GASB.

Accounts Receivables

Accounts receivable consists primarily of amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District’s grant and contracts. Material receivables are considered fully collectible. The District recognized for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.

Accounts receivable from students for tuition and fees is recorded net of a provision for uncollectable amounts.

Prepaid Expenses

Payments made to vendors for goods or services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which goods or services are consumed.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are those amounts designated for acquisition or construction of non-current assets or that are segregated for the liquidation of long-term debt.

Capital Assets

Capital assets are recorded at cost at the date of acquisition. Donated capital assets are recorded at their acquisition value at the date of donation. For equipment, the District’s capitalization

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Buildings valued at $5,000 or more as well as renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized.

Prior to June 30, 2017, interest costs were capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. In determining the amount to be capitalized, interest costs were offset by interest earned on proceeds of the District's tax exempt debt restricted to the acquisition of qualifying assets. During the fiscal year ending June 30, 2018, accounting standards determined this is no longer required and the interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported, prospectively. In 2017-18, the District implemented GASB Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is recorded as an operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method with a half-year convention over the estimated useful lives of the assets, generally 25-50 years for buildings, 15-20 years for site improvements, 5-15 years for equipment and technology.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following deferred outflows:

Deferred Charge on Refunding: A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred Outflows – Pensions: The deferred outflows of resources related to pensions resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the effects of actuarially-determined changes to the pension plan. The deferred outflows – pensions will be deferred and amortized as detailed in Note 10 to the financial statements.

Deferred Outflows – OPEB: The deferred outflows of resources related to OPEB benefits results from District contributions to employee plans subsequent to the measurement date of the actuarial valuations for the plan. The deferred outflows – OPEB will recognized in the subsequent year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Payable and Accrued Liabilities

Accounts payable consists of amounts due to vendors for goods and services received prior to June 30. Accrued liabilities consist of salaries and benefits payable.

Unearned Revenue

Cash received for Federal and state special projects, and programs is recognized as revenue to the extent that qualified expenditures have been incurred. Unearned revenue is recorded to the extent cash received on specific projects and programs exceeds qualified expenditures. Unearned revenue also includes summer enrollment fees received but not earned.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as a liability in the statement of net position when incurred.

Sick leave benefits are accumulated without limit for each employee. The employees do not gain a vested right to accumulated sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District. The District's policy is to record sick leave as an operating expense in the period taken; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

Net Pension Liability

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources results from the effects of actuarially-determined changes to the pension plan. These amounts are deferred and amortized as detailed in Note 10 to the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Position

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Position – Expendable: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties or by enabling legislation adopted by the District. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The District had no restricted net position – nonexpendable.

Unrestricted Net Position: Unrestricted net position represents resources available to be used for transactions relating to the general operations of the District, and may be used at the discretion of the governing board, as designated, to meet current expenses for specific future purposes.

State Apportionments

Certain current year apportionments from the state are based upon various financial and statistical information of the previous year.

Any prior year corrections due to the recalculation in February of 2019 will be recorded in the year computed by the State.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1. Unsecured property taxes are payable in one installment on or before August 31.

Real and personal property tax revenues are reported in the same manner in which the County auditor records and reports actual property tax receipts to the Department of Education. This is generally on a cash basis. A receivable has not been accrued in these financial statements because it is not material. Property taxes for debt service purposes have been accrued in the basic

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

financial statements. (Property taxes for debt service purposes are not material and have therefore not been accrued in the basic financial statements.) (Property taxes for debt service purposes cannot be estimated and have therefore not been accrued in the basic financial statements.)

Classification of Revenues

The District has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as student fees, net of scholarship discounts and allowances, and Federal and most state and local grants and contracts.

Nonoperating Revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as State apportionments, taxes, and other revenue sources that are defined as nonoperating revenues by GASB.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Estimates

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

NOTE 2: DEPOSITS AND INVESTMENTS

Deposits - Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has established a policy for custodial risk that follows requirements as set forth in Government Code Section 53600 et seq. As of June 30, 2018, the District's bank balance of $226,544 was exposed to custodial credit risk.

District's Bank Balance	June 30, 2018
Uninsured and uncollateralized	$ 226,544
Total	$ 226,544

Cash in County Treasury

In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the Los Angeles County Treasury as part of the common investment pool. The District is considered an involuntary participant in the investment pool. These pooled funds are recorded at amortized cost which approximates fair value. Fair value of the pooled investments at June 30, 2018 is measured at 97.1668% of amortized cost. The District's investments in the fund are considered to be highly liquid and reflected in the financial statements as cash and cash equivalents in the statement of net position.

The County is authorized to deposit cash and invest excess funds by California Government Code Sections 53601, 53635, 53534 and 53648. The county is restricted to invest time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The funds maintained by the county are either secured by federal depository insurance or are collateralized. The county investment pool is not required to be rated. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The county investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code statutes and the County Board of Supervisors set forth the various investment policies that the Country Treasurer follow. The method used to determine the value of the participant's equity withdrawn is based on the book value, which is amortized cost, of the participant's percentage participation on the date of such withdrawals.

The pool sponsor's annual financial report may be obtained from the Los Angeles County Public Affairs Office, Kenneth Hahn Hall of Administration, 500 W. Temple St, Room 358, Los Angeles, CA 90012.

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 consists of the amounts shown herein.

Accounts Receivable	June 30, 2018
Federal and state	$ 1,444,512
Property taxes	1,567,278
Miscellaneous	3,521,663
Tuition and fees, net of allowance for doubtful accounts of $1,457,716	1,016,284
Total accounts receivable	$ 7,549,737

NOTE 4: INTERFUND TRANSACTIONS

Interfund transfers consist of operating transfers from funds receiving resources to funds through which the resources are to be expended. Interfund receivables and payables result when the interfund transfer is transacted after the close of the fiscal year. Interfund activity within the government funds has been eliminated in the basic financial statements.

NOTE 5: OPERATING LEASES

The District has entered into various operating leases for equipment with lease terms in excess of one year. None of these agreements contain purchase options. Future minimum lease payments under these agreements are as follows:

Year Ending June 30,	
2019	$ 138,199
2020	99,074
2021	16,512
Total	$ 253,785

Current year expenditures for operating leases is approximately $170 thousand. The District will receive no sublease rental revenues nor pay any contingent rentals for these properties.

NOTE 6: CAPITAL ASSETS AND DEPRECIATION – SCHEDULE OF CHANGES

A summary of changes in capital assets for the year ended June 30, 2018 is shown herein.

	Balance as Previously Reported at June 30, 2017	Restatement*	Balance as Restated for June 30, 2017	Additions	Retirements	Balance June 30, 2018
Capital assets not being depreciated:						
Land	$ 3,570,212	$	$ 3,570,212	$	$	$ 3,570,212
Construction in progress	105,293,750	(58,024,011)	47,269,739	47,304,253	(5,476,287)	89,097,705
Total capital assets not being depreciated	108,863,962	(58,208,557)	50,839,951	47,304,253	(5,476,287)	92,667,917
Capital assets being depreciated:						
Site improvements	11,954,800	2,881,640	14,836,440	3,656,795		18,493,235
Buildings	227,973,560	73,033,935	301,007,495	3,410,792		304,418,287
Equipment	10,233,884		10,233,884	1,534,431	(311,667)	11,456,648
Total capital assets being depreciated	250,162,244	75,915,575	326,077,819	8,602,018	(311,667)	334,368,170
Less accumulated depreciation for:						
Site improvements	4,625,705	89,723	4,715,428	754,627		5,470,055
Buildings	52,535,280	3,786,745	56,322,025	7,448,868		63,770,893
Equipment	6,022,949		6,022,949	625,598	(266,181)	6,382,366
Total accumulated depreciation	63,183,934	3,876,468	67,060,402	8,829,093	(266,181)	75,623,314
Depreciable assets, net	186,978,310	72,223,653	259,017,417	(227,075)	(45,486)	258,744,856
Governmental activities capital assets, net	$ 295,842,272	$ 14,015,096	$ 309,857,368	$ 47,077,178	$ (5,521,773)	$ 351,412,773

** The June 30, 2017 balance has been restated by $14,015,096 for construction costs not capitalized and accumulated depreciation costs not recognized for assets placed in service in the period in which costs were incurred. See note 16.*

NOTE 7: GENERAL OBLIGATION BONDS – MEASURE CC (2004)

On March 2, 2004, $210 million in general obligation bonds were authorized by an election (Measure CC) held within the District. The bonds were authorized to finance the repair deteriorating roofs, wiring, plumbing, inefficient heating/cooling systems; renovate aging classrooms, science/computer labs; repair, acquire, construct, equip college buildings, sites; improve parking/campus safety; upgrade job training/technology facilities.

Between 2004-05 and 2014-15, the District issued bonds, Series A through D, totaling $210 million. In 2004-05 and 2014-15, the District issued refunding bonds to refund outstanding balances or portions of Series A, B and C.

The balance of the bonds refunded was $14 million less than the amount paid into the escrow account. This amount is recorded as a deferred charge on the statement of net position and amortized to interest expense over the life of the new debt. Amortization of $912 thousand was recognized during the year ended June 30, 2018.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
2004 Series A	7/1/2004	8/1/2028	4.00-5.00%	$ 37,325,000	$
Refunding 2005 Series A (1)	5/19/2005	8/1/2023	3.00-5.00%	27,135,994	
2006 Series B	9/6/2006	8/1/2031	4.50-5.00%	34,845,000	
2009 Series C	5/27/2009	8/1/2033	3.00-5.25%	55,000,000	2,560,000
2012 Series D	3/21/2012	8/1/2038	1.97-5.88%	82,825,515	81,210,989
Refunding 2014 Series A (2)	11/4/2014	8/1/2033	1.75-5.00%	80,395,000	77,845,000
Refunding 2014 Series B (2)	11/4/2014	8/1/2023	0.506-3.121%	17,975,000	13,840,000
Total					$ 175,455,989

(1) Refunding 2005 Series A - refunded portions of 2004 Series A.

(2) Refunding 2014 Series A and B - refunded the outstanding 2004 Series A, Refunding 2005 Series A, 2006 Series B and portions of 2009 Series C.

NOTE 7: GENERAL OBLIGATION BONDS – MEASURE CC (2004)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Accreted Interest	Interest
2019	$ 4,333,997	$ 161,003	$ 8,515,023
2020	4,779,443	240,557	8,398,093
2021	5,131,605	343,395	5,876,366
2022	5,614,058	470,942	5,706,460
2023	6,113,998	606,002	5,523,292
2024-2028	36,850,209	7,699,792	24,963,365
2029-2033	48,886,623	18,718,377	14,794,595
2034-2038	47,421,056	30,343,944	8,994,235
2039	16,325,000		382,313
Total	$ 175,455,989	$ 58,584,012	$ 83,153,742

NOTE 8: GENERAL OBLIGATION BONDS – MEASURE G (2012)

On November 6, 2012, $350 million in general obligation bonds were authorized by an election (Measure G) held within the District. The bonds were authorized to finance the update of classrooms, technology, math, science and computer labs, upgrade of job-training facilities, provide classrooms and labs to accommodate growing demand, replace leaky roofs, aging and unsafe buildings, facilities/equipment, and acquire, construct, repair buildings, classrooms, sites/facilities/equipment.

Between 2014-15 and 2017-18, the District issued bonds, Series A and B, totaling $175 million.

The outstanding general obligation bonded debt of the District at June 30, 2018 is:

General Obligation Bonds	Date of Issue	Date of Maturity	Interest Rate %	Amount of Original Issue	Outstanding June 30, 2018
2014 Series A	11/4/2014	8/1/2044	1.50-5.00%	$ 100,000,000	$ 73,900,000
2018 Series B	1/23/2018	8/1/2043	2.00-5.00%	75,000,000	75,000,000
Total					$ 148,900,000

NOTE 8: GENERAL OBLIGATION BONDS – MEASURE G (2012)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest
2019	$ 6,570,000	$ 6,490,868
2020	7,295,000	6,208,700
2021	7,720,000	5,869,800
2022	645,000	5,660,675
2023	420,000	5,634,050
2024-2028	6,515,000	27,465,875
2029-2033	16,455,000	24,671,375
2034-2038	30,835,000	18,967,725
2039-2043	50,515,000	9,909,900
2044-2045	21,930,000	798,400
Total	$ 148,900,000	$ 111,677,368

NOTE 9: SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN

The District has Supplemental Employee Retirement Plans for faculty, classified and management/confidential employees. The accumulated future liability for the District at June 30, 2018 is $3,641,292.

In 2013-14 the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty, classified and management/confidential employees. A total of 29 employees participated in the plan. Participants included 14 faculty, 12 classified and 3 management/confidential employees. The total cost savings to the District was approximately $2 million. The District paid benefits of $408,617 annually through 2017-18. There is no remaining liability for this plan.

In 2017-18, the Board of Trustees approved the implementation of the District's Supplemental Employee Retirement Plan for faculty, classified and management/confidential employees. A total of 71 employees participated in the plan. Participants included 34 faculty, 32 classified and 5 management/confidential employees. The total cost savings to the District is approximately $9 million. The District will pay benefits of $910,323 annually through 2021-22. The total remaining liability of $3,641,292 has been reflected in these financial statements.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

NOTE 10: EMPLOYEE RETIREMENT PLANS

As of June 30, 2018, the District's proportionate share of the net pension liabilities, pension expense, and deferred inflows of resources and deferred outflows of resources for each of the retirement plans is as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflows of Resources	Proportionate Share of Deferred Inflows of Resources	Proportionate Share of Pension Expense
CalSTRS - STRP	$ 82,307,200	$ 35,806,985	$ 8,307,487	$ 10,134,623
CalPERS - Schools Pool Plan	45,954,831	12,952,488	2,694,572	6,165,251
Total	$ 128,262,031	$ 48,759,473	$ 11,002,059	$ 16,299,874

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers' Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

NOTE 10: EMPLOYEE RETIREMENT PLANS

The District contributes to the STRP Defined Benefit Program and STRP Defined Benefit Supplement Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2018, are summarized herein.

Provisions and Benefits	CalSTRS-STRP Defined Benefit Program and Supplement Program	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0%-2.4%	2.0%-2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

Contributions

Required member, District and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2018 are presented above and the total District contributions were $7,365,070.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as shown herein.

Proportionate Share of Net Pension Liability	Balance June 30, 2018
District proportionate share of net pension liability	$ 82,307,200
State's proportionate share of the net pension liability associated with the District	48,692,641
Total	$ 130,999,841

NOTE 10: EMPLOYEE RETIREMENT PLANS

The net pension liability was measured as of June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2017, the District's proportion was 0.0890%.

For the year ended June 30, 2018, the District recognized pension expense of $10,134,623 including on-half expense and revenue of $3,960,287 for support provided by the state. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 7,365,070	$ -
Difference between expected and actual experience	304,380	1,435,570
Changes of assumptions	15,248,370	-
Difference in proportion	12,889,165	4,679,847
Net differences between projected and actual earnings on plan investments	-	2,192,070
Total	$ 35,806,985	$ 8,307,487

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalSTRS-STRP for the June 30, 2017 measurement date is 7 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 6 years.

The remaining amounts will be recognized to pension expense as shown herein.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Year Ending June 30,	Amortization
2019	$ 2,298,899
2020	5,500,229
2021	4,320,090
2022	2,173,706
2023	2,375,961
2024	3,465,543
Total	$ 20,134,428

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016 used the following methods and assumptions, applied to all prior periods included in the measurement:

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.10%
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant and adopted by the CalSTRS Board in February 2017. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2017, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

NOTE 10: EMPLOYEE RETIREMENT PLANS

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	6.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Fixed income	12%	0.30%
Absolute return/risk mitigating strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.10%)	$ 120,853,100
Current discount rate (7.10%)	82,307,200
1% increase (8.10%)	51,024,590

Changes of Assumptions

During the fiscal year of the measurement date of June 30, 2017, CalSTRS completed an experience study for the period starting July 1, 2010 and ending June 30, 2015. The experience study was adopted by the CalSTRS Board in February 2017. As a result of the study, certain assumptions used in determining the net pension liability of the STRP changed, including the discount rate, price inflation, wage growth, mortality assumptions and the mortality tables used in the actuarial valuation of the net pension liability. The changes to the assumptions as a result of the experience study follow:

NOTE 10: EMPLOYEE RETIREMENT PLANS

Assumptions:	As of June 30, 2017	As of June 30, 2016
Investment Rate of Return	7.10%	7.60%
Consumer Price Inflation	2.75%	3.00%
Wage Growth	3.50%	3.75%

Plan Fiduciary Net Position

Detailed information about the STRP's plan fiduciary net position is available in a separate comprehensive annual financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard, Sacramento, CA 95826.

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool Plan under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized herein.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Provisions and Benefits	CalPERS-Schools Pool Plan	
Hire date	On or Before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1%-2.5%	1.0%-2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	15.531%	15.531%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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. Total plan contributions are determined through the 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2018 are as presented above and the total District contributions were $2,908,464.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $45,954,831. The net pension liability was measured as of June 30, 2017. The total pension liability for CalPERS was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016 and rolling forward the total pension liability to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.1925%.

For the year ended June 30, 2018, the District recognized pension expense of $6,165,251. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources herein.

NOTE 10: EMPLOYEE RETIREMENT PLANS

Pension Deferred Outflows and Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 2,908,464	$ -
Difference between expected and actual experience	1,646,372	-
Changes of assumptions	6,712,426	541,061
Difference in proportion	95,503	2,153,511
Net differences between projected and actual earnings on plan investments	1,589,723	-
Total	$ 12,952,488	$ 2,694,572

The deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The net differences between projected and actual earnings on the plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis.

All other deferred inflows of resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the CalPERS Plan for the June 30, 2017 measurement date is 3.9 years. The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.9 years.

The remaining amounts will be recognized to pension expense as shown herein.

Year Ending June 30,	Amortization
2019	$ 638,243
2020	4,484,888
2021	3,096,852
2022	(870,531)
Total	$ 7,349,452

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2015 used the following methods and assumptions, applied to all prior periods included in the measurement:

NOTE 10: EMPLOYEE RETIREMENT PLANS

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Experience Study	July 1, 1997 through June 30, 2011
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.15%
Investment Rate of Return	7.50%
Consumer Price Inflation	2.75%
Wage Growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvements using Scale BB published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound 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 adjusted to account for assumed administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return
Global equity	47%	5.38%
Fixed income	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and forestland	3%	5.39%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Schools

NOTE 10: EMPLOYEE RETIREMENT PLANS

Pool Plan fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount rate	Net Pension Liability
1% decrease (6.15%)	$ 67,614,282
Current discount rate (7.15%)	45,954,831
1% increase (8.15%)	27,986,502

Plan Fiduciary Net Position

Detailed information about CalPERS Schools Pool Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description and Eligibility

The District administers a single-employer defined benefit healthcare plan (the Retiree Health Plan). The plan provides postemployment health care, dental and vision benefits to all full-time and part-time Certificated, Administrative and Classified employees who have reached age 50 and retire with at least 10 years of service, however, District-paid retiree benefits begin at age 55 and terminate on the June 30th for the fiscal year during which the retiree reaches age 65. Retirees and spouses covered under AB-528 have lifetime benefits. Benefit provisions are established through negotiations between the District and the bargaining unions representing employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a separate financial report.

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Participant Type:	Number of Participants
Inactive participants currently receiving benefits	303
Inactive participants entitled to but not yet receiving benefit payments	-
Active employees	668
Total	971

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For the fiscal years ended June 30, 2018 and 2017, the District contributed $772,284 and $742,581, respectively, to the plan including the implicit rate subsidy.

Net OPEB Liability

The table herein shows the components of the net OPEB liability of the District:

	Balance June 30, 2018
Total OPEB liability	$ 21,233,167
Plan fiduciary net position	-
District's net OPEB liability	$ 21,233,167
Plan fiduciary net position as a percentage of the total OPEE	0%

Actuarial Methods and Assumptions

The District’s net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. Liabilities in this report were calculated as of the valuation date.

Actuarial Assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the actuarial assumptions shown herein, applied to all periods included in the measurement, unless otherwise specified.

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

Actuarial Methods and Assumptions	
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	3.50%
Health Care Trend Rate	4.00%

Mortality rates were based on the 2014 rates used by CalPERS and the 2009 rates used by STRS for the pension valuations.

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Since the most recent GASB 45 valuation, the following changes have been made:

- The discount rate and expected rate of return on assets was changed from 4.50% to 3.50%
- The initial healthcare trend rate remained unchanged from at 4.0%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016	$ 20,424,036	$ -	$ 20,424,036
Changes for the year:			
Service cost	835,644		835,644
Interest	716,068		716,068
Employer contributions		742,581	(742,581)
Benefit payments	(742,581)	(742,581)	-
Net changes	809,131	-	809,131
Balances at June 30, 2017	$ 21,233,167	$ -	$ 21,233,167

NOTE 11: POST EMPLOYMENT HEALTHCARE BENEFITS

The following presents the District's net OPEB liability calculated using the discount rate of 3.50 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

Discount rate	Net OPEB Liability
1% decrease (2.5%)	$ 24,711,695
Current discount rate (3.5%)	21,233,167
1% increase (4.5%)	18,441,381

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 4.0 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.0 percent) or 1-percentage-point higher (5.0 percent) than the current rate:

Healthcare trend rate	Net OPEB Liability
1% decrease (3.0%)	$ 19,055,420
Current healthcare trend rate (4.0%)	21,233,167
1% increase (5.0%)	24,130,610

OPEB Expense

For the year ended June 30, 2017, the District recognized OPEB expense of $1,382,935.

NOTE 12: LONG-TERM DEBT – SCHEDULE OF CHANGES

A schedule of changes in long-term debt for the year ended June 30, 2018 is shown herein.

NOTE 12: LONG-TERM DEBT – SCHEDULE OF CHANGES

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amount Due in One Year
Compensated absences	$ 2,632,681	$	$ (231,390)	2,401,291	$ 303,996
General obligation bonds (2004, Measure CC):					
Bonds payable	179,382,021		(3,926,032)	175,455,989	4,333,997
Accreted interest	9,962,538	2,394,120	(93,967)	12,262,691	161,003
Bond premium	10,554,969		(747,006)	9,807,963	
General obligation bonds (2012, Measure G):					
Bonds payable	81,355,000	75,000,000	(7,455,000)	148,900,000	6,570,000
Bond premium	6,633,954	8,137,625	(408,455)	14,363,124	
Net pension liability	103,848,480	24,413,551		128,262,031	
Other postemployment benefits other than pension (OPEB)*	20,424,036	809,131		21,233,167	
Supplemental employee retirement plan (SERP)	408,617	4,551,615	(1,318,940)	3,641,292	910,323
Total	$ 415,202,296	$ 115,306,042	$ (14,180,790)	$ 516,327,548	$ 12,279,319

** The July 1, 2017 balance has been restated by $15,709,075 for the cumulative effect of the adoption of Accounting Standard Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. See note 16.*

Liabilities are liquidated by the General Fund for governmental activities, including compensated absences, net pension liability, net OPEB obligations and supplemental employee retirement plan. General obligation bond liabilities are liquidated through property tax collections as administered by the County Controller's office through the Bond Interest and Redemption Fund.

NOTE 13: LEASE REVENUES

A ground lease has been entered into with The Grove Senior Living for the terms that exceed one year. The agreement does not contain a purchase option. The agreement contains a termination clause providing for cancellation after a specified number of days written notice to lessors, but it is unlikely that the District will cancel the agreement prior to the expiration date. The future minimum lease payments expected to be received under this agreement are as follows:

NOTE 13: LEASE REVENUES

Year Ending June 30,	
2019	$ 635,126
2020	635,126
2021	635,126
2022	635,126
2023	681,138
2024-2028	3,456,305
2029-2033	3,714,435
2034-2038	3,998,378
2039-2043	4,310,715
Total	$ 18,701,475

NOTE 14: JOINT POWERS AGREEMENTS

The District participates in four joint powers agreement (JPA) entities, the Statewide Association of Community Colleges (SWACC), the Schools Association for Excess Risk (SAFER), the Southern California Community Colleges District Joint Powers Agency (SCCCD-JPA), Protected Insurance Program for Schools and Community Colleges (PIPS), and the California Statewide Delinquent Finance Tax Authority.

SWACC provides liability and property insurance for forty-six community colleges. SWCC is governed by a Board comprised of a member of each of the participating districts. The board controls the operations of SWACC, including selection of management and approval of members beyond their representation on the Board. Each member shares surpluses and deficits proportionally to its participation in SWACC.

SAFER provides excess insurance coverage for liability losses from $1,000,000 to $50,000,000 and $5,000,000 to $250,000,000 for excess property coverage.

SCCCD provides workers' compensation coverage for its seven member districts for workers' compensation self-insured run-off claims dated prior to 1995. Payments transferred to funds maintained under the JPA are expensed when made. SCCCD has self-funded their workers' compensation coverage since inception as a joint banking pool, and accordingly, does not transfer risk between members. District administrators are of the opinion that the procedures for accumulating and maintaining reserves are sufficient to cover future contingencies under potential workers' compensation claims.

PIPS provides workers' compensation insurance protection to its membership of public schools and community colleges throughout California. This is a finite risk sharing pool that transfers risk away from the members. Premiums are determined based on payroll expense and additional premiums may be required in subsequent years.

NOTE 14: JOINT POWERS AGREEMENTS

Each JPA is governed by a board consisting of a representative from each member district. Each governing board controls the operations of its JPA independent of any influence by the District beyond the District's representation on the governing boards.

Each JPA is independently accountable for its fiscal matters. All JPAs maintains its own accounting records. Budgets are not subject to any approval other than that of the respective governing boards. Member districts share surpluses and deficits proportionately to their participation in the JPA.

The relationships between the District and the JPAs are such that neither JPA is a component unit of the District for financial reporting purposes.

Condensed financial information for the year ended June 30, 2018 is as follows:

			SCCCD-JPA 6/30/2018 (Audited)		
	SWACC 6/30/2018 (Audited)	SAFER 6/30/18 (Audited)	Workers Compensation Insurance Fund	Retiree Health Insurance Fund	PIPS 6/30/17 (Audited)
Total assets	$ 52,332,118	$ 39,841,694	$ 21,457,818	$ 468,814	$ 129,260,118
Total liabilities	34,316,883	38,695,867	1,973,560	-	111,815,654
Fund balance	$ 18,015,235	$ 1,145,827	$ 19,484,258	$ 468,814	$ 17,444,464
Total revenues	$ 22,350,383	$ 59,869,098	$ 11,664,622	$ 3,039,204	$ 59,869,098
Total expenditures	29,435,155	59,413,248	10,964,550	14,251,500	59,413,248
Change in fund balance	$ (7,084,772)	$ 455,850	$ 700,072	$ (11,212,296)	$ 455,850

NOTE 15: FUNCTIONAL EXPENSE

Operating expenses are reported by natural classification in the statement of revenues, expenses and change in net position. A schedule of expenses by function is shown below:

NOTE 15: FUNCTIONAL EXPENSE

Functional Expense	Salaries	Employee Benefits	Supplies, materials, and other operating expenses and services	Financial Aid	Depreciation	Total
Instructional activities	$ 50,389,186	$ 22,824,255	$ 2,687,389	$ 275,853	$	$ 76,176,683
Academic support	6,073,843	4,619,645	1,417,591	54,458		12,165,537
Student services	13,666,900	6,213,218	968,164	241,653		21,089,935
Operation and maintenance of plant	3,511,797	2,279,049	4,298,884			10,089,730
Instructional support services	7,905,735	5,171,812	4,487,326	8,370		17,573,243
Community services and economic development	811,255	318,108	890,230	493		2,020,086
Ancillary services and auxiliary operations	2,656,618	1,380,357	558,415	28,650		4,624,040
Student aid				44,926,336		44,926,336
Transfers and other outgo			1,506,693	280,834		1,787,527
Depreciation expense					8,829,093	8,829,093
Total	$ 85,015,334	$ 42,806,444	$ 16,814,692	$ 45,816,647	$ 8,829,093	$ 199,282,210

NOTE 16: CUMULATIVE EFFECT OF ACCOUNTING CHANGES AND RESTATEMENT TO BEGINNING NET POSITION

OPEB Liability

The beginning net position of the basic financial statements has been restated by of a net reduction $15,135,271 in the governmental funds resulting from the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The net reduction recognizes the beginning OPEB liability of $20,424,036 less the liability recorded as of June 30, 2017 of $4,714,961 under the previous standards, offset by OPEB deferred outflows of $573,804 at June 30, 2017.

Capital Assets

The beginning net position of the basic financial statements has been restated by a net increase of $14,015,096 in the governmental funds to recognize construction costs not capitalized and accumulated depreciation costs not recognized for assets placed in service in the period in which costs were incurred.

Had the error not been made, the change in net position would have decreased by approximately $1.5m for additional depreciation expense for the year ended June 30, 2017.

NOTE 17: COMMITMENTS AND CONTINGENCIES

Litigation

The District is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the District’s financial statements.

NOTE 17: COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Awards, and Grants

The District has received state and Federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

Purchase Commitments

As of June 30, 2018, the District was committed under various capital expenditure purchase agreements for construction and modernization projects totaling approximately $22.3 million. Projects will be funded through bond proceeds.

NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued pronouncements prior to June 30, 2018, that have effective dates that impact future financial presentations; however, the impact of the implementation of each of the statements below to the District's financial statements has not been assessed at this time.

Statement No. 83 – *Certain Asset Retirement Obligations*

This statement addresses accounting and financial reporting for certain asset retirement obligations when a legally enforceable liability is associated with the retirement of a tangible capital asset. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources. The statement is effective for the fiscal year 2018-19.

Statement No. 84 – *Fiduciary Activities*

The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement is effective for the fiscal year 2019-20.

Statement No. 87 – *Leases*

The objective of the statement is to improve the accounting and financial reporting for leases by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Inflows of resources or outflows of resources will be recognized

NOTE 18: GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS ISSUED, NOT YET EFFECTIVE

based on the payment provisions of the contract. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement is effective for the fiscal year 2020-21.

Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The objective of the statement is to improve the consistency in the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. The statement requires disclosure of additional essential information about debt. The statement is effective for the fiscal year 2018-19.

Statement No. 90 – *Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61*

The statement modifies previous guidance for reporting a majority equity interest in a legally separate organization and provide guidance for reporting a component unit if 100 percent equity interest is acquired in the component unit. The statement is effective for the fiscal year 2019-20.

REQUIRED SUPPLEMENTARY INFORMATION

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2018

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018
District's proportion of the net pension liability (assets)	0.0830%	0.0900%	0.0810%	0.0890%
District's proportionate share of the net pension liability (asset)	$ 48,502,710	$ 60,498,229	$ 65,513,610	$ 82,307,200
State's proportionate share of the net pension liability (asset) associated with the District	29,565,599	31,996,809	37,301,221	48,692,641
Total	$ 78,068,309	$ 92,495,038	$102,814,831	$130,999,841
District's covered payroll	$ 40,964,775	$ 51,768,604	$ 45,266,203	$ 49,832,067
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	118.40%	116.86%	144.73%	165.17%
Plan fiduciary net position as a percentage of the total pension liability	77.00%	74.02%	70.04%	69.00%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018
District's proportion of the net pension liability (assets)	0.1950%	0.1928%	0.1941%	0.1925%
District's proportionate share of the net pension liability (asset)	$ 30,106,846	$ 28,421,773	$ 38,334,870	$ 45,954,831
District's covered payroll	$ 19,931,911	$ 24,223,720	$ 23,288,869	$ 24,481,563
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	151.05%	117.33%	164.61%	187.71%
Plan fiduciary net position as a percentage of the total pension liability	83.37%	83.37%	73.90%	72.00%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

The amounts for covered payroll are reported as of the previous fiscal year to align with the measurement date of the net pension liability.

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2018

California State Teachers' Retirement System - State Teachers' Retirement Plan	2015	2016	2017	2018
Contractually required contribution	$ 12,075,831	$ 4,540,771	$ 6,268,874	$ 7,365,070
Contributions in relation to the contractually required contribution	12,075,831	4,540,771	6,268,874	7,365,070
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 51,768,604	$ 45,266,203	$ 49,832,067	$ 51,039,986
Contributions as a percentage of covered payroll	23.33%	10.03%	12.58%	14.43%

California Public Employees' Retirement System - Schools Pool Plan	2015	2016	2017	2018
Contractually required contribution	$ 2,344,785	$ 2,759,032	$ 3,398,041	$ 2,908,464
Contributions in relation to the contractually required contribution	2,344,785	2,759,032	3,398,041	2,908,464
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 24,223,720	$ 23,288,869	$ 24,481,563	$ 25,167,186
Contributions as a percentage of covered payroll	9.68%	11.85%	13.88%	15.53%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE NET POSTEMPLOYMENT HEALTHCARE BENEFITS LIABILITY AND RELATED RATIOS
For the Fiscal Year Ended June 30, 2018

Total OPEB Liability	2018
Service Cost	$ 835,644
Interest	716,068
Benefit Payments	(742,581)
Net Change in Total OPEB Liability	809,131
Total OPEB Liability - beginning	20,424,036
Total OPEB Liability - ending (a)	$ 21,233,167

Plan Fiduciary Net Position	2018
Contributions - Employer	$ 742,581
Benefit Payments	(742,581)
Net Change in Plan Fiduciary Net Position	-
Plan Fiduciary Net Position - beginning	-
Plan Fiduciary Net Position - ending (b)	$ -
Net OPEB Liability (Asset) - ending (a) - (b)	$ 21,233,167
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered-employee payroll	$ 66,599,899
Net OPEB liability (asset) as a percentage of covered-employee payroll	31.88%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

See the accompanying notes to the required supplementary information.

NOTE 1: PURPOSE OF SCHEDULES

Schedules of District's Proportionate Share of the Net Pension Liability – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedules of District Contributions – CalSTRS-STRP and CalPERS-Schools Pool Plan

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

Schedule of Changes in the Net OPEB Liability and Related Ratios

The schedule is intended to show trends about the changes in the District's actuarially determined liability for postemployment benefits other than pensions.

Benefit changes –None.

Changes of Assumptions - The discount rate and expected rate of return on assets was changed from 4.50% to 3.50%.

SUPPLEMENTARY INFORMATION

CERRITOS COMMUNITY COLLEGE DISTRICT

HISTORY AND ORGANIZATION
For the Fiscal Year Ended June 30, 2018

Cerritos Community College District is a public community college district that has been serving the people of Artesia, Bellflower, Cerritos, Downey, Hawaiian Gardens, La Mirada, Norwalk, and portions of Bell Gardens, Lakewood, Long Beach, Santa Fe Springs, South Gate and surrounding areas since the District was formed on June 10, 1955. The campus is located in the cities of Norwalk and Cerritos, California.

The name of Cerritos Community College District was changed from Cerritos Junior College District by Board resolution on February 8, 1971. The District's college is accredited by the Accrediting Commission for Community and Junior Colleges (WASC), which is one of six regional associations that accredit public and private schools, colleges, and universities in the United States.

BOARD OF TRUSTEES

Member	Office	Term Expires
Zurich Lewis	President	December 2018
Dr. Shin Liu	Vice President	December 2018
Martha Camacho-Rodriguez	Clerk	December 2020
Carmen Avaols	Member	December 2020
James Cody Birkey	Member	December 2018
Marisa Perez	Member	December 2020
Dr. Sandra Salazar	Member	December 2018
Phil Herrera	Student Representative	May 2019

DISTRICT ADMINISTRATORS

Dr. Jose Fierro	President/Superintendent
Mr. Edmund R. Miranda Jr.	Vice President of Academic Affairs/Assistant Superintendent
Mr. Felipe Lopez	Vice President of Business Services/Assistant Superintendent
Dr. Adriana Flores-Church	Vice President of Human Resources/Assistant Superintendent
Dr. Stephen Johnson *	Vice President of Student Services/Assistant Superintendent

AUXILIARY ORGANZAITONS IN GOOD STANDING

Cerritos College Foundation	Organized as an independent organization and has a signed master agreement.

* Effective July 1, 2018, Kimberly Westby is the Acting Vice President of Student Services/Assistant Superintendent

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Education			
Direct:			
Student Financial Aid Cluster:			
Supplemental Educational Opportunity Grant (FSEOG)	84.007	n/a	$ 640,953
Federal Work-Study (FWS)	84.033	n/a	519,459
Pell Grant	84.063	n/a	34,607,725
Student Financial Aid Administrative Cost Allowance	84.063	n/a	33,533
William D. Ford Direct Loans - Subsidized	84.268	n/a	2,053,887
William D. Ford Direct Loans - Unsubsidized	84.268	n/a	2,666,333
Total Student Financial Aid Cluster			40,521,890
Pass-Through Program From California Department of Education:			
Adult Education and Family Literacy Act Title II, Workforce Investment Act (WIA): Adult Education - State Grant Program	84.002	19-6436	306,983
Pass-Through Program From California Community College Chancellor's Office:			
Career and Technical Education Act:			
Perkins Title I-C - Career and Technical Education	84.048	16-C01-006	854,752
Perkins CTE Transitions	84.048A	16-112-006	40,791
Total U.S. Department of Education			41,724,416
U.S. Department of Agriculture			
Pass-Through Program From California Department of Education:			
Child and Adult Care Food Program	10.558	04356-CACFP-19-CC-IC	74,997
U.S. Department of Labor			
Direct:			
H-1B TechHire Partnership Grant	17.268	n/a	136,433
U.S. Department of Veterans Affairs			
Direct:			
Veterans Education Representative Fee	64.000	n/a	8,821
Corporation For National and Community Services			
Direct:			
Americorps - National Service Awards	94.006	n/a	52,902

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Program Name	Federal Catalog Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. Department of Health and Human Services			
Pass-Through Program From California Department of Education:			
General Childcare & Development Programs	93.575	CCTR-6071	23,039
Development Fund: General Childcare & Development Programs	93.596	CCTR-6071	50,123
Pass-Through Program From California Community College Chancellor's Office:			
Temporary Assistance for Needy Families (TANF)	93.558	(1)	101,249
Pass-Through Program from Los Angeles Department of Public Social Services:			
TANF - California Work Opportunity and Responsibility to Kids (CalWORKs) Program	93.558	CCCP15002	113,958
Pass-Through Program from California Department of Social Services:			
Foster and Kinship Care Education (FKCE)	93.658	0600D00000-00	77,239
Pass-Through Program From Foundation for Community Colleges:			
Foster Care Independence Program - Partnering for Safety and Permanence - Model Approach to Partnerships in Parenting (PS MAPP)	93.674	847-120	15,144
Pass- Through Program from California Department of Health Care Services:			
Family Pact Program (FPP)	93.778	C-11309	12,896
Medi-Cal Administrative Activities Program (MAA)	93.778	C-11309	16,110
Total U.S. Department of Health and Human Services			409,758
Total Federal Programs			$ 42,407,327
Reconciliation to Federal Revenue			
Total Federal Expenditures			
Revenues in excess of (less than) expenditures related to Federal Grants:			$ 42,407,327
Family Pact Program (FPP)			16,838
Medi-Cal Administrative Activities Program (MAA)			40,365
Foster Care Independence Program - PS MAPP			8,572
Veterans Education Representative Fee			(7,696)
Total Federal Programs Revenue			$ 42,465,406
Governmental Funds			$ 42,412,504
Fiduciary Funds			52,902
Total Federal Programs Revenue			$ 42,465,406

(1) Pass-Through Entity Identifying Number not readily available

n/a - Pass-Through Entity Identifying Number not applicable

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF STATE FINANCIAL ASSISTANCE - GRANTS
For the Fiscal Year Ended June 30, 2018

	Program Revenues					
Program Name	Beginning Balance From Prior Year	Cash Received	Accounts Receivable	Deferred Revenue	Total	Total Program Expenditures
State Categorical Aid Programs:						
Assembly Bill 1802 (2006-07)	$ 311,306	$	$	$ 311,306	$ -	$ -
Assembly Bill 104	15,488	491,812		9,616	497,684	497,684
Advanced Manufacturing & Engineering Technology						
Linked Learning Consortium		513,048		4,816	508,232	508,232
Adult Education Block Grant (AEBG) - Data						
and Accountability	253,079			10,528	242,551	242,551
Apprenticeship	515,201	1,313,442		979,058	849,585	849,585
Associate Degree Nursing Program		100,250	70,750		171,000	171,000
Auto Quickstart				72,000		
Basic Skills	172,459	831,918		423,053	581,324	581,324
Board Financial Assistance Administration (BFAP)		831,329			831,329	831,329
Cal Grant	16,605	3,559,943		103,106	3,473,442	3,473,442
California Apprenticeship Initiative - Pre-Apprenticeship		148,641			148,641	148,641
California Energy Commission (ATTE)	23,543			23,543		
CalWORKs		474,635			474,635	474,635
CalWORKs - Work-Study		132,574			132,574	132,574
Campus Safety & Sexual Assaults		29,645		29,645		
Community College Completion Grant		801,000		368,121	432,879	432,879
Cooperative Agencies Resources for Education (CARE)		118,886			118,886	118,886
Child and Adult Care Food Program		4,118	600		4,718	4,718
Career Technical Education (CTE)						
Chancellor's Pre-Apprenticeship	25,635			17,140	8,495	8,495
Data Unlocked Initiative	36,273			11,493	24,780	24,780
Deputy Sector Navigator Advanced Transportation						
and Renewable Energy (AT&R)	2,764	164,236	108,973		275,973	275,973
Disabled Student Programs and Services (DSPS)		1,932,496			1,932,496	1,932,496
Education Futures			17,753		17,753	17,753
Extended Opportunity Programs and Services (EOPS)		1,246,725			1,246,725	1,246,725
Equal Employment Opportunity	30,104	50,000		51,938	28,166	28,166
Faculty Entrepreneurship Champion Mini-Grant			7,500		7,500	7,500
Foster and Kinship Care Education		95,351			95,351	95,351
Foster Parent Training CSEC		5,550	3,700		9,250	9,250
Full Time Student Success Grant	73,285	1,636,600		165,949	1,543,936	1,543,936
General Childcare & Development Program		122,548			122,548	122,548
Guided Pathways		607,232		607,232		
Hunger Free Campus Support		38,202		31,000	7,202	7,202
Instructional Equipment and Library	817,753			817,753		
Instructional Support Program		515,491			515,491	515,491
Lottery Prop 20	5,001,623	620,039	360,238	5,906,932	74,968	74,968
Physical Plant	577,479	515,491		120,825	972,145	972,145
Pre-kindergarten and Family Literacy Program		838,319		106,305	732,014	732,014
Prop 39 - Clean Energy Act	56,563	607,665		123,744	540,484	540,484
Senate Bill 1070		8,581	123		8,704	8,704
Senate Bill 1133 (2008-09)	97,433			86,730	10,703	10,703
SFCC Mentor Program		1,000		400	600	600
Strong Workforce Program	1,131,459	2,379,532	200,837	1,661,370	2,050,458	2,050,458
Student Equity Plans		2,457,163			2,457,163	2,457,163
Student Success and Support Program (SSSP):						
Credit		2,816,189			2,816,189	2,816,189
Non-Credit		248,288			248,288	248,288
Teacher Prep Pipeline		36,300	71,380		107,680	107,680
Title IV Admin Cost Allowance		600			600	600
Veterans Resource Center		58,805		58,435	370	370
Total State Categorical Aid Programs	$ 9,158,052	$26,353,644	$ 841,854	$12,102,038	$24,323,512	$ 24,323,512

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
For the Fiscal Year Ended June 30, 2018

Categories	Reported Data	Audit Adjustments	Revised Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit[1]	71.67		71.67
2. Credit[1]	844.29		844.29
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit[1]	23.21		23.21
2. Credit[1]	1,326.36		1,326.36
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,036.92	(3.93)	10,032.99
(b) Daily Census Contact Hours	1,992.80	(18.82)	1,973.98
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit[1]	428.80		428.80
(b) Credit[1]	81.48		81.48
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	890.45		890.45
(b) Daily Census Contact Hours	1,103.50		1,103.50
(c) Noncredit Independent Study/Distance Education Courses	-		-
D. Total FTES	16,799.48	(22.75)	16,776.73
Supplemental Information (subset of above information)			
E. In-service Training Courses (FTES)	-		-
H. Basic Skills courses and Immigrant Education			
(a) Noncredit[1]	228.14		228.14
(b) Credit[1]	1,534.42		1,534.42
CCFS 320 Addendum			
CDCP Noncredit FTES	249.77		249.77
Centers FTES			
(a) Noncredit (1)	-		-
(b) Credit (1)	-		-

(1) Including Career Development and College Preparation (CDCP) FTES

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The audit resulted in the following adjustments to the fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS-311) based upon governmental accounting principles. In accordance with Governmental Accounting Standards Board Statements No. 34 and No. 35, the financial statements have been prepared under the full accrual basis of accounting which requires that revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Additional entries were made to comply with the governmental reporting requirements. These entries are not considered audit adjustments for purposes of this reconciliation.

A reconciliation between the fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS-311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown below and on the following page:

Unrestricted Fund Balance	$ 24,823,276
Restricted Fund Balance	8,357,919
Bond Interest and Redemption Fund Balance	24,382,729
Other Special Purpose Fund Balance	7,354,540
Capital Outlay Fund Balance	15,178,918
Bond Construction Fund Balance	46,205,622
Self-insurance Fund Balance	1,071,684
Other Internal Services Fund Balance	24,308,496
Student Financial Aid Fund Balance	1,116,847
Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 152,800,031

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Total fund balances as reported on the Annual Financial and Budget Report (CCFS-311)	$ 152,800,031
Amounts reported for governmental activities in the statement of net position are different because:	
Amounts for 2017-18 property taxes levied for debt service not received as of June 30, 2018 are accrued on the statement of net position which increases the total net assets reported.	1,567,278
Capital assets used for governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets, net of accumulated depreciation are added to total net assets. $263,920 is already recorded in the Health Services Fund.	351,148,853
Deferred outflows associated with the advanced refunding of debt increased total net position reported.	10,038,992
Deferred outflows associated with pension costs result from pension contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the net pension liability or amortized to pension expense, as applicable, in subsequent periods.	48,759,473
Deferred outflows associated with other postemployment benefits cost from contributions made during the fiscal year and from actuarially determined adjustments. These amounts will be recognized as a reduction of the other postemployee benefits liability in subsequent periods.	772,284
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds. The short term portion of compensated absences and load banking of $303,996 is already recorded in the Unrestricted General Fund.	(2,097,295)
Long-term liabilities for the supplemental employee retirement plan liability is not due and payable in the current period, and therefore is not report as a liability in the governmental funds.	(3,641,292)
Long-term liabilities related to bonds are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. Bond related liabilities are added to the statement of net position which reduces the total net assets reported.	(360,789,767)
The liability of employers and nonemployers contributing to employees for benefits provided through a defined benefit pension plan is recorded as net pension liabilities.	(128,262,031)
Deferred inflows of resources associated with pensions result from actuarially determined adjustments. These amounts will be amortized to pension expense in subsequent periods.	(11,002,059)
The liability associated with other post employment retirement benefits, is recognized as a liability, which reduces the total net position reported.	(21,233,167)
Interest costs related to bonds incurred through June 30, 2018 is accrued as a current lability on the statement of net position which reduces the total net assets reported.	(6,348,097)
Total net position	$ 31,713,203

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF 50 PERCENT LAW CALCULATION
For the Fiscal Year Ended June 30, 2018

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries - Contract or Regular	1100	26,925,746		26,925,746	26,925,746		26,925,746
Instructional Salaries - Other	1300	14,076,512		14,076,512	14,426,781		14,426,781
Total Instructional Salaries		41,002,258	-	41,002,258	41,352,527	-	41,352,527
Non-Instructional Salaries - Contract or Regular	1200			-	5,873,852		5,873,852
Non-Instructional Salaries - Other	1400			-	3,821,640		3,821,640
Total Non-Instructional Salaries		-	-	-	9,695,492	-	9,695,492
Total Academic Salaries		41,002,258	-	41,002,258	51,048,019	-	51,048,019
Classified Salaries							
Non-Instructional Salaries - Regular Status	2100			-	18,015,222		18,015,222
Non-Instructional Salaries - Other	2300			-	891,937		891,937
Total Non-Instructional Salaries		-	-	-	18,907,159	-	18,907,159
Instructional Aides - Regular Status	2200	411,587		411,587	564,494		564,494
Instructional Aides - Other	2400	167,712		167,712	522,064		522,064
Total Instructional Aides		579,299	-	579,299	1,086,558		1,086,558
Total Classified Salaries		579,299	-	579,299	19,993,717	-	19,993,717
Employee Benefits	3000	13,865,837		13,865,837	27,695,624		27,695,624
Supplies and Materials	4000			-	1,483,915		1,483,915
Other Operating Expenses	5000	455,182		455,182	5,764,752		5,764,752
Equipment Replacement	6420			-			-
Total Expenditures Prior to Exclusions		55,902,576	-	55,902,576	105,986,027	-	105,986,027
Exclusions							
Activities to Exclude							
Instructional Staff–Retirees' Benefits & Retirement Incentives	5900			-			-
Student Health Services Above Amount Collected	6441			-			-
Student Transportation	6491			-	69,910		69,910
Non-instructional Staff-Retirees' Benefits & Retirement Incentives	6740			-			-
Objects to Exclude							
Rents and Leases	5060			-	114,450		114,450
Lottery Expenditures							
Academic Salaries	1000			-			-
Classified Salaries	2000			-	1,716,704		1,716,704
Employee Benefits	3000			-	802,080		802,080
Software	4100			-			-
Books, Magazines, & Periodicals	4200			-			-
Instructional Supplies & Materials	4300			-			-
Noninstructional, Supplies & Materials	4400			-			-
Other Operating Expenses and Services	5000			-			-
Capital Outlay	6000			-			-
Library Books	6300			-			-
Equipment - Additional	6410			-			-
Equipment - Replacement	6420			-			-
Other Outgo	7000			-			-
Total Exclusions		-	-	-	2,703,144	-	2,703,144
Total for ECS 84362, 50% Law		55,902,576	-	55,902,576	103,282,883	-	103,282,883
Percent of CEE (Instructional Salary Cost/Total CEE)		54.13%	0%	54.13%	100%	0%	100%
50% of Current Expense of Education					51,641,442	-	51,641,442

See the accompanying notes to the supplementary information.

CERRITOS COMMUNITY COLLEGE DISTRICT
EDUCATION PROTECTION ACCOUNT
EXPENDITURE REPORT
For the Fiscal Year Ended June 30, 2018

Activity Classification	**Object Code**				**Unrestricted**
EPA Proceeds:	8630				$ 13,024,798
Activity Classification	**Object Code**	**Salaries and Benefits (1000-3000)**	**Operating Expenses (4000-5000)**	**Capital Outlay (6000)**	**Total**
Instructional Activities	0100-5900	$ 13,024,798	$	$	$ 13,024,798
Total Expenditures for EPA*		$ 13,024,798	$ -	$ -	13,024,798
Revenue less Expenditures					
*Total Expenditures for EPA may not include Administrator Salaries and Benefits or other administrative costs.					

See the accompanying notes to the supplementary information.

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal governmental for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Schedule of State Financial Assistance - Grants

The Schedule of State Financial Assistance was prepared on the full accrual basis of accounting.

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

The Schedule of Workload Measures for State General Apportionment represents the basis of apportionment of the District's annual source of funding.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule reports any audit adjustments made to the fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS- 311). This schedule is prepared to show a reconciliation between the governmental fund balances reported on the June 30, 2018 Annual Financial and Budget Report (CCFS- 311), based upon the modified accrual basis of accounting, and total net position recorded on the full accrual basis of accounting is shown.

NOTES TO THE SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018

NOTE 1: PURPOSE OF SCHEDULES

Reconciliation of 50 Percent Law Calculation

This schedule reports any audit adjustments made to the 50 percent law calculation (Education Code Section 84362).

Education Protection Account Expenditure Report

This schedule reports how funds received from the passage of Proposition 55 Education Protection Act were expended.

OTHER INDEPENDENT AUDITORS' REPORT

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

Board of Trustees
Cerritos Community College District
Norwalk, California

We have audited, 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*, the basic financial statements of the Cerritos Community College District (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 non-compliance 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 26, 2018

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Cerritos Community College District
Norwalk, California

Report on Compliance for Each Major Federal Program

We have audited Cerritos Community College District 's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2018. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 26, 2018

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Cerritos Community College District
Norwalk, California

We have audited the Cerritos Community College District 's (the District) compliance with the types of compliance requirements described in the *2017-18 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office for the year ended June 30, 2018. The District's state compliance requirements are identified in the table provided.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified below.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the types of compliance requirements referred to below.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2017-18 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the specific areas listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with the laws and regulations applicable to the following items:

Section	Description	Procedures Performed
421	Salaries of Classroom Instructors (50 Percent Law)	Yes
423	Apportionment for Instructional Service Agreements/Contracts	Not applicable
424	State General Apportionment Funding System	Yes
425	Residency Determination for Credit Courses	Yes
426	Students Actively Enrolled	Yes
427	Dual Enrollment (CCAP and Non-CCAP) of K-12 Students in Community College Credit Courses	Yes
428	Student Equity	Yes
429	Student Success and Support Program (SSSP)	Yes
430	Scheduled Maintenance Program	Yes
431	Gann Limit Calculation	Yes
435	Open Enrollment	Yes
439	Proposition 39 Clean Energy Funds	Yes
440	Intersession Extension Program	Not applicable
444	Apprenticeship Related and Supplemental Instruction (RSI) Funds	Yes
475	Disabled Student Programs and Services (DSPS)	Yes
479	To Be Arranged Hours (TBA)	Yes
490	Proposition 1D and 51 State Bond Funded Projects	Not applicable
491	Education Protection Account (EPA) Funds	Yes

Opinion on State Compliance

In our opinion, the District complied with the laws and regulations of the state programs referred to above in all material respects for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2017-18 Contracted District Audit Manual,* published by the California Community Colleges Chancellor's Office, and which are described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003. Our opinion on each state program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *2017-18 Contracted District Audit Manual.* Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP
Glendora, California
November 26, 2018

FINDINGS AND QUESTIONED COSTS

CERRITOS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR RESULTS
June 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified?		*Yes*	X	*No*
Significant deficiency(ies) identified?		*Yes*	X	*None Reported*
Noncompliance material to financial statements noted?		*Yes*	X	*No*

Federal Awards

Internal control over major federal awards:

Material weakness(es) identified?		*Yes*	X	*No*
Significant deficiency(ies) identified?	X	*Yes*		*None Reported*

Type of auditors' report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	*Yes*		*No*

Identification of Major Federal Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs: $1,272,220

Auditee qualified as low-risk auditee?	X	*Yes*		*No*

State Awards

Internal control over state awards:

Material weakness(es) identified?		*Yes*	X	*No*
Significant deficiency(ies) identified?	X	*Yes*		*None Reported*

Type of auditors' report issued on compliance for state programs: *Unmodified*

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO THE FINANCIAL STATEMENTS June 30, 2018

There were no findings and questioned costs related to basic financial statements for the year ended June 30, 2018.

FEDERAL AWARDS FINDINGS

2018-001: STUDENT FINANCIAL AID CLUSTER: SPECIAL TESTS AND PROVISIONS – RETURN OF FUNDS ON BEHALF OF THE STUDENTS

Federal Program: Student Financial Aid Cluster
CFDA Number: Various
Award Period: July 1, 2017 through June 30, 2018
Federal Agency: Department of Education

Criteria: The institutional portion of unearned aid is to be returned to the appropriate Title IV Higher Education Act (HEA) program or Federal Family Education Loan ("FFEL") lender no later than 45 days after the date of the institution's determination that the student withdrew (34 CFR Section 668.173 (b)).

Condition: During our testing we noted that the District did not return 4 out of 40 (10% of the students tested) of the institutional and student share to the appropriate program or lender within the 45 day requirement. Days in excess of the 45 day requirement ranged from 8 to 24 calendar days. Two students were for Fall 2017 and two students were from Spring 2018.

Context: We selected a sample of 40 students who had received Federal aid and had withdrawn from courses offered by the District during the 2017-18 fiscal year.

Effect: For the cases identified, the District properly calculated and returned the institutional and student share; however the funds were not returned to the appropriate program or lender within the 45 day requirement.

Cause: The District's current processes within the Financial Aid software did not result in the return of the institutional and student share to the appropriate program or lender within the 45 day requirement.

Total Program Expenditures: $40,521,890

Questioned Costs and Units: None. The institutional and student shares were calculated timely and correctly, but not returned within to the appropriate program or lender the 45 day requirement.

Recommendation: Implement controls to ensure the institutional and student share of Title IV funds are returned to the appropriate program or lender in a timely manner.

Corrective Action Plan: A corrective action plan has been implemented to address the issue of the return of federal funds within the 45-day requirement.

2018-001: <u>STUDENT FINANCIAL AID CLUSTER: SPECIAL TESTS AND PROVISIONS – RETURN OF FUNDS ON BEHALF OF THE STUDENTS</u>

There was a technical issue that began during fall 2017 after a system update that impacted an isolated number of records. When we first became aware of the issue, we were manually fixing the records as we came across them.

We have resolved the issue by developing a population update process within PeopleSoft using a query to identify the records. When a record fails validation for no enrollment, we override a flag so that the record will validate and be included on the COD disbursement file sent to the Department of Education. We implemented this automated process on November 5, 2018 and the process will be run nightly to catch any records that are being excluded in the file generation.

2018-002: STATE COMPLIANCE: SECTION 424 STATE GENERAL APPORTIONMENT FUNDING SYSTEM – CALCULATION OF DAILY STUDENT CONTACT HOURS

Criteria: State apportionment funding is based on student hours of attendance and must be reported based upon the actual day and time scheduled for each course section. The California Code of Regulations (CCR) 58023 and the Student Attendance Accounting Manual (SAAM) provides guidance on the calculation of contact hours.

Condition: Our audit identified that certain Daily Student Contact Hours (DSCH) courses where the contact hours calculated by the Student Information System (SIS) and used for apportionment purposes incorrectly included meeting dates the class did not meet over Spring Break.

Questioned Costs: Decrease of 17.44 FTES for Daily Student Contact Hours for inclusion of Spring Break. The District corrected the Spring calendar within the SIS; therefore, this decrease is not an extrapolation of the courses in our sample. Our audit verified 100% of this recalculation.

Estimated effect on apportionment is $89,832.22, per marginal funding of $5,150.93 per FTES. However, the District is considered in stability for apportionment purposes.

Context: We tested a stratified sample of 40 courses, which included 21 DSCH courses (4 Summer 2017, 8 Fall 2017 and 9 Spring 2018). Our testing identified 3 out of 9 Spring 2018 courses which incorrectly included meeting dates the class did not meet over Spring Break for apportionment purposes.

Total resident contact hours for these three courses were 2,985.60. Of which 219.00 contact hours (0.41 FTES) were over reported and 468 contact hours (0.89 FTES) were under reported.

The overstatement was attributed to how the course sections were scheduled in the SIS. The overstatement was determined to be a systemic problem for Spring 2018 DSCH courses with a week off for Spring Break.

The adjustment was not confirmed in time to report the decrease in FTES on the November 2018 Revised Annual CCFS-320 Apportionment Attendance Report.

Effect: FTES were over reported due to how the courses were set up on the SIS.

Recommendation: Correct the course section calculations in SIS and submit a revised CCFS-320 Apportionment Attendance Report. Additionally, evaluate the current process and revise accordingly to ensure any discrepancies do not reoccur.

2018-002: STATE COMPLIANCE: SECTION 424 STATE GENERAL APPORTIONMENT FUNDING SYSTEM – CALCULATION OF DAILY STUDENT CONTACT HOURS

Corrective Action Plan: The District will development procedures to ensure the MIS College Daily Calendar is reviewed annually and reflects the approved holiday schedule in ensure accurate attendance reporting.

2018-003: STATE COMPLIANCE: SECTION 479 TO BE ARRANGED HOURS (TBA) – ATTENDANCE RECORDS

Criteria: The Contracted District Audit Manual (CDAM) defines TBA as "Some courses with regularly scheduled hours of instruction have – hours to be arranged (TBA) as part of the total contact hours for the course. The TBA portion of the course uses an alternate method for regularly scheduling a credit course for purposes of applying either the Weekly or Daily Census Attendance Accounting Procedures pursuant to CCR, Title 5, §58003.1(b) and (c), respectively."

Additionally, the CDAM requires that districts track TBA hour student participation carefully to ensure that apportionment for TBA hours are not claimed for students who have documented zero hours as of the census point for the particular course.

Condition: Out of a sample of 10, the audit of TBA courses identified 4 courses that did not have records of attendance.

Questioned Costs: Decrease of 3.93 Full Time Equivalent Student (FTES) Weekly Student Contact Hours (WSCH). Decrease of 1.38 FTES Daily Student Contact Hours (DSCH). Estimated net effect on apportionment is $27,351.43, per marginal funding of $5,150.93 per FTES. However, the District is considered in stability for apportionment purposes.

The course identified in our sample is considered isolated; therefore, the decrease in FTES was not extrapolated. The overstatement was not confirmed in time to report the decrease in FTES on the November 2018 Revised Annual CCFS-320 Apportionment Attendance Report.

Context: The District claimed 103 weekly and daily TBA courses during 2017-18. Our review tested ten courses, including one course from each academic discipline. Total resident contact hours for these three courses were 2,065 WSCH and 729 DSCH.

Effect: The overstatement of contact hours occurred due to unsubmitted attendance records.

Recommendation: Implement procedures to ensure attendance records used for apportionment purposes are kept and submitted to Admissions and Records at the conclusion of the class.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
RELATED TO STATE AWARDS
June 30, 2018

2018-003: STATE COMPLIANCE: SECTION 479 TO BE ARRANGED HOURS (TBA) – ATTENDANCE RECORDS

Corrective Action Plan: The District will development procedures to ensure TBA hours follow the appropriate attendance accounting procedures. Additionally, the District will create TBA rosters with instruction sheets for instructors teaching TBA courses to ensure proper records maintained, support actual hours, and submitted at end of term with grades and other attendance records.

STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
June 30, 2018

2017-001: STATE COMPLIANCE: SECTION 479 TO BE ARRANGED HOURS (TBA)– PROPER ACCOUNTING METHOD

Criteria: The Contracted District Audit Manual (CDAM) defines TBA as "Some courses with regularly scheduled hours of instruction have hours to be arranged (TBA) as part of the total contact hours for the course. The TBA portion of the course uses an alternate method for regularly scheduling a credit course for purposes of applying either the Weekly or Daily Census Attendance Accounting Procedures pursuant to CCR, Title 5, sections 58003.1(b) and (c), respectively."

Condition: Courses not meeting the definition of a daily or weekly census should be claimed as positive attendance for apportionment purposes. During 2016-17, the District offered 290 weekly and daily TBA courses. Our review identified one course with a lab/field trip portion of the course claimed as weekly TBA that did not did not meet on a weekly basis. Additional testing was performed on all courses with field trips which confirmed other courses claiming field trips were not claimed as TBA and appropriately met the definition of a weekly or daily census courses.

Questioned Costs: Decrease of 1.67 Full Time Equivalent Student (FTES) Weekly Census Contact Hours. Estimated effect on apportionment is $8,359.60, per marginal funding of $5,005.75 per FTES. The course identified in our sample is considered isolated; therefore, the decrease in FTES was not extrapolated. The overstatement was not confirmed in time to report the decrease in FTES on the November 2017 Revised Annual CCFS-320 Apportionment Attendance Report.

Context: The District claimed 290 weekly and daily TBA courses during 2016-17. Our review tested nine courses, including one course from each academic discipline.

Effect: The overstatement of contact hours occurred due to a miscoding of the course in the student information system.

Recommendation: Implement procedures to identify courses classified as requiring TBA hours and ensure they meet the definition of weekly or daily census courses.

Status: Implemented.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Cerritos Community College District (the "District") in connection with the issuance of $100,000,000 Cerritos Community College District (Los Angeles County, California) Election of 2012 General Obligation Bonds, Series 2019C (the "Bonds"). The Bonds are being issued pursuant to a resolution of the Board of Trustees of the District adopted on May 1, 2019 (the "Resolution"). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined herein).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially KNN Public Finance LLC, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" means: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Holders" shall mean registered owners of the Bonds.

"Listed Events" shall mean any of the events listed in Section 5(a) and 5(b) of this Disclosure Certificate.

"Official Statement" shall mean that certain Official Statement relating to the Bonds, dated June 11, 2019.

"Participating Underwriter" shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2018-19 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate, with a copy to the Participating Underwriter. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than 30 days (nor more than 60 days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than 15 Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(A) State funding received by the District for the last completed fiscal year;

(B) Full time equivalent student counts of the District for the last completed fiscal year;

(C) Outstanding District indebtedness;

(D) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the then-current fiscal year;

(E) Current assessed valuation of taxable property within the District; and

(F) Data regarding secured *ad valorem* property tax charges and delinquencies for property within the District, except to the extent the Los Angeles County adopts the Teeter Plan for tax levies for District bonded indebtedness.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report will be filed in an electronic format accompanied by such identifying information as shall be prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event of the District. For the purposes of the event identified in this Section 5(a)(9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the

District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Holders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

7. Appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. Incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon 15 days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repositories. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Notices. Any notices or communications to or among any of the parties to this Disclosure Certificate may be given as follows:

To the District:	Cerritos Community College District 11110 Alondra Boulevard Norwalk, California 90650
To the Dissemination Agent:	KNN Public Finance 1300 Clay Street, Suite 1000 Oakland, California 94612

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Date: June 27, 2019

CERRITOS COMMUNITY COLLEGE DISTRICT

By______________________________________

Vice President, Business Services/
Assistant Superintendent

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of District: CERRITOS COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2012 General Obligation Bonds, Series 2019C

Date of Issuance: June 27, 2019

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

CERRITOS COMMUNITY COLLEGE DISTRICT

By ______[form only; no signature required]_________

APPENDIX D

ECONOMIC AND DEMOGRAPHIC PROFILE OF THE CITIES OF CERRITOS, DOWNEY, LA MIRADA AND NORWALK AND LOS ANGELES COUNTY

Approximately 70% of the District lies within the Cities of Cerritos ("Cerritos"), Downey, ("Downey"), La Mirada ("La Mirada") and Norwalk ("Norwalk," and together with Cerritos, Downey and La Mirada, the "Cities"). The following information concerning the Cities and Los Angeles County (the "County") is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt or obligation of either the Cities or the County.

General

City of Cerritos. Cerritos is located in southeast portion of the County, on the border with Orange County. Cerritos has a total area of approximately nine square miles. Known initially as Dairy Valley, Cerritos was founded in 1888 and incorporated in 1956, becoming a charter city in 1958. In 1967, Dairy Valley changed its name to Cerritos. Cerritos is governed by a five-member council-manager government, each elected at large to four-year overlapping terms. Each year the five members vote one of themselves to be the Mayor and Mayor Pro Tem. The City Council appoints the City Manager, the City Attorney and the City Clerk/Treasurer.

City of Downey. Downey was incorporated in 1956, became a charter city in 1964 and encompasses approximately 12 square miles. Like its neighbors, it has access to four major freeways as well as the Los Angeles Metro Rail Green Line station. Downey uses a city-manager form of government, having a mayor and four other city council members. The office of mayor rotates among the five city council members in December. All council members are limited to two four-year terms, and each member is elected from and represents an electoral district. The city council appoints the City Manager, City Attorney and City Clerk, while the City Manager appoints all of Downey's department heads.

City of La Mirada. La Mirada is immediately east of Norwalk and encompasses approximately eight square miles. La Mirada is the location of Biola University, and is also well-known for theatrical arts, hosting the La Mirada Theatre for the Performing Arts. La Mirada is governed by a five-member council-manager government, and each year the five members elect the Mayor and Mayor Pro Tem. Council members are elected at large from within La Mirada.

City of Norwalk. Founded in 1888, Norwalk was incorporated as a city in 1957. It is located 17 miles southeast of downtown Los Angeles and is hub of four freeways, the Green Line light rail connecting Norwalk with the cities of Los Angeles, South Gate, Lynwood, Hawthorne, El Segundo and Manhattan Beach and the Norwalk/Santa Fe Springs Metrolink Station. Norwalk operates under a council-manager form of government. The five City Council members are elected to four-year terms, act as the city's chief policy-making body and appoint the Mayor.

Los Angeles County. Incorporated on February 18, 1850, Los Angeles is one of the original counties of California. With 4,083 square miles, the county borders 70 miles of coast on the Pacific Ocean. The County is home to 88 incorporated cities and, by population, is the largest of any county in the country. Its 2017 Gross Domestic Product of $670 billion made Los Angeles County's economy larger than that of 44 states and all but 21 countries. In between the large desert portions of the county — which make up around 40% of its land area — and the heavily urbanized central and southern portions, sit the San Gabriel Mountains, containing the Angeles National Forest. Los Angeles is a charter county governed by a five-member elected Board of Supervisors who each serves alternating four-year terms.

Population

The following tables show the population estimates of the Cities, the County and the State of California (the "State") for the past 10 years.

POPULATION ESTIMATES
2010 through 2019
City of Cerritos, City of Downey, City of La Mirada, City of Norwalk, County of Los Angeles and State of California

Year(1)	City of Cerritos	City of Downey	City of La Mirada	City of Norwalk	Los Angeles County	State of California
2010(2)	49,047	111,772	48,527	105,549	9,818,605	37,253,956
2011	49,225	112,431	48,795	106,017	9,885,948	37,594,781
2012	49,344	113,229	49,131	106,413	9,972,649	37,971,427
2013	49,551	113,870	49,420	106,378	10,040,960	38,321,459
2014	49,707	114,109	49,501	106,692	10,098,952	38,622,301
2015	49,822	114,319	49,705	107,092	10,155,753	38,952,462
2016	49,798	114,190	49,714	106,917	10,185,851	39,214,803
2017	50,364	114,202	49,663	106,834	10,226,920	39,504,609
2018	50,280	114,413	49,585	106,888	10,254,658	39,740,508
2019	50,711	114,212	49,558	106,744	10,253,716	39,927,315

(1) Except as otherwise noted, as of January 1.
(2) As of April 1.
Source: 2010: U.S. Department of Commerce, Bureau of the Census, for April 1.
2010-19 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

Income

The following table shows per capita personal income for the County, the State and the United States for the years 2008 through 2017.

PER CAPITA PERSONAL INCOME
2008 through 2017
Los Angeles County, State of California, and United States

Year	Los Angeles County	State of California	United States
2008	$43,431	$43,895	$40,904
2009	41,869	42,050	39,284
2010	43,569	43,609	40,545
2011	46,439	46,145	42,727
2012	49,459	48,751	44,582
2013	49,010	49,173	44,826
2014	52,130	52,237	47,025
2015	55,366	55,679	48,940
2016	56,851	57,497	49,831
2017	58,419	59,796	51,640

Note: Per capital personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Estimates for 2010-2017 reflect county population estimates available as of March 2018.
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Principal Employers

The following tables list the principal employers located in the Cities of Downey, La Mirada and Norwalk, as well as the County, for the periods shown below. The City of Cerritos has not included information on principal employers in its comprehensive annual financial reports since fiscal year 2013-14.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of Downey

Employer	Industry	Employees
Kaiser Permanente	Services: Health Services	4,500
Downey Unified School District	Services: Educational Services	2,764
Stonewood Shopping Center	Retail Trade: General Merchandise	1,765
Rancho Los Amigos Medical Center	Services: Health Services	1,600
PIH Health	Services: Health Services	1,500
Office of Education, County of Los Angeles	Services: Educational Services	1,200
City of Downey	Public Administration	878
Coca-Cola Bottling Company	Manufacturing: Bottled and Canned Soft Drinks	800
County of Los Angeles, Internal Service Department	Services: Educational Services	712
Lakewood Health Center	Services: Health Services	450

Source: City of Downey 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of La Mirada

Employer	Industry	Employees
Norwalk-La Mirada Unified School District	Services: Educational Services	3,457
Biola University	Services: Educational Services	1,383
US Foodservice	Wholesale Groceries	650
City of La Mirada[(1)]	Public Administration	382
Kindred Hospital	Services: Health Services	216
Home Depot	Retail Trade: General Merchandise	180
Makita USA Inc.	Wholesale Trade: Electrical Apparatus	169
Bellwood Laundry Linen	Services: Laundry and Cleaning	167
Mirada Hills Rehabilitation	Services: Health Services	151
Imperial Convalescent Hospital	Services: Health Services	123

(1) Includes full and part-time workers.
Source: City of La Mirada 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

PRINCIPAL EMPLOYERS
As of June 30, 2018
City of Norwalk

Employer	Industry	Employees
Cerritos College(1)	Services: Educational Services	2,095
Los Angeles County	Public Administration	2,090
Metropolitan State Hospital	Services: Health Services	1,482
Norwalk-La Mirada Unified School District	Services: Educational Services	1,474
Target	Retail Trade: General Merchandise	602
City of Norwalk	Public Administration	426
Costco Wholesale	Retail Trade: General Merchandise	318
LA County Sheriff's Department	Public Administration	310
Doty Brothers Construction	Construction: Water, Sewer and Pipeline	300
Little Lake School District	Services: Educational Services	296

(1) For updated employee counts, see "CERRITOS COMMUNITY COLLEGE DISTRICT – Labor Relations," in the front part of this Official Statement.

Source: City of Norwalk 'Comprehensive Annual Financial Report' for Fiscal Year Ended June 30, 2018.

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PRINCIPAL EMPLOYERS
2017
Los Angeles County

Employer	Industry	Employees
Los Angeles County	Public Administration	108,995
Los Angeles Unified School District	Services: Education	60,015
University of California, Los Angeles	Services: Education	47,596
U.S. Government- Federal Executive Board	Public Administration	47,000
Kaiser Permanente	Services: Health Services	36,468
City of Los Angeles	Public Administration	32,987
State of California	Public Administration	28,700
University of Southern California	Services: Health Services	20,163
Northrop Grumman Corp.	Manufacturing: Industrial	16,600
Providence Health & Services So. California	Services: Health Services	15,255
Target Corp.	Retail Trade: General Merchandise	15,000
Ralphs/Food 4 Less (Kroger Co. division)	Retail Trade: Food Stores	14,970
Walt Disney Co.	Motion Picture Production and Allied Services	13,000
Albertsons/Vons/Pavilions	Retail Trade: Food Stores	13,000
Bank of America Corp.	Finance: Depository Institutions	12,500
Cedars-Sinai Medical Center	Services: Health Services	12,242
NBC Universal	Motion Picture Production and Allied Services	12,000
AT&T Inc.	Services: Communication	11,500
Home Depot	Retail Trade: Home Furniture, Furnishings and Equipment Stores	11,200
Los Angeles County MTA	Local and Suburban Transit	10,433
UPS	Motor Freight Transportation and Warehousing	10,131
Los Angeles Department of Water & Power	Electric, Gas and Sanitary Services	9,438
Wells Fargo	Finance: Depository Institutions	9,001
Boeing Co.	Manufacturing: Transportation Equipment	9,000
California Institute of Technology	Services: Education	8,702
Allied Universal	Business Services: Security Systems	8,384
ABM Industries Inc.	Business Services: Building Cleaning and Maintenance Services	8,000
Los Angeles Community College District	Services: Education	7,084
FedEx Corp.	Motor Freight Transportation and Warehousing	7,000
Long Beach Unified School District	Services: Education	6,607
California State University, Northridge	Services: Education	6,540
Dignity Health	Services: Health Services	6,274
Costco	Retail Trade: General Merchandise	6,000
Amgen Inc.	Manufacturing: Chemicals and Allied Products	5,616
SoCal Gas	Electric, Gas and Sanitary Services	5,600
Raytheon	Business Services: Computer Related	5,500

Note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.
Source: "2018 Book of Lists," Los Angeles Business Journal, August 28, 2017.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2014 through 2018 for the Cities, the County and the State.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2014 through 2018 [1]
City of Cerritos, City of Downey, City of La Mirada, City of Norwalk,
County of Los Angeles and State of California

Year	Area	Labor Force	Employment[2]	Unemployment	Unemployment Rate (%)[3]
2014	City of Cerritos	24,200	22,800	1,500	6.1%
	City of Downey	56,600	52,500	4,200	7.3
	City of La Mirada	23,500	22,200	1,400	5.8
	City of Norwalk	50,300	46,000	4,200	8.4
	Los Angeles County	4,992,600	4,580,300	412,300	8.3
	State of California	18,714,700	17,310,900	1,403,800	7.5
2015	City of Cerritos	24,200	23,000	1,200	4.9%
	City of Downey	56,400	53,100	3,300	5.9
	City of La Mirada	23,600	22,500	1,100	4.6
	City of Norwalk	50,000	46,600	3,400	6.8
	Los Angeles County	4,989,800	4,659,700	330,100	6.6
	State of California	18,851,100	17,681,800	1,169,200	6.2
2016	City of Cerritos	25,100	23,900	1,100	4.6%
	City of Downey	57,000	54,200	2,900	5.1
	City of La Mirada	24,100	23,000	1,200	4.9
	City of Norwalk	50,200	47,500	2,700	5.4
	Los Angeles County	5,041,400	4,776,700	264,800	5.3
	State of California	19,044,500	18,002,800	1,041,700	5.5
2017	City of Cerritos	25,500	24,500	1,100	4.1%
	City of Downey	57,400	54,800	2,600	4.5
	City of La Mirada	24,300	23,200	1,100	4.4
	City of Norwalk	50,600	48,100	2,500	4.9
	Los Angeles County	5,096,500	4,853,800	242,700	4.8
	State of California	19,205,300	18,285,500	919,800	4.8
2018	City of Cerritos	25,700	24,700	1,000	3.9%
	City of Downey	57,900	55,300	2,600	4.5
	City of La Mirada	24,500	23,400	1,100	4.4
	City of Norwalk	50,900	48,500	2,300	4.6
	Los Angeles County	5,136,300	4,896,500	239,800	4.7
	State of California	19,398,200	18,582,800	815,4000	4.2

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2018 Benchmark.

Industry

The Cities and the County are included in the Los Angeles-Long Beach-Glendale Metropolitan Division (the "Metropolitan Division"). The distribution of employment in the Metropolitan Division is presented in the following table for the last five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
2014 through 2018
Los Angeles County (Los Angeles-Long Beach-Glendale Metropolitan Division)

Category	2014	2015	2016	2017	2018
Total Farm	5,200	5,000	5,300	5,700	4,800
Total Nonfarm	4,192,600	4,285,800	4,394,600	4,448,300	4,510,100
Total Private	3,636,500	3,717,300	3,817,900	3,862,200	3,920,500
Goods Producing	493,100	497,300	496,100	490,300	491,600
Mining and Logging	3,100	2,900	2,400	2,000	1,900
Construction	118,500	126,100	133,900	138,400	146,000
Manufacturing	371,500	368,200	360,800	349,900	343,700
Durable Goods	208,800	208,200	203,400	202,100	202,900
Nondurable Goods	162,700	160,000	157,400	147,700	140,800
Service Providing	3,699,500	3,788,500	3,897,400	3,958,000	4,018,500
Private Service Providing	3,143,300	3,220,000	3,320,800	3,371,900	3,428,900
Trade, Transportation & Utilities	804,500	822,200	835,600	845,700	850,900
Wholesale Trade	219,600	222,400	222,100	221,500	222,800
Retail Trade	415,700	422,200	424,600	426,100	425,300
Transportation, Warehousing & Utilities	169,300	177,600	188,900	198,200	202,800
Information	198,900	207,600	229,400	214,900	217,400
Financial Activities	211,200	215,600	219,800	221,600	223,000
Professional & Business Services	589,100	591,000	600,100	608,800	620,000
Educational & Health Services	725,000	745,900	772,700	800,600	823,600
Leisure & Hospitality	464,100	486,600	510,000	524,600	534,300
Other Services	150,500	151,000	153,300	155,700	159,700
Government	556,200	568,500	576,700	586,100	589,600
Total, All Industries	4,197,800	4,290,700	4,399,900	4,454,000	4,514,900

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2018 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the Cities and the County from 2013 through 2017 are shown in the following tables. Annualized data for 2018 is not currently available.

ANNUAL TAXABLE SALES
2013 through 2017
City of Cerritos
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	907	$1,917,559	1,528	$2,346,046
2014	906	1,948,526	1,546	2,443,143
2015	--	2,148,559	--	2,673,762
2016	--	2,296,312	--	2,877,126
2017	--	2,317,195	--	2,976,411

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2013 through 2017
City of Downey
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	1,658	$1,214,673	2,265	$1,449,400
2014	1,641	1,241,060	2,251	1,486,425
2015	--	1,276,437	--	1,531,254
2016	--	1,374,777	--	1,678,320
2017	--	1,518,006	--	1,820,111

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2013 through 2017
City of La Mirada
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	537	$556,392	883	$850,325
2014	522	552,371	847	820,396
2015	--	589,100	--	856,167
2016	--	611,654	--	912,523
2017	--	645,088	--	909,662

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2013 through 2017
City of Norwalk
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	934	$726,517	1,346	$820,931
2014	980	741,307	1,388	850,151
2015	--	709,413	--	836,616
2016	--	718,153	--	854,313
2017	--	754,660	--	905,318

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2013 through 2017
Los Angeles County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2013	179,370	$99,641,174	263,792	$140,079,708
2014	187,408	104,189,819	272,733	147,446,927
2015	--	108,147,021	--	151,033,781
2016	--	109,997,043	--	154,208,333
2017	--	113,280,347	--	159,259,356

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 are not comparable to that of prior years.
Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

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Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for 2013 through 2017, for the Cities and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Cerritos
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$38,575	$37,118	$51,797	$35,867	$17,918
Non-Residential	82,703	84,502	127,516	67,606	43,586
Total	$121,278	$121,620	$179,313	$103,473	$61,504
Units					
Single Family	6	2	9	4	2
Multiple Family	198	217	138	132	0
Total	204	219	147	136	2

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Downey
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$393	$3,403	$1,666	$11,961	$37,355
Non-Residential	92	0	70	15,325	180
Total	$485	$3,403	$1,736	$27,286	$37,535
Units					
Single Family	1	13	3	44	133
Multiple Family	0	0	0	0	6
Total	1	13	3	44	139

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of La Mirada
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$7,609	$30,213	$5,156	$6,241	$34,749
Non-Residential	22,562	6,472	16,345	55,943	7,828
Total	$30,171	$36,685	$21,501	$62,184	$42,577
Units					
Single Family	13	30	1	1	32
Multiple Family	0	0	0	0	0
Total	13	30	1	1	32

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
City of Norwalk
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$13,322	$10,715	$18,892	$25,609	$18,042
Non-Residential	14,377	6,282	13,112	15,325	5,110
Total	$27,699	$16,997	$32,004	$40,934	$23,152
Units					
Single Family	9	1	2	16	9
Multiple Family	0	0	4	27	35
Total	9	1	6	43	44

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2013 through 2017
Los Angeles County
(Dollars in Thousands)

	2013	2014	2015	2016	2017
Valuation					
Residential	$4,743,955	$5,509,418	$6,383,036	$6,575,607	$7,368,352
Non-Residential	4,326,366	6,657,571	5,645,372	5,287,623	6,037,503
Total	$9,070,321	$12,166,989	$12,028,408	$11,863,230	$13,405,855
Units					
Single Family	3,607	4,358	4,487	4,780	5,456
Multiple Family	13,243	14,349	18,405	15,589	17,023
Total	16,850	18,707	22,892	20,369	22,479

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

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APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

General

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect

Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on

DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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APPENDIX F

LOS ANGELES COUNTY INVESTMENT POOL

The following information concerning the Los Angeles County Treasury Pool (the "Treasury Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District or the Underwriter. The District and the Underwriter have not made an independent investigation of the investments in the Treasury Pool and have made no assessment of the current County investment policy. The value of the various investments in the Treasury Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Finally, neither the District nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Treasury Pool may be obtained from the Treasurer at www.ttc.lacounty.gov; however, the information presented on such website is not incorporated herein by any reference.

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THE LOS ANGELES COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of April 30, 2019, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$16.175
Schools and Community Colleges	16.052
Discretionary Participants	2.652
Total	$34.879

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	92.39%
Discretionary Participants:	
Independent Public Agencies	7.22%
County Bond Proceeds and Repayment Funds	0.39%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 19, 2019, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated May 31, 2019, the April 30, 2019, book value of the Treasury Pool was approximately $34.879 billion and the corresponding market value was approximately $34.724 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor’s staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County’s outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of April 30, 2019:

Type of Investment	**% of Pool**
Certificates of Deposit	5.81
U.S. Government and Agency Obligations	62.97
Bankers Acceptances	0.00
Commercial Paper	30.71
Municipal Obligations	0.10
Corporate Notes & Deposit Notes	0.41
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of April 30, 2019, approximately 46.99% of the investments mature within 60 days, with an average of 476 days to maturity for the entire portfolio.