AMENDED AGENDA

REGULAR MEETING
CYPRESS CITY COUNCIL
January 10, 2022
7:00 P.M.

www.cypressca.org

Council Chambers
5275 Orange Avenue
Cypress, California

AGENDA AMENDMENTS

- Removal of Notice regarding teleconference participation by Mayor Pro Tem Hertz-Mallari; Mayor Pro Tem Hertz-Mallari will participate in person
- Agenda Item No. 19 - updated attachment titled *Ordinance* to correct typographical error
- Agenda Item No. 19 - added attachments titled *Municipal Code Section 17-72* and *Municipal Code Section 17-72 with Proposed Changes*

PUBLIC PARTICIPATION

Consistent with current COVID-19 safety guidelines, members of the public can participate in this meeting as follows:

1. Attend In-Person. Limited first-come, first-served seating is available. All in-person attendees are required to wear a face covering regardless of vaccination status, adhere to social distancing and seating restrictions, and must be free of any symptoms associated with COVID-19.

2. Attend Virtually via Webinar. This option provides the ability to provide live public comments during Oral Communications or Public Hearings and view slideshow presentations. Please register at **https://attendee.gotowebinar.com/register/6122665004293924109** to receive an email containing a link to join the webinar. Advance registration is recommended.

3. Watch the Meeting. The City Council meeting can be viewed live on Spectrum Cable Channel 36 or on the City's website at **www.cypressca.org/watchlive**.

4. Listen to the Meeting. The public may participate via the listen-only teleconference mode by calling (213) 929-4212 and entering Access Code 167-641-153 when prompted. No registration or audio pin is necessary.

5. Submit Public Comments Prior to the Meeting. The public may submit comments via email to cityclerk@cypressca.org. Comments submitted by 3:00 p.m. on January 10, 2022 will be added to the City Council agenda as a Consent Calendar item.

CALL TO ORDER

7:00 P.M.
Council Chambers

ROLL CALL
Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor Paulo Morales
Mayor Pro Tem Anne Hertz-Mallari
Council Member Frances Marquez
Council Member Scott Minikus
Council Member Jon Peat

PLEDGE OF ALLEGIANCE

INVOCATION Neighborhood Church

The City Council does not endorse the content of the invocation and does not endorse the invocational speaker's particular faith, belief and/or religious denomination. The City Council has an established neutral policy for selecting and scheduling invocational speakers. The City Council's policy on invocations is available from the City Clerk.

PRESENTATIONS

Introduction of New City Employees

ORAL COMMUNICATIONS (Limited to 30 minutes – three minutes per speaker, unless extended by the City Council)

The public may address the City Council on any matters prior to any action taken on the agenda. Although Council Members may provide brief responses, the City Council may not discuss or take action on items that are not on its agenda.

If you would like to address the City Council in person, please complete a Speaker's Card. If you would like to address the City Council via the meeting webinar, please click the 'hand raise' button, unmute your microphone and wait for the Mayor or City Clerk to call on you.

= Hand Raise = Unmute

Speakers providing comments in person will be called first. Speakers are requested to limit their comments to no more than three minutes.

Alternatively, comments may be submitted to cityclerk@cypressca.org prior to 3:00 p.m. on January 10, 2021. All comments submitted via email prior to the deadline will be added to the agenda as a Consent Calendar item.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item.

1. **Receive and File Public Comments Submitted for the January 10, 2022 City Council Meeting**

   Prepared by: Alisha Farnell, City Clerk

   Recommendation: Receive and file submitted public comments.

2. **Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading**

3. **Approve Minutes - Meeting of December 13, 2021**

   Prepared by: Alisha Farnell, City Clerk

   Recommendation: Approve as submitted.

4. **Approve Final Tract Map No. 19114**

   Prepared by: Doug Dancs, Director of Public Works

   Recommendation: Approve Final Tract Map No. 19114 and authorize the City Clerk to sign the record map.

5. **Approve the Urban Area Security Initiative Sub-Recipient Agreement with the City of Anaheim**

   Prepared by: Mark Lauderback, Chief of Police

   Recommendation:

   1. Approve the Fiscal Year 2020 Urban Area Security Initiative (UASI) Sub-Recipient Agreement with the City of Anaheim; and

   2. Authorize the City Manager to execute all UASI related documents.

6. **Approve the Successor Agency's Recognized Obligation Payment Schedule for the Period of July 1, 2022 through June 30, 2023 (ROPS 22-23)**

   Prepared by: Matt Burton, Director of Finance and Administrative Services

   Recommendation: Adopt a Resolution approving the Recognized Obligation Payment Schedule for the period of July 1, 2022 through June 30, 2023 (ROPS 22-23) for the Successor Agency to the Dissolved Cypress Redevelopment Agency.

7. Approve a Spending Plan for American Rescue Plan Act Allocations

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation:

1. Approve a Spending Plan for the $11,723,277 of Coronavirus State and Local Fiscal Recovery Funds allocated to the City as part of the American Rescue Plan Act which categorizes these amounts as revenue replacement to the maximum extent allowed by U.S. Treasury Guidelines; and

2. Increase budgeted transfers out from the Pandemic Response Fund to the City's General Fund by $4,577,000 for eligible 2020 revenue replacement in accordance with American Rescue Plan Act and U.S. Treasury guidelines; and

3. Increase budgeted transfers out of the General Fund to the Infrastructure Fund by $1.2 million; and

4. Increase budgeted transfers out of the General Fund to the Employee Benefits Fund by $1.2 million; and

5. Decrease budgeted transfers out of the Pandemic Response Fund by $625,000 to the City's General Fund ($240,000), Lighting District Fund ($200,000), City Capital Projects Fund ($75,000) and City Central Services Fund ($110,000) for ARPA amounts included in the FY 2021-22 adopted budget.

8. Award a Contract for Lexington Park Landscape Maintenance Services

Prepared by: Doug Dancs, Director of Public Works

Recommendation: Award an initial two year and four month contract to BrightView Landscape Services, Inc. for $214,849, with a contingency of $32,228, for Lexington Park Landscape Maintenance Services.

9. Receive and File the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

10. Receive and File the Audit Letter to the City Council for the Fiscal Year Ended June 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the Audit Letter from Lance, Soll and Lunghard LLP to the City Council for the Fiscal Year ended June 30, 2021.

11. Receive and File the Report on the City's Appropriations Limit for the Fiscal Year Ended June 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the attached Independent Accountants' Report on Agreed-Upon Procedures Applied to the City's Appropriations Limit Worksheet for the Fiscal Year ended June 30, 2021.

12. Receive and File the Cypress Recreation and Park District's Financial Statements and Auditors' Report for the Fiscal Year Ended June 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the District's Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2021.

13. Receive and File the Audit Letter to the District Board for the Fiscal Year Ended June 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the Audit Letter from Lance, Soll and Lunghard LLP to the Cypress Recreation and Park District Board of Directors for the Fiscal Year ended June 30, 2021.

14. Receive and File the Independent Accountants' Report on the Cypress Recreation and Park District's Appropriations Limit for the Fiscal Year Ended June 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the attached Independent Accountants' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheet for the Fiscal Year ended June 30, 2021.

15. Receive and File the Investment Report for the Month Ended November 30, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Receive and file the attached investment report.

16. Receive and File the Strategic Plan Six-Month Objectives Update

Prepared by: Peter Grant, City Manager

Recommendation: Receive and file the strategic plan six-month objectives update.

17. Approve Register of Warrants, Transfers, and Wires Issued for the Period of November 27, 2021 through December 17, 2021

Prepared by: Matt Burton, Director of Finance and Administrative Services

Recommendation: Approve the attached payment register summarized below for the period of November 27, 2021 through December 17, 2021:

- Electronic Funds Transfers 10222 through 10339
- Warrants 58345 through 58433
- Payroll Transfers W1462 through W1464

NEW BUSINESS

18. Approve an Agreement to Conduct a Community Survey and Establish a City Council Ad Hoc Subcommittee to Assist with the Development of Survey Questionnaire

Prepared by: Alisha Farnell, City Clerk

Recommendation:

1. Approve the attached agreement with True North Research, Inc. for $29,798 to conduct a community survey; and

2. Adopt a Resolution creating an ad hoc subcommittee to advise and assist with the development of the community survey questionnaire, appointing two members of the City Council to the ad hoc subcommittee, and establishing its duration and duties.

19. Consider Lexington Park Operating Policies, Field Allocations, and Rental Rates

Prepared by: Jeff Draper, Director of Recreation and Community Services

Recommendation:

1. Introduce for first reading an Ordinance, by title only, amending Chapter 17-72 of the Cypress Municipal Code regarding synthetic turf; and

2. Set a public hearing for February 14, 2022, to consider revisions to the Recreation and Park District master fee schedule, to establish Lexington Park athletic field rental fees, pavilion rental fees, food truck fees, and equipment storage fees.

ITEMS FROM CITY COUNCIL MEMBERS

20. Consider California Voting Rights Act - City Council Election Format Community Forums Informational Presentation

Agendized by: Ad Hoc Subcommittee - Mayor Paulo Morales and Council Member Jon Peat

Recommendation: Approve California Voting Rights Act - City Council Election Format Community Forums informational presentation.

ORAL COMMUNICATIONS (Five minutes per speaker, unless extended by the City Council)

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Speakers providing comments in person will be called first. Speakers are requested to limit their comments to no more than five minutes.

Alternatively, comments may be submitted to cityclerk@cypressca.org prior to 3:00 p.m. on January 10, 2021. All comments submitted via email prior to the deadline will be added to the agenda as a Consent Calendar item.

COUNCIL MEMBER REPORTS AND REMARKS

CITY MANAGER REMARKS

ADJOURNMENT

The next meeting will be an adjourned Regular Meeting, to be held on Monday, January 24, 2022, beginning at 5:30 p.m. in the Executive Board Room.

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted on the City Hall bulletin board not less than 72 hours prior to the meeting. Dated this 7th day of January, 2022.

_____

Alisha Farnell, City Clerk

In compliance with the Americans With Disabilities Act, if you need special assistance to participate in this meeting, you should contact the City Clerk at (714) 229-6685 at least 72 hours prior to the meeting to enable the City to make reasonable arrangements to assure accessibility to this meeting.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **1.**

FROM: Alisha Farnell, City Clerk

DATE: 01/10/2022

SUBJECT: **Receive and File Public Comments Submitted for the January 10, 2022 City Council Meeting**

RECOMMENDATION

Receive and file submitted public comments.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **3.**

FROM: Alisha Farnell, City Clerk

DATE: 01/10/2022

SUBJECT: **Approve Minutes - Meeting of December 13, 2021**

RECOMMENDATION

Approve as submitted.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

December 13, 2021 City Council Minutes

REGULAR MEETING
CYPRESS CITY COUNCIL
DECEMBER 13, 2021
6:00 P.M.

A regular meeting of the Cypress City Council was called to order at 6:00 p.m. by Mayor Peat in the Executive Board Room, 5275 Orange Avenue, Cypress, California.

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor Jon Peat
Mayor Pro Tem Paulo Morales
Council Member Anne Hertz
Council Member Frances Marquez – absent
Council Member Scott Minikus

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
City Clerk Alisha Farnell
Office Assistant Christina Dizol

ORAL COMMUNICATIONS

None.

CLOSED SESSION

The City Attorney reported that the City Council would meet in Closed Session as follows:

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Pursuant to Government Code Section 54956.9(d)(2)
Significant exposure to litigation – one potential case
Claim of California Voting Rights Act violation from Southwest Voter Education Project

Mayor Peat recessed the meeting at 6:02 p.m.

RECONVENE

Mayor Peat called to order the 7:00 p.m. session of the City Council meeting at 7:15 p.m.

ROLL CALL

Cypress City Council, also acting as the Ex-Officio Governing Board of Directors of the Cypress Recreation and Park District

Mayor Jon Peat
Mayor Pro Tem Paulo Morales
Council Member Anne Hertz
Council Member Frances Marquez – absent
Council Member Scott Minikus

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
Director of Finance and Administrative Services Matt Burton
Director of Public Works Doug Dancs
Chief of Police Mark Lauderback
Planning Director Alicia Velasco
City Clerk Alisha Farnell
Communications and Marketing Analyst Brooke Straus
Office Assistant Christina Dizol

PLEDGE OF ALLEGIANCE Mayor Peat led the Pledge of Allegiance.

INVOCATION Deacon Jerry Pyne, St. Irenaeus Catholic Church, led the Invocation.

REPORT OF WORKSHOP AGENDA/CLOSED SESSION

The City Attorney reported that the City Council met in Closed Session and held a discussion on the item listed on the Closed Session agenda, namely conference with Legal Counsel, one item of anticipated litigation under the heading significant exposure to litigation, a claim of California Voting Rights Act violation from Southwest Voter Education Project. He stated the City Council received a briefing on the status of that threat of litigation and no further reportable action was taken.

ORAL COMMUNICATIONS

None.

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item.

It was moved by Mayor Pro Tem Morales, and seconded by Council Member Minikus, to approve Consent Calendar items No. 1 through 8.

The motion was carried by the following roll call vote:

AYES:	4	COUNCIL MEMBERS:	Hertz, Minikus, Morales and Peat
NOES:	0	COUNCIL MEMBERS:	None
ABSENT:	1	COUNCIL MEMBERS:	Marquez

Item No. 1: Receive and File Public Comments Submitted for the December 13, 2021 City Council Meeting

Recommendation: Receive and file submitted public comments.

Item No. 2: Introduce and/or Adopt All Ordinances and Resolutions Presented for Consideration by Title Only and to Waive Further Reading

Item No. 3: Approve Minutes – Meeting of November 22, 2021

Recommendation: Approve as submitted.

Item No. 4: Approve 2022 City Council Meeting Schedule

Recommendation: Approve 2022 City Council meeting schedule.

Item No. 5: Approve Purchase of Replacement Network Firewalls

Recommendation: Approve the purchase of five replacement network firewalls from ADS Consulting Group Inc. for $38,574.50.

Item No. 6: Approve the Purchase of an Industrial Refrigerator and Freezer

Recommendation:

1. Approve the purchase of an industrial refrigerator and freezer not to exceed $35,000 from the lowest responsible bidder; and

2. Increase estimated revenues and appropriations in the District's Capital Replacement Fund by $35,000; and

3. Decrease estimated revenues and appropriations in the City's General Fund by $35,000

Item No. 7: Approve Participation in the National Opioid Settlements

Recommendation:

1. Approve Settlement Participation Form for the City's participation in the National Opioid Settlement with McKesson Corporation, Cardinal Health, Inc., and AmerisourceBergen Corporation; and

2. Approve Settlement Participation Form for the City's participation in the National Opioid Settlement with Johnson & Johnson, Janssen Pharmaceuticals, Inc., Ortho-McNeil-Janssen Pharmaceuticals, Inc., and Janssen Pharmaceuticals, Inc.; and

3. Approve the California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds – Distributor Settlement; and

4. Approve the California State-Subdivision Agreement Regarding Distribution and Use of Settlement Funds – Janssen Settlement; and

5. Adopt a Resolution approving and authorizing the City Manager to execute the documents identified in Recommendation Nos. 1 through 4; and

6. Authorize the City Manager to carry out all necessary acts such that the City can participate in the National Opioid Settlements, including, both not limited to, the transmittal of the executed documents in Recommendation Nos. 1 through 4.

Item No. 8: Approve Register of Warrants, Transfers, and Wires Issued for the Period of November 6, 2021 through November 26, 2021

Recommendation: Approve the attached payment register summarized below for the period of November 6, 2021 through November 26, 2021:

- Electronic Funds Transfers 10011 through 10221
- Warrants 58158 through 58344
- Payroll Transfers W1461

NEW BUSINESS

Item No. 9: City Council Reorganization

The City Clerk opened the nominations for Mayor.

It was moved by Council Member Hertz, and seconded by Mayor Peat, to nominate Mayor Pro Tem Morales to the office of Mayor.

Mayor Pro Tem Morales was elected Mayor by the following roll call vote:

AYES:	4	COUNCIL MEMBERS:	Hertz, Minikus, Morales and Peat
NOES:	0	COUNCIL MEMBERS:	None
ABSENT:	1	COUNCIL MEMBERS:	Marquez

Council Member Peat announced a statement by Council Member Marquez requesting to continue her committee assignments from the previous year.

The City Clerk opened the nominations for Mayor Pro Tem.

It was moved by Council Member Minikus, and seconded by Council Member Peat, to nominate Council Member Hertz to the office of Mayor Pro Tem.

Council Member Hertz was elected Mayor Pro Tem by the following roll call vote:

AYES:	4	COUNCIL MEMBERS:	Hertz, Minikus, Morales and Peat
NOES:	0	COUNCIL MEMBERS:	None
ABSENT:	1	COUNCIL MEMBERS:	Marquez

Incoming Mayor Paulo Morales thanked everyone for his selection as Mayor and acknowledged the City Councils accomplishments and growth over the past 7 years. He spoke of the City Council commitment and dedication to the City and looks forward to the upcoming year.

Incoming Mayor Pro Tem Anne Hertz thanked outgoing Mayor Peat for his service and stated she is looking forward to working with newly elected Mayor Morales. She spoke of her commitment to engage with residents and looks forward to the upcoming year. She thanked everyone for the opportunity to serve as Mayor Pro Tem.

Outgoing Mayor Jon Peat thanked the community and his colleagues for the opportunity to serve as Mayor over the past year. He spoke regarding his year of service as Mayor and thanked City staff for their outstanding work.

District Representative Scott Do presented a certificate of recognition to outgoing Mayor Jon Peat on behalf of State Senator Josh Newman.

Field Representative Lily Jimenez presented a certificate to recognition to outgoing Mayor Jon Peat on behalf of Assemblywoman Sharon Quirk-Silva.

Mayor Morales presented a plaque to outgoing Mayor Jon Peat.

Item 10: City Council Appointments to Organizations and Committees

Mayor Morales made the following appointments:

<u>COMPENSATED:</u>

Orange County Fire Authority	Anne Hertz – Representative
Orange County Sanitation District	Paulo Morales – Representative Anne Hertz – Alternate

Orange County Mosquito & Vector Control District	Scott Minikus – Representative

NON-COMPENSATED:

West Cities Police Communications Center	Paulo Morales – Representative Jon Peat – Alternate
League of California Cities General Assembly	Paulo Morales – Representative Anne Hertz – Alternate
League of California Cities Orange County Division	Paulo Morales – Representative Anne Hertz – Alternate
Orange County City Selection Committee	Paulo Morales – Representative Anne Hertz – Alternate
Orange County Council of Governments General Assembly	Scott Minikus – Representative Frances Marquez – Alternate
Orange County Library Advisory Board	Anne Hertz – Representative Jon Peat - Alternate
Santa Ana River Flood Protection Agency	Jon Peat – Representative Scott Minikus – Alternate
Southern California Association of Governments – General Assembly	Scott Minikus – Representative Frances Marquez – Alternate
Bridges at Kraemer Place Community Advisory Board	Jon Peat – Representative
Joint Forces Training Base Cities Group	Scott Minikus – Representative Paulo Morales – Alternate
Economic Development Ad Hoc Subcommittee	Anne Hertz Jon Peat
City/Anaheim Union High School District Ad Hoc Subcommittee	Anne Hertz Jon Peat
City/Cypress College Ad Hoc Subcommittee	Paulo Morales Jon Peat

City/Cypress School District Ad Hoc Subcommittee	Anne Hertz Scott Minikus
Veteran Recognition Ad Hoc Subcommittee	Frances Marques Scott Minikus

It was moved by Council Member Minikus, and seconded by Council Member Peat, to confirm the Mayor's appointments to organizations and committees and adopt a resolution designating and appointing a representative to the Orange County Fire Authority Board of Directors.

The motion was carried by the following roll call vote:

AYES:	4	COUNCIL MEMBERS: Minikus, Peat, Hertz and Morales
NOES:	0	COUNCIL MEMBERS: None
ABSENT:	1	COUNCIL MEMBERS: Marquez

RESOLUTION NO. 6869

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, DESIGNATING AND APPOINTING ITS REPRESENTATIVE TO THE ORANGE COUNTY FIRE AUTHORITY'S BOARD OF DIRECTORS

ORAL COMMUNICATIONS (Five minutes per speaker, unless extended by the City Council)

None.

COUNCIL MEMBER REPORTS AND REMARKS

Council Member Minikus:

Participated in a California Highway Patrol toy drive held at Joe Schmoe's restaurant. Wished everyone a Happy Holiday season.

Council Member Peat:

Attended the ground breaking ceremony for the Orange County Veterans Cemetery located in Anaheim Hills. Wished everyone a Happy Holiday season.

Mayor Pro Tem Hertz:

Thanked the Recreation department for their work with the Holiday Sing and Tree Lighting Celebration. Wished everyone a Happy Holiday season.

Mayor Morales:

Acknowledged the Recreation department for their work on the Holiday Sing and Tree Lighting event. Wished everyone a Happy Holiday season.

CITY MANAGER REMARKS

The City Attorney wished everyone a Happy Holiday season.

The City Manager stated that City Hall would be closed December 23, 2021 through January 2, 2022. He announced a Special City Council Meeting to be held on December 27, 2021. Wished everyone a Happy Holiday season.

ADJOURNMENT

Mayor Peat adjourned the meeting at 7:52 p.m. to an adjourned Regular Meeting, to be held on Monday, January 10, 2022, beginning at 5:30 p.m. in the Executive Board Room.

_____
MAYOR OF THE CITY OF CYPRESS

ATTEST:

_____
CITY CLERK OF THE CITY OF CYPRESS

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **4.**

FROM: Douglas Dancs, Director of Public Works

DATE: 01/10/2022

SUBJECT: **Approve Final Tract Map No. 19114**

RECOMMENDATION

Approve Final Tract Map No. 19114 and authorize the City Clerk to sign the record map.

DISCUSSION

The California Subdivision Map Act governs the subdivision of land, or real property, for the purpose of sale, leasing or financing. Under this law, local government has approval authority over the subdivision process. A tract map is required for condominium purposes.

At the May 10, 2021 meeting, the City Council approved a Vesting Tentative Tract Map 19114. That map provided for the development of 135 multi-family homes. The project, developed by Melia Homes, is located on an approximately seven-acre site southwest of Vessels Circle and north of Winners Circle within the Los Alamitos Race Course.

The Final Tract Map substantially conforms with Tentative Tract Map No. 19114 and all conditions of approval imposed by the City Council have been bonded for or completed. Tract Map filing fees have been paid and the Tract Map has been checked and found to be technically correct.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Tract Map 19114

SHEET 1 OF 3
ALL OF VESTING TENTATIVE TRACT NO. 19114
3 LETTERED LOTS AREA: 1.150 ACRES,
11 NUMBERED LOTS AREA: 5.849 ACRES
6.999 ACRES GROSS

DATE OF SURVEY: MAY, 2021

TRACT NO.19114

IN THE CITY OF CYPRESS, COUNTY OF ORANGE, STATE OF CALIFORNIA

BEING A SUBDIVISION OF PARCEL 2 OF LOT LINE ADJUSTMENT NO. LL 2019-01, AS SHOWN ON DOCUMENT RECORDED JANUARY 23, 2020 AS INSTRUMENT NO. 2020000030639 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY.

FUSCOE ENGINEERING KURT R. TROXELL, P.L.S. 7854 MAY, 2021

FOR CONDOMINIUM PURPOSES

ACCEPTED AND FILED AT THE REQUEST OF
FIRST AMERICAN TITLE COMPANY
DATE_____
TIME _____ FEE $_____
INSTRUMENT #_____
BOOK _____ PAGES _____
HUGH NGUYEN
COUNTY CLERK-RECORDER
BY_____
DEPUTY

OWNERSHIP CERTIFICATE:

WE THE UNDERSIGNED, BEING ALL PARTIES HAVING ANY RECORD TITLE INTEREST IN THE LAND COVERED BY THIS MAP, DO HEREBY CONSENT TO THE PREPARATION AND RECORDATION OF SAID MAP, AS SHOWN WITHIN THE DISTINCTIVE BORDER LINE.

WE HEREBY DEDICATE TO THE CITY OF CYPRESS AN EASEMENT FOR EMERGENCY VEHICULAR ACCESS PURPOSES OVER ALL OF LOT A AND LOT B, THE PRIVATE STREETS, AND A PORTION OF LOTS 1-4, INCLUSIVE, AS SHOWN ON SAID MAP.

WE HEREBY RESERVE LOT A AND LOT B TO OURSELVES, OUR SUCCESSORS AND ASSIGNS, FOR PRIVATE PURPOSES, INCLUDING BUT NOT LIMITED TO STREETS, AND LANDSCAPE, AS SHOWN ON SAID MAP.

WE HEREBY RESERVE LOT C TO OURSELVES, OUR SUCCESSORS AND ASSIGNS, FOR PRIVATE PURPOSES, INCLUDING BUT NOT LIMITED TO RECREATION AREA PURPOSES, AS SHOWN ON SAID MAP.

CYPRESSTRACK 2021, LLC, A DELAWARE LIMITED LIABILITY COMPANY

BY: MELIA HOMES, INC, A CALIFORNIA CORPORATION, ITS MANAGER

BY: _____
TIM MCSUNAS, PRESIDENT

PACIFIC PREMIER BANK, AS BENEFICIARY UNDER DEED OF TRUST RECORDED JULY 1, 2021 AS INSTRUMENT NO. 2021000430082 OF OFFICIAL RECORDS.

TITLE: _____
TITLE: _____

NAME: Matthew Gouvion
TITLE: SVP

NOTARY ACKNOWLEDGEMENTS:

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)
) SS
COUNTY OF ORANGE)

ON NOVEMBER 16, 2021, BEFORE ME, SYLVIA SOWAH, A NOTARY PUBLIC, PERSONALLY APPEARED TIM MCSUNAS WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(~~S~~) WHOSE NAME(~~S~~) IS/~~ARE~~ SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/~~SHE/THEY~~ EXECUTED THE SAME IN HIS/~~HER/THEIR~~ AUTHORIZED CAPACITY(~~IES~~), AND THAT BY HIS/~~HER/THEIR~~ SIGNATURE(~~S~~) ON THE INSTRUMENT THE PERSON(~~S~~), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(~~S~~) ACTED, EXECUTED THE INSTRUMENT.

I HEREBY CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND:

SIGNATURE: _____
NOTARY PUBLIC IN AND FOR SAID STATE

SYLVIA SOWAH
PRINT NAME

MY PRINCIPAL PLACE OF BUSINESS IS IN ORANGE COUNTY

MY COMMISSION EXPIRES 11.16.24

COMMISSION NO. 2337511

NOTARY ACKNOWLEDGEMENT:

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT.

STATE OF CALIFORNIA)
) SS
COUNTY OF ORANGE)

ON NOVEMBER 17, 2021, BEFORE ME, SYLVIA SOWAH, A NOTARY PUBLIC, PERSONALLY APPEARED MATTHEW GOUVION WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(~~S~~) WHOSE NAME(~~S~~) IS/~~ARE~~ SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/~~SHE/THEY~~ EXECUTED THE SAME IN HIS/~~HER/THEIR~~ AUTHORIZED CAPACITY(~~IES~~), AND THAT BY HIS/~~HER/THEIR~~ SIGNATURE(~~S~~) ON THE INSTRUMENT THE PERSON(~~S~~), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(~~S~~) ACTED, EXECUTED THE INSTRUMENT.

I HEREBY CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND:

SIGNATURE: _____
NOTARY PUBLIC IN AND FOR SAID STATE

SYLVIA SOWAH
PRINT NAME

MY PRINCIPAL PLACE OF BUSINESS IS IN ORANGE COUNTY

MY COMMISSION EXPIRES 11.16.2024

COMMISSION NO. 2337511

SURVEYOR'S STATEMENT:

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF CYPRESSTRACK 2021 LLC. IN MAY, 2021. I HEREBY STATE THAT ALL MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED, OR THAT THEY WILL BE SET IN SUCH POSITIONS "WITHIN 90 DAYS AFTER COMPLETION OF IMPROVEMENTS"; AND THAT SAID MONUMENTS ARE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED. I HEREBY STATE THAT THIS FINAL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED VESTING TENTATIVE MAP.

11/16/2021
KURT R. TROXELL, L.S. 7854 DATE

PROFESSIONAL LAND SURVEYOR
KURT R. TROXELL
No. 7854
STATE OF CALIFORNIA

COUNTY SURVEYOR'S STATEMENT:

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND HAVE FOUND THAT ALL MAPPING PROVISIONS OF THE SUBDIVISION MAP ACT HAVE BEEN COMPLIED WITH AND I AM SATISFIED SAID MAP IS TECHNICALLY CORRECT.

DATED THIS _____ DAY OF _____, 20____.

KEVIN R. HILLS, COUNTY SURVEYOR
L.S. 6617

BY: LILY M. N. SANDBERG, DEPUTY COUNTY SURVEYOR
L.S. 8402

LICENSED LAND SURVEYOR
LILY M. N. SANDBERG
NO. 8402
STATE OF CALIFORNIA

CITY ENGINEER'S STATEMENT:

I HEREBY STATE THAT I HAVE EXAMINED THIS MAP AND HAVE FOUND IT TO BE SUBSTANTIALLY IN CONFORMANCE WITH THE TENTATIVE MAP, IF REQUIRED, AS FILED WITH, AMENDED AND APPROVED BY THE CITY COUNCIL; THAT ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND CITY SUBDIVISION REGULATIONS HAVE BEEN COMPLIED WITH.

DATED THIS _____ DAY OF _____, 20___.

NUKOON MANGKALAKIRI, P.E. R.C.E. NO. 75872
ACTING CITY ENGINEER OF THE CITY OF CYPRESS

REGISTERED PROFESSIONAL ENGINEER
NUKOON MANGKALAKIRI
No. 75872
Exp. 6/30/2022
CIVIL
STATE OF CALIFORNIA

CITY CLERK'S CERTIFICATE:

STATE OF CALIFORNIA)
COUNTY OF ORANGE) SS
CITY OF CYPRESS)

I HEREBY CERTIFY THAT THIS MAP WAS PRESENTED FOR APPROVAL TO THE CITY COUNCIL OF THE CITY OF CYPRESS AT A REGULAR MEETING THEREOF HELD ON THE _____DAY OF _____, 20___, AND THAT THEREUPON SAID COUNCIL DID, BY AN ORDER DULY PASSED AND ENTERED, APPROVE SAID MAP.

AND DID ALSO ACCEPT ON BEHALF OF THE CITY OF CYPRESS:
AN EASEMENT FOR EMERGENCY VEHICULAR ACCESS PURPOSES OVER ALL OF LOT A AND LOT B, THE PRIVATE STREETS, AND A PORTION OF LOTS 1-4, INCLUSIVE, AS DEDICATED.

DATED THIS _____ DAY OF _____, 20___.

ALISHA FARNELL
CITY CLERK OF THE CITY OF CYPRESS

COUNTY TREASURER - TAX COLLECTOR'S CERTIFICATE:

STATE OF CALIFORNIA)
COUNTY OF ORANGE)

I HEREBY CERTIFY THAT ACCORDING TO THE RECORDS OF MY OFFICE THERE ARE NO LIENS AGAINST THE LAND COVERED BY THIS MAP OR ANY PART THEREOF FOR UNPAID STATE, COUNTY, MUNICIPAL OR LOCAL TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES, EXCEPT TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES NOT YET PAYABLE.

AND DO CERTIFY TO THE RECORDER OF ORANGE COUNTY THAT THE PROVISIONS OF THE SUBDIVISION MAP ACT HAVE BEEN COMPLIED WITH REGARDING DEPOSITS TO SECURE PAYMENT OF TAXES OR SPECIAL ASSESSMENTS COLLECTED AS TAXES ON THE LAND COVERED BY THIS MAP.

DATED THIS _____ DAY OF _____, 20___.

SHARI L. FREIDENRICH
COUNTY TREASURER-TAX COLLECTOR

BY: _____
TREASURER-TAX COLLECTOR

1703-002

SHEET 2 OF 3
ALL OF VESTING TENTATIVE TRACT NO. 19114
3 LETTERED LOTS AREA: 1.150 ACRES,
11 NUMBERED LOTS AREA: 5.849 ACRES
6.999 ACRES GROSS

DATE OF SURVEY: MAY, 2021

TRACT NO.19114

IN THE CITY OF CYPRESS, COUNTY OF ORANGE, STATE OF CALIFORNIA

BEING A SUBDIVISION OF PARCEL 2 OF LOT LINE ADJUSTMENT NO. LL 2019-01, AS SHOWN ON DOCUMENT RECORDED JANUARY 23, 2020 AS INSTRUMENT NO. 2020000030639 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID ORANGE COUNTY.

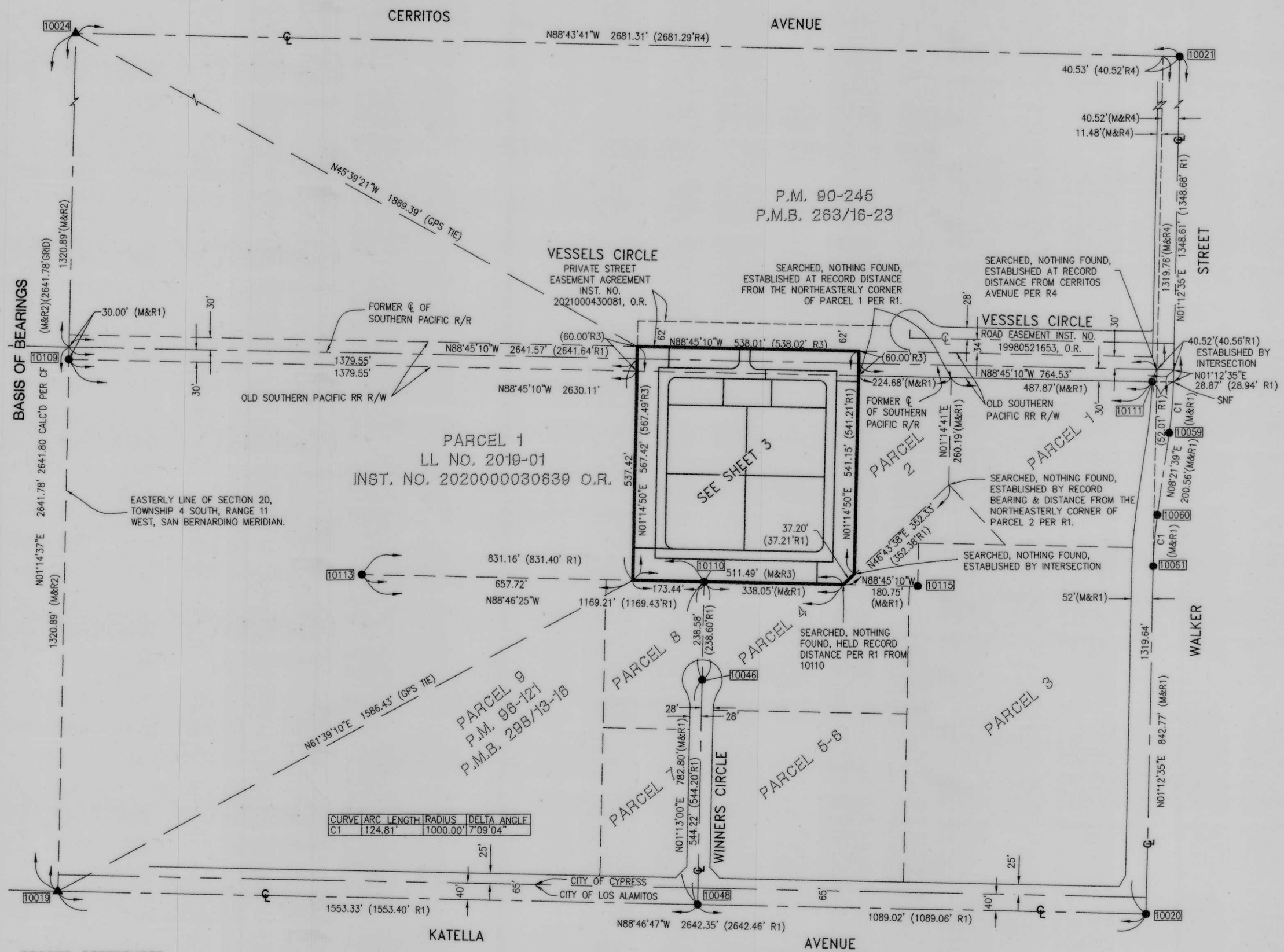
SURVEYOR'S BOUNDARY NOTE:

THERE ARE NO CONFLICTS WITH EXISTING VISIBLE IMPROVEMENTS AND THE EXTERIOR BOUNDARY LINE (DISTINCTIVE BORDER) OF THIS MAP AS ESTABLISHED HEREON.

FUSCOE ENGINEERING KURT R. TROXELL, P.L.S. 7854 MAY, 2021

FOR CONDOMINIUM PURPOSES
BOUNDARY ESTABLISHMENT AND GPS TIE SHEET

200' 0' 100' 200' 400'
SCALE: 1" = 200'



CURVE	ARC LENGTH	RADIUS	DELTA ANGLE
C1	124.81'	1000.00'	7°09'04"

RECORD REFERENCES

R1 INDICATES RECORD OR CALC'D FROM RECORD DATA PER PARCEL MAP NO. 96-121, P.M.B. 298/13-16.

R2 INDICATES RECORD DATA PER TRACT NO. 18092, M.M. 963/11-14.

R3 INDICATES RECORD DATA PER LL NO. 2019-01 RECORDED JANUARY 23, 2020 AS INSTRUMENT NUMBER 2020000030639 OF OFFICIAL RECORDS

R4 INDICATES RECORD DATA PER PARCEL MAP NO. 2000-193, P.M.B. 321/13-14.

DATUM STATEMENT:

COORDINATES SHOWN ARE BASED UPON THE CALIFORNIA COORDINATE SYSTEM (CCS83) ZONE VI, 1983 NAD (2017.50 EPOCH O.C.S. GPS ADJUSTMENT). ALL DISTANCES SHOWN ARE GROUND UNLESS OTHERWISE NOTED. TO OBTAIN GRID DISTANCE, MULTIPLY GROUND DISTANCE BY 0.99999168 (AT GPS NO. 3743)

BASIS OF BEARINGS:

THE BEARINGS SHOWN HEREON ARE BASED ON THE BEARING BETWEEN O.C.S. HORIZONTAL CONTROL STATION GPS NO. 3743 AND STATION GPS NO. 3735 BEING NORTH 01°14'37" EAST PER RECORDS ON FILE IN THE OFFICE OF THE ORANGE COUNTY SURVEYOR.

LEGEND:

○ 2" I.P. TAGGED "L.S. 7854" OR LEAD & TAG "L.S. 7854", OR A SPIKE AND WASHER STAMPED "L.S. 7854" TO BE SET AT ALL TRACT BOUNDARY CORNERS UNLESS OTHERWISE NOTED.

□ 1" I.P. TAGGED "L.S. 7854" OR LEAD & TAG "L.S. 7854", OR A SPIKE AND WASHER STAMPED "L.S. 7854" TO BE SET AT ALL LOT CORNERS UNLESS OTHERWISE NOTED.

▲ INDICATES FOUND O.C.S. HORIZONTAL CONTROL STATION MONUMENT PER RECORDS ON FILE IN THE OFFICE OF THE ORANGE COUNTY SURVEYOR.

● INDICATES FOUND MONUMENT AS NOTED IN MONUMENT NOTES HEREON.

M MEASURED

SNF SEARCHED, NOTHING FOUND.

( ) INDICATES RECORD DATA

NOTE:

SEE SHEET 3 FOR LOT AND EASEMENT DETAIL SHEET, EASEMENT NOTES, AND GENERAL NOTES.

MONUMENT NOTES:

10019 OCS GPS POINT: 3743, N (FT) = 2240519.59, E (FT) = 6016141.42
FOUND LARGE BOLT, IN EASTBOUND LANE. ALONG THE APPARENT CENTERLINE OF KATELLA AVE. 660'+/- W'LY FROM SIBONEY ST. PER R2, DOWN 0.5'.

10020 FOUND 2 1/2" O.C.S. BRASS DISK STAMPED "86 A.O." IN WELL MONUMENT AT THE CENTERLINE INTERSECTION OF KATELLA AVE. AND WALKER ST. PER R1, DOWN 1.52'.

10021 FOUND 2" PUNCHED BRASS DISK IN WELL MONUMENT AT THE CENTERLINE INTERSECTION OF CERRITOS AVE. AND WALKER ST. PER R4, DOWN 1.75'. (GPS 3734)

10024 OCS GPS POINT: 3735, N (FT) = 2243160.75, E (FT) = 6016198.76
FOUND PUNCHED DUREL BAR IN O.C.S. WELL MONUMENT AT THE CENTERLINE INTERSECTION OF CERRITOS AVE. AND MOODY ST. PER R2, DOWN 1.95'.

10046 FOUND PUNCHED SPIKE & WASHER STAMPED "LS 5347" PER PARCEL MAP NO. 2003-130 P.M.B. 341/9-11, FLUSH.

10048 FOUND GEAR SPIKE & WASHER WITH TAG STAMPED "LS 5411" PER CORNER RECORD 2010-2343, FLUSH.

10059 FOUND GEAR SPIKE & WASHER STAMPED "LS 5411" PER CORNER RECORD 2012-3537, FLUSH.

10060 FOUND GEAR SPIKE & WASHER STAMPED "LS 5411" PER CORNER RECORD 2012-3538, FLUSH.

10061 FOUND GEAR SPIKE & WASHER STAMPED "LS 5411" PER CORNER RECORD 2012-3539, FLUSH.

10109 FOUND 2" IRON PIPE TAGGED "LS 6343", PER PARCEL MAP NO. 90-245, P.M.B. 263/16-23, DOWN 0.80'.

10110 FOUND PUNCHED BOAT SPIKE & WASHER STAMPED "LS 5347", PER R1 DOWN 0.3'.

10111 FOUND 1" IRON PIPE WITH MAG SHANK IN CONCRETE, NO REFERENCE, DOWN 1.0'. MONUMENT IS NORTH 34°13'39" WEST 0.56' FROM NORTHEAST CORNER OF PARCEL 1, R1.

10113 FOUND GEAR SPIKE & WASHER ILLEGIBLE ACCEPTED PER R1, DOWN 0.40'.

10115 FOUND LEAD, TACK & TAG STAMPED "LS 5347" PER R1, FLUSH IN CONCRETE.

SHEET 3 OF 3
ALL OF VESTING TENTATIVE TRACT NO. 19114
3 LETTERED LOTS AREA: 1.150 ACRES,
11 NUMBERED LOTS AREA: 5.849 ACRES
6.999 ACRES GROSS

DATE OF SURVEY: MAY, 2021

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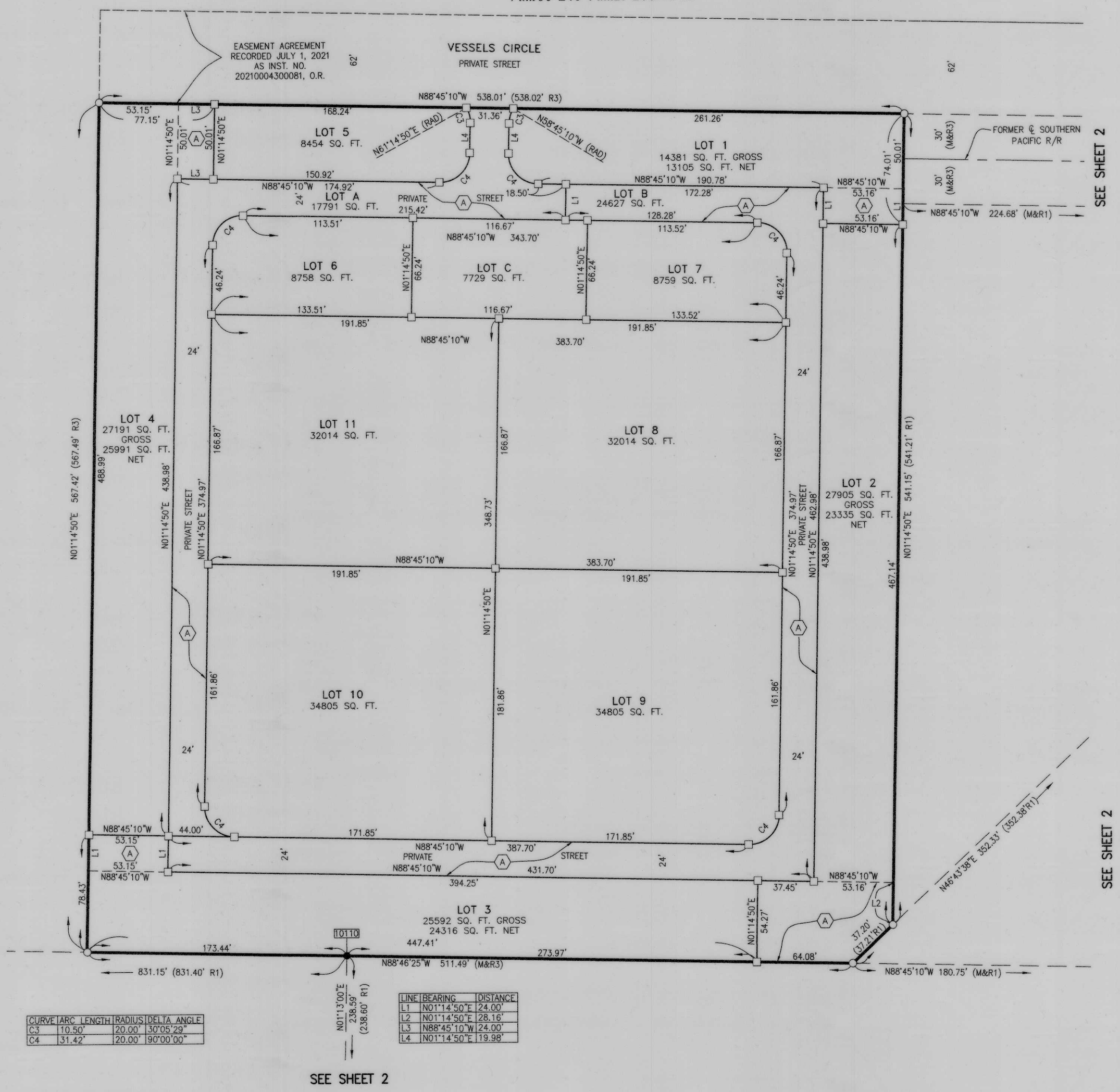
FUSCOE ENGINEERING KURT R. TROXELL, P.L.S. 7854 MAY, 2021

FOR CONDOMINIUM PURPOSES
LOT AND EASEMENT DETAIL SHEET

50' 0' 25' 50' 100'
SCALE: 1" = 50'

P.M.90-245 P.M.B. 263/16-23



CURVE	ARC LENGTH	RADIUS	DELTA ANGLE
C3	10.50'	20.00'	30°05'29"
C4	31.42'	20.00'	90°00'00"

LINE	BEARING	DISTANCE
L1	N01°14'50"E	24.00'
L2	N01°14'50"E	28.16'
L3	N88°45'10"W	24.00'
L4	N01°14'50"E	19.98'

EASEMENT NOTES:

(A) AN EASEMENT FOR EMERGENCY VEHICULAR ACCESS PURPOSES DEDICATED HEREON TO THE CITY OF CYPRESS OVER ALL OF LOT A AND LOT B, THE PRIVATE STREETS, AND A PORTION OF LOTS 1-4, INCLUSIVE.

GENERAL NOTES:

1. LOT A AND LOT B ARE NOT SEPARATE BUILDING SITES AND ARE FOR PRIVATE STREET AND LANDSCAPE PURPOSES TO BE GRANTED TO THE HOMEOWNERS ASSOCIATION BY SEPARATE INSTRUMENT.

2. LOT C IS NOT A SEPARATE BUILDING SITE AND IS FOR RECREATION AREA PURPOSES TO BE GRANTED TO THE HOMEOWNERS ASSOCIATION BY SEPARATE INSTRUMENT.

3. THE PRIVATE STREETS CONSTRUCTED WITHIN THIS MAP, SHALL BE OWNED, OPERATED AND MAINTAINED BY THE DEVELOPER, SUCCESSORS OR ASSIGNS. THE CITY OF CYPRESS SHALL HAVE NO RESPONSIBILITY FOR MAINTENANCE.

NOTE:
SEE SHEET 2 FOR RECORD REFERENCES, BOUNDARY ESTABLISHMENT AND GPS TIE SHEET, SURVEYOR'S BOUNDARY NOTE, MONUMENT NOTES, BASIS OF BEARINGS, LEGEND AND DATUM STATEMENT.

The Agenda Report for Tentative Tract Map 19114 can be accessed here:

https://bit.ly/3pTQsK8

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **5.**

FROM: Mark Lauderback, Chief of Police

DATE: 01/10/2022

SUBJECT: **Approve the Urban Area Security Initiative Sub-Recipient Agreement with the City of Anaheim**

RECOMMENDATION

1. Approve the Fiscal Year 2020 Urban Area Security Initiative (UASI) Sub-Recipient Agreement with the City of Anaheim; and

2. Authorize the City Manager to execute all UASI related documents.

DISCUSSION

The Urban Area Security Initiative provides federal funding to cities to prevent, respond to, and recover from threats or acts of terrorism. In Orange County, the Cities of Anaheim and Santa Ana, in their capacity as a "Core City" for the Anaheim/Santa Ana Urban Area, received and accepted a FY 2020 Urban Area Security Initiative grant. Anaheim and Santa Ana have the responsibility to enhance the preparedness and response capabilities of the entire urban area of Orange County by administering grant-supported training and funding. In even years such as FY 2020, the City of Anaheim acts as the lead fiscal agent. Each city in Orange County, including Cypress, as a sub-recipient, may receive UASI funding for projects, services, and training based on availability.

In previous years, Cypress has received UASI funding for personal protective equipment for first responders, security technology for critical asset protection, and terrorism-related training. The FY 2020 UASI provides the Cypress Police Department the opportunity to attend regional training exercises and request equipment purchases. Procurement for any equipment purchases would be handled through the Anaheim/Santa Ana UASI Grant Office while training would be reimbursed. The current performance period for the FY 2020 UASI Grant runs through March 31, 2023. To be eligible for potential funding, all grant related documents are due back to the Anaheim UASI Grant Office by January 28, 2022.

BUDGET IMPACT

A total of $5 million in FY 2020 UASI funding is available to the Anaheim and Santa Ana working group. If Cypress is allocated FY 2020 UASI funding, a recommendation to approve additional appropriations and increase estimated revenues will be presented to the City Council for consideration.

LEGAL REVIEW

The agreement was reviewed by the City Attorney and approved as to form.

APPROVED BY: Peter Grant, City Manager

Attachments

UASI Subrecipient Agreement

AGREEMENT

SUB-RECIPIENT: CITY OF CYPRESS

City Contract Number _____

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EXHIBITS

Exhibit A CalOES FY2020 Grant Assurances

Exhibit B Certification Regarding Debarment, Suspension and Other Responsibility Matters

Exhibit C Certification Regarding Lobbying

Agreement Number:_____

AGREEMENT FOR TRANSFER OR PURCHASE OF EQUIPMENT/SERVICES OR FOR

REIMBURSEMENT OF TRAINING COSTS

FOR FY2020 URBAN AREAS SECURITY INITIATIVE (UASI)

BETWEEN
THE CITY OF ANAHEIM
AND CITY OF CYPRESS

THIS AGREEMENT is made and entered into this ___ day of _____ 20___, by and between the CITY OF ANAHEIM, a municipal corporation (the "CITY"), and CITY OF CYPRESS (the "SUB-RECIPIENT" or "Contractor").

W I T N E S S E T H

WHEREAS, CITY, acting through the Anaheim Police Department in its capacity as a Core City for the Anaheim/Santa Ana Urban Area under the FY2020 Urban Areas Security Initiative, has applied for, received and accepted a grant entitled "FY 2020 Urban Areas Security Initiative" from the federal Department Of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), through the State of California Governor's Office of Emergency Services (CalOES), to enhance countywide emergency preparedness (the "grant"), as set forth in the grant guidelines and assurances that are incorporated to this Agreement by reference and located at:

"U.S. Department of Homeland Security "Fiscal Year 2020 Homeland Security Grant Program (HSGP) Notice of Funding Opportunity (NOFO)" https://www.fema.gov/sites/default/files/2020-08/fema_homeland-security-grant-program-nofo_fy-2020.pdf

California Office of Emergency Services "FY2020 Homeland Security Grant Program: California Supplement to Federal Program Guidance and Application Kit" https://www.caloes.ca.gov/GrantsManagementSite/Documents/FY%202020%20HSGP%20State%20Supplement.pdf
Copies of the grant guidelines shall be retained in the Anaheim/Santa Ana Grant Office.

WHEREAS, this financial assistance is administered by the CITY OF ANAHEIM ("CITY") and is overseen by the California Governor's Office of Emergency Services ("CalOES"); and

WHEREAS, this financial assistance is being provided to address the unique equipment, training, planning, and exercise needs of large urban areas, and to assist them in building an enhanced and sustainable capacity to prevent, respond to, and recover from threats or acts of terrorism; and

WHEREAS, the Anaheim/Santa Ana Urban Area ("ASAUA") consists of 34 cities in Orange County, including the City of Anaheim and the City of Santa Ana, the County of Orange, Santa Ana Unified School District Police, California State University, Fullerton, University of California, Irvine, Municipal Water District of Orange County, and the Orange County Fire Authority; and

WHEREAS, the Office of Grants Management ("OGM") awarded a FY2020 UASI Grant of $5,056,750 ("Grant Funds") to the CITY OF ANAHEIM, as a Core City, for use in the ASAUA; and

WHEREAS, the CITY has designated the Chief of Police, or his designee and the Anaheim Police Department, Emergency Management Director ("UASI Grant Office") to provide for terrorism prevention and emergency preparedness; and

WHEREAS, the UASI Grant Office now wishes to distribute FY2020 UASI Grant Funds throughout the ASAUA, as further detailed in this Agreement ("Agreement") to CITY OF CYPRESS ("SUB-RECIPIENT") and others;

WHEREAS, the CITY and SUB-RECIPIENT are desirous of executing this Agreement as authorized by the City Council and the Chief of Police which authorizes the CITY to prepare and execute the Agreement.

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I
INTRODUCTION

§101. Parties to the Agreement

The parties to this Agreement are:

A. The CITY, a municipal corporation, having its principal office at 425 South Harbor Boulevard, Anaheim, CA 92805; and

B. CITY OF CYPRESS, a municipal corporation, 5275 Orange Ave, Cypress, CA 90630

§102. Representatives of the Parties and Service of Notices

A. The representatives of the respective parties who are authorized to administer this Agreement and to whom formal notices, demands and communications shall be given are as follows:

1. The representative of the City of Anaheim shall be, unless otherwise stated in the Agreement:

Richard LaRochelle, Lieutenant
Anaheim Police Department
425 South Harbor Boulevard
Anaheim, CA. 92805
Phone: (714) 765-3833
Fax: (714) 765-1616
rlarochelle@anaheim.net

2. The representative of CITY OF CYPRESS shall be:

Name:_____

Title: _____

Sub Recipient Name: _____

Sub Recipient Address: _____

City_____ State: _____ Zip:_____

Phone: _____

E-mail: _____

B. Formal notices, demands and communications to be given hereunder by either party shall be made in writing and may be effected by personal delivery or by registered or certified mail, postage prepaid, return receipt requested and shall be deemed communicated as of the date of mailing.

C. If the name of the person designated to receive the notices, demands or communications or the address of such person is changed, written notice shall be given, in accord with this section, within five (5) business days of said change.

§103. Independent Party

SUB-RECIPIENT is acting hereunder as an independent party, and not as an agent or employee of the CITY OF ANAHEIM. No employee of SUB-RECIPIENT is, or shall be an employee of the CITY OF ANAHEIM by virtue of this Agreement, and SUB-RECIPIENT shall so inform each employee organization and each employee who is hired or retained under this Agreement. SUB-RECIPIENT shall not represent or otherwise hold out itself or any of its directors, officers, partners, employees, or agents to be an agent or employee of the CITY OF ANAHEIM.

§104. Conditions Precedent to Execution of This Agreement

SUB-RECIPIENT shall provide copies of the following documents to the CITY OF ANAHEIM, unless otherwise exempted.

A. Grant Assurances in accordance with section 413C of this Agreement attached hereto as Exhibit A and made part hereof.

B. Certifications Regarding Ineligibility, Suspension and Debarment as required by Executive Order 12549 in accordance with Section 413A12 of this Agreement and attached hereto as Exhibit B and made a part hereof.

C. Certifications and Disclosures Regarding Lobbying in accordance with Section 413A4 of this Agreement and attached hereto as Exhibit C and made a part hereof. SUB-RECIPIENT shall also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of the information contained in any Disclosure Form previously filed by SUB-RECIPIENT.

II
TERM AND SERVICES TO BE PROVIDED

§201. Time of Performance

The term of this Agreement shall commence on 8/31/2021 and end on 3/31/2023 or upon the final disbursement of all of the Grant Amount (as defined in Section 301) and any additional period of time as is required to complete any necessary close out activities. Said term is subject to the provisions herein.

§202. Use of Grant Funds

A. CITY may, a) transfer to SUB-RECIPIENT, equipment or services purchased with grant funds and in accordance with grant guidelines set forth above; or, b) reimburse SUB-RECIPIENT for purchase of authorized equipment, exercises, services or training upon receiving prior written approval from CITY or its designee and in accordance with grant guidelines and in full compliance with all of the SUB-RECIPIENT'S purchasing and bidding procedures. SUB-RECIPIENT shall specify the equipment, services, exercises and training to be purchased using the Application for Project Funding. A paper copy of this document will be provided to SUB-RECIPIENT by CITY. In addition, a compact disc with a copy of the document will be provided to SUB-RECIPIENT by CITY. If additional copies of the document are needed, SUB-RECIPIENT may contact the Anaheim Grant Coordinator and it will be provided.

B. SUB-RECIPIENT shall provide any reports requested by the CITY regarding the performance of the Agreement. Reports shall be in the form requested by the CITY, and shall be provided in a timely manner.

C. SUB-RECIPIENT shall provide the CITY a copy of its most current procurement guidelines and follow its own procurement requirements as long as they meet the minimum federal requirements. Federal procurement requirements for the FY2020 UASI Grant can be found at 2 Code of Federal Regulations (CFR) Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

D. The Authorized Equipment List (AEL) is a list of the allowable equipment which may be purchased pursuant to this Agreement and is located at https://www.fema.gov/authorized-equipment-list, and incorporated to this Agreement by reference. A copy of the AEL shall be retained in the Anaheim/Santa Ana Grant Office. Unless otherwise stated in program guidance any equipment acquired pursuant to this Agreement shall meet all mandatory regulations and/or DHS-adopted standards to be eligible for purchase using grant funds.

Any equipment acquired or obtained with Grant Funds:

1. Shall be made available under the California Disaster and Civil Defense Master Mutual Aid Agreement in consultation with representatives of the various fire, emergency medical, hazardous materials response services, and law enforcement agencies within the jurisdiction of the applicant;

2. Shall be consistent with needs as identified in the National Priorities and Core Capabilities, the State Homeland Security Strategy and the Anaheim/Santa Ana Urban Area and Orange County Operational Area Homeland Security Grants Strategy, the Threat Hazard Identification and Risk Assessment (THIRA), the State Preparedness Report; and deployed in conformance with those plans;

3. Shall be made available pursuant to applicable terms of the California Disaster and Civil Defense Master Mutual Aid Agreement and deployed with personnel trained in the use of such equipment in a manner consistent with the California Law Enforcement Mutual Aid Plan or the California Fire Services and Rescue Mutual Aid Plan;

4. Shall be subject to the requirements of Title 2 CFR Part 200.313 and 200.314. For the purposes of this subsection, “Equipment” is defined as nonexpendable property that is not consumed or does not lose its identity by being incorporated into another item of equipment, which costs $5,000 or more per unit, or is expected to have a useful life of one (1) year or more.

5. Shall be used by SUB-RECIPIENT in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer useful for the original program or project, the Equipment may be used in other activities currently or previously supported by a Federal agency.

6. Shall be made available for use on other projects or programs currently or previously supported by the Federal Government, providing such use will not interfere with the work on the projects or program for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency.

7. Shall be recorded on a ledger. The record shall include: (a) description of the item of Equipment, (b) serial number or other identification number, (c) the source of funding for the property (including FAIN); (d) who holds the title, (e) date of acquisition; (f) the per unit acquisition cost of the Equipment, (g) percentage of federal participation in the project costs for the Federal award under which the property was acquired, (h) location, and (i)use and

condition of Equipment, and (j) ultimate disposition data including the date of disposal and sale price of the property. Records must be retained pursuant to 2 CFR Part 200.313.

8. All equipment obtained under this Agreement shall have an ASAUA identification decal affixed to it, and, when practical, shall be affixed where it is readily visible.

9. A physical inventory of the Equipment shall be taken and the results reconciled with the Equipment records at least once every two years. Inventory shall also be taken prior to any UASI, State or Federal monitor visits.

10. SUB-RECIPIENT shall exercise due care to preserve and safeguard equipment acquired with grant funds from damage or destruction and shall provide regular maintenance and such repairs for said equipment as necessary, in order to keep said equipment continually in good working order. Such maintenance and servicing shall be the sole responsibility of SUB-RECIPIENT, who shall assume full responsibility for maintenance and repair of the equipment throughout the life of said equipment.

11. SUB-RECIPIENT shall identify a Point-of-Contact (POC) to be responsible for all Equipment prior to the receipt of the item(s). POC will serve as the custodian of the Equipment. SUB-RECIPIENT shall notify the CITY of any change in the POC and assume the responsibility of advising the new custodian of all UASI grant program guidelines and requirements.

12. SUB-RECIPIENT shall contact the ASAUA Grant Office prior to initiating the disposition process. Disposal of equipment shall be conducted pursuant to 2 CFR Part 200.313. The ASAUA will contact the awarding agency for disposition instructions, if necessary, prior to any action being taken.

E. Any training paid pursuant to this Agreement shall conform to the guidelines as listed in FY2020 Homeland Security Grant Program, as set forth above. All training expenses must be pre-authorized by CalOES at https://www.caloes.ca.gov/CaliforniaSpecializedTrainingInstituteSite/Documents/HSG%20Funds%20Tracking%20Number%20Request%20Form.pdf. A catalogue of Grantor approved and sponsored training courses is available at https://cdp.dhs.gov/.

F. Any exercise paid pursuant to this Agreement shall conform to the guidelines as listed in FY2020 Homeland Security Grant Program, as set forth above. Detailed Homeland Security Exercise and Evaluation Program Guidance is available at https://www.fema.gov/media-library/assets/documents/32326.

G. Any planning paid pursuant to this Agreement shall conform to the guidelines

as listed in FY2020 Homeland Security Grant Program, as set forth above.

H. Any organizational activities paid pursuant to this Agreement shall conform to the guidelines as listed in FY2020 Homeland Security Grant Program, as set forth above.

III
PAYMENT

§301. Payment of Grant Funds and Method of Payment

A. CITY may, a) transfer to SUB-RECIPIENT, equipment or services purchased with grant funds; or, b) reimburse SUB-RECIPIENT for the purchase of authorized equipment, exercises, services or training upon receiving prior written approval from CITY or its designee and in accordance with grant guidelines and in full compliance with all of the SUB-RECIPIENT'S purchasing and bidding procedures. SUB-RECIPIENT shall specify the equipment, exercises, services or training to be purchased using the Application for Project Funding. A copy of this document will be provided to SUB-RECIPIENT by CITY. If additional copies of the document are needed, SUB-RECIPIENT may contact the Anaheim Grant Coordinator and it will be provided. Funds may be used for planning, exercises, organizational and training activities, and the purchase of equipment as described in Section 202 above.

B. SUB-RECIPIENT shall provide invoices to the CITY requesting payment and all supporting documentation. Each reimbursement request shall be accompanied by the Reimbursement Request for Grant Expenditures detailing the expenditures made by SUB-RECIPIENT as authorized by Section 202 above. Each reimbursement request shall be submitted to the Anaheim UASI Grant Office. For equipment for which SUB-RECIPIENT is requesting reimbursement, all appropriate back-up documentation must be attached to the reimbursement form, including invoices, proof of payment, packing slips, and Equipment Reimbursement Worksheet. For training reimbursements, SUB-RECIPIENT must include a copy of any certificates issued or a copy of the class roster verifying training attendees, proof that a CalOES tracking number has been assigned to the course, timesheets and payroll registers for all training attendees, receipts for travel expenses related to the training, and Training Reimbursement Worksheet. For regional project reimbursements, SUB-RECIPIENT must include approval from the lead agency for all submitted invoices.

C. Payment of final invoice shall be withheld by the CITY until the SUB-RECIPIENT has turned in all supporting documentation and completed the requirements of this Agreement.

D. It is understood that the CITY makes no commitment to fund this Agreement beyond the terms set forth herein.

E. Funding for all periods of this Agreement is subject to the continuing availability to the CITY of federal funds for this program. The Agreement may be terminated immediately upon written notice to SUB-RECIPIENT of a loss or reduction of federal grant funds.

IV
STANDARD PROVISIONS

§401. Construction of Provisions and Titles Herein

All titles or subtitles appearing herein have been inserted for convenience and shall not be deemed to affect the meaning or construction of any of the terms or provisions hereof. The language of this Agreement shall be construed according to its fair meaning and not strictly for or against either party. The word "Sub-recipient" herein and in any amendments hereto includes the party or parties identified in this Agreement. The singular shall include the plural. If there is more than one Sub-recipient as identified herein, unless expressly stated otherwise, their obligations and liabilities hereunder shall be joint and several. Use of the feminine, masculine, or neuter genders shall be deemed to include the genders not used.

§402. Applicable Law, Interpretation and Enforcement

Each party's performance hereunder shall comply with all applicable laws of the United States of America, the State of California, and the CITY. This Agreement shall be enforced and interpreted under the laws of the State of California and the CITY.

If any part, term or provision of this Agreement shall be held void, illegal, unenforceable, or in conflict with any law of a federal, state or local government having jurisdiction over this Agreement, the validity of the remaining portions of provisions shall not be affected thereby.

§403. Integrated Agreement

This Agreement sets forth all of the rights and duties of the parties with respect to the subject matter hereof, and replaces any and all previous agreements or understandings, whether written or oral, relating thereto. This Agreement may be amended only by a written instrument executed by both parties hereto.

§404. Excusable Delays

In the event that performance on the part of any party hereto shall be delayed or suspended as a result of circumstances beyond the reasonable control and without the fault and negligence of said party, none of the parties shall incur any liability to the other parties as a result of such delay or suspension. Circumstances deemed to be beyond the control of the parties hereunder shall include, but not be limited to, acts of God or of the public enemy; insurrection; acts of the Federal Government or any unit of State or Local Government in either sovereign or contractual capacity; fires; floods; epidemics; quarantine

restrictions; strikes, freight embargoes or delays in transportation; to the extent that they are not caused by the party's willful or negligent acts or omissions and to the extent that they are beyond the party's reasonable control.

§405. Breach

Except for excusable delays, if any party fails to perform, in whole or in part, any promise, covenant, or agreement set forth herein, or should any representation made by it be untrue, any aggrieved party may avail itself of all rights and remedies, at law or equity, in the courts of law. Said rights and remedies are cumulative of those provided for herein except that in no event shall any party recover more than once, suffer a penalty or forfeiture, or be unjustly compensated.

§406. Prohibition Against Assignment or Delegation

SUB-RECIPIENT may not, unless it has first obtained the written permission of the CITY:

A. Assign or otherwise alienate any of its rights hereunder, including the right to payment; or

B. Delegate, subcontract, or otherwise transfer any of its duties hereunder.

§407. Permits

SUB-RECIPIENT and its officers, agents and employees shall obtain and maintain all permits and licenses necessary for SUB-RECIPIENT performance hereunder and shall pay any fees required therefore. SUB-RECIPIENT further certifies to immediately notify the CITY of any suspension, termination, lapses, non-renewals or restrictions of licenses, certificates, or other documents.

§408. Bonds

SUB-RECIPIENT must purchase a performance bond for any equipment item over $250,000 or any vehicle (including aircraft or watercraft) financed with homeland security funds. SUB-RECIPIENT must provide a copy of performance bond to CITY no later than the time of reimbursement.

§409. Indemnification

To the fullest extent of the law, SUB-RECIPIENT agrees to indemnify, defend, and hold harmless the City of Anaheim, its officers, agents, employees, representatives and designated volunteers from and against any and all claims, demands, defense costs, or liability of any kind or nature arising out of or resulting from, or any way connected with SUB-RECIPIENT’S acts, errors or omissions in the performance of SUB-RECIPIENT’S services or use of grant funds under the terms of this Agreement.

§410. Conflict of Interest

A. SUB-RECIPIENT covenants that none of its directors, officers, employees, or agents shall participate in selecting, or administrating any subcontract supported (in whole or in part) by Federal funds where such person is a director, officer, employee or agent of the subcontractor; or where the selection of subcontractors is or has the appearance of being motivated by a desire for personal gain for themselves or others such as family business, etc.; or where such person knows or should have known that:

1. A member of such person's immediate family, or domestic partner or organization has a financial interest in the subcontract;

2. The subcontractor is someone with whom such person has or is negotiating any prospective employment; or

3. The participation of such person would be prohibited by the California Political Reform Act, California Government Code §87100 et seq. if such person were a public officer, because such person would have a "financial or other interest" in the subcontract.

B. Definitions:

1. The term "immediate family" includes but is not limited to domestic partner and/or those persons related by blood or marriage, such as husband, wife, father, mother, brother, sister, son, daughter, father in law, mother in law, brother in law, sister in law, son in law, daughter in law.

2. The term "financial or other interest" includes but is not limited to:

a. Any direct or indirect financial interest in the specific contract, including a commission or fee, a share of the proceeds, prospect of a promotion or of future employment, a profit, or any other form of financial reward.

b. Any of the following interests in the subcontractor ownership: partnership interest or other beneficial interest of five percent or more; ownership of five percent or more of the stock; employment in a managerial capacity; or membership on the board of directors or governing body.

C. The SUB-RECIPIENT further covenants that no officer, director, employee, or agent shall solicit or accept gratuities, favors, anything of monetary value from any actual or potential subcontractor, supplier, a party to a sub agreement, (or persons who are otherwise in a position to benefit from the actions of any officer, employee, or agent).

D. The SUB-RECIPIENT shall not subcontract with a former director, officer, or employee within a one year period following the termination of the relationship

between said person and the Contractor.

E. Prior to obtaining the CITY'S approval of any subcontract, the SUB-RECIPIENT shall disclose to the CITY any relationship, financial or otherwise, direct or indirect, of the SUB-RECIPIENT or any of its officers, directors or employees or their immediate family with the proposed subcontractor and its officers, directors or employees.

F. For further clarification of the meaning of any of the terms used herein, the parties agree that references shall be made to the guidelines, rules, and laws of the SUB-RECIPIENT, State of California, and Federal regulations regarding conflict of interest.

G. The SUB-RECIPIENT warrants that it has not paid or given and will not pay or give to any third person any money or other consideration for obtaining this Agreement.

H. The SUB-RECIPIENT covenants that no member, officer or employee of SUB-RECIPIENT shall have interest, direct or indirect, in any contract or subcontract or the proceeds thereof for work to be performed in connection with this project during his/her tenure as such employee, member or officer or for one year thereafter.

I. The SUB-RECIPIENT shall incorporate the foregoing subsections of this Section into every agreement that it enters into in connection with this project and shall substitute the term "subcontractor" for the term "SUB-RECIPIENT" and "sub subcontractor" for "Subcontractor".

§411. Restriction on Disclosures

Any reports, analysis, studies, drawings, information, or data generated as a result of this Agreement are to be governed by the California Public Records Act (California Government Code Sec. 6250, et seq.).

§412. Statutes and Regulations Applicable To All Grant Contracts

A. Compliance With Grant Assurances

To obtain the Grant Funds, the Grantor required an authorized representative of the CITY to sign certain promises regarding the way the Grant Funds would be spent ("Grant Assurances"), attached hereto as Exhibit A. By signing these Grant Assurances, the CITY became liable to the Grantor for any funds that are used in violation of the grant requirements. SUB-RECIPIENT shall be liable to the Grantor for any funds the Grantor determines SUB-RECIPIENT used in violation of these Grant Assurances. SUB-RECIPIENT shall indemnify and hold harmless the CITY for any sums the Grantor determines SUB-RECIPIENT used in violation of the Grant Assurances.

B. SUB-RECIPIENT shall comply with all applicable requirements of state, federal, county and SUB-RECIPIENT laws, executive orders, regulations, program and

administrative requirements, policies and any other requirements governing this Agreement. SUB-RECIPIENT shall comply with state and federal laws and regulations pertaining to labor, wages, hours, and other conditions of employment. SUB-RECIPIENT shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:

1. Office of Management and Budget (OMB) Circulars

   SUB-RECIPIENT shall comply with 2 Code of Federal Regulations (CFR) Part 200 (Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards).

2. Single Audit Act

   If Federal funds are used in the performance of this Agreement, SUB-RECIPIENT shall adhere to the rules and regulations of the Single Audit Act, 31 USC Sec. 7501 et seq.; Title 2 Code of Federal Regulations, Part 200, Subpart F Audit Requirements; and any administrative regulation or field memos implementing the Act. When reporting under on the FY2020 UASI Grant Program under the Single Audit Act, SUB-RECIPIENT shall use Catalog of Federal Domestic Assistance (CFDA) Program Number 97.067 “Homeland Security Grant Program”; Grant Identification Number 2020-0095; and identify the City of Anaheim as the Pass-Through.

3. Records Maintenance

   Records, in their original form, shall be maintained in accordance with requirements prescribed by the CITY with respect to all matters covered on file for all documents specified in this Agreement. Original forms are to be maintained on file for all documents specified in this Agreement. Such records shall be retained for a period of three (3) years after the CITY receives notification of grant closeout from CalOES, and after final disposition of all pending matters. "Pending matters" include, but are not limited to, an audit, litigation or other actions involving records. The CITY may, at its discretion, take possession of, retain and audit said records. Records, in their original form pertaining to matters covered by this Agreement, shall at all times be retained within the County of Orange unless authorization to remove them is granted in writing by the CITY.

4. Subcontracts and Procurement

   SUB-RECIPIENT shall comply with the federal and SUB-RECIPIENT standards in the award of any subcontracts. For purposes of this Agreement, subcontracts shall include but not be limited to purchase agreements, rental or lease agreements, third party agreements, consultant service contracts and

construction subcontracts.

SUB-RECIPIENT shall ensure that the terms of this Agreement with the CITY are incorporated into all Subcontractor Agreements. The SUB-RECIPIENT shall submit all Subcontractor Agreements to the CITY for review prior to the release of any funds to the subcontractor. The SUB-RECIPIENT shall withhold funds to any subcontractor agency that fails to comply with the terms and conditions of this Agreement and their respective Subcontractor Agreement.

5. Civil Rights

SUB-RECIPIENT shall comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681- 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) The Age Discrimination act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation act of 1970 (P.L. 91-616) as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601, et seq.), as amended, relating to non-discrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; (j) the requirements of any other nondiscrimination statute(s) which may apply to the application; and (k) P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

6. Telecommunications (2 CFR 200.216)

SUBRECIPIENT will comply with FEMA Policy 405-143-1, Prohibitions on Expending FEMA Award Funds on Covered Telecommunication Equipment or Services (Interim), which prohibits grant recipients and subrecipients from obligating or expending loan or grant funds to procure or obtain, extend or renew a contract to procure or obtain, or to enter into a contract (or

extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

C. Statutes and Regulations Applicable To This Particular Grant

SUB-RECIPIENT shall comply with all applicable requirements of state and federal laws, executive orders, regulations, program and administrative requirements, policies and any other requirements governing this particular grant program. SUB-RECIPIENT shall comply with new, amended, or revised laws, regulations, and/or procedures that apply to the performance of this Agreement. These requirements include, but are not limited to:

1. Title 2 Code of Federal Regulations (CFR) Part 200; EO 12372; Department of Justice (DOJ) Office of Judicial Programs (OJP) Office of the Comptroller, U.S. Department of Homeland Security, Preparedness Directorate Financial Management Guide; U.S. Department of Homeland Security, Office of Grants and Training, FY 2020 Homeland Security Grant Program –Notice of Funding Opportunity; ODP WMD Training Course Catalogue; and DOJ Office for Civil Rights.

   Standardized Emergency Management System (SEMS) requirements as stated in the California Emergency Services Act, Government Code Chapter 7 of Division 1 of Title 2, § 8607.1(e) and CCR Title 19, §§ 2445-2448.

   Provisions of 44 CFR applicable to grants and cooperative agreements, including Part 18, Administrative Review Procedures; Part 20, Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence Systems Operating Policies; Part 30, Intergovernmental Review of Department of Justice Programs and Activities; Part 35, Nondiscrimination on the Basis of Disability in State and Local Government Services; Part 38, Equal Treatment of Faith-based Organizations; Part 42, Nondiscrimination/Equal employment Opportunities Policies and Procedures; Part 61, Procedures for Implementing the National Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; Part 64, Floodplain Management and Wetland Protection Procedures; Federal laws or regulations applicable to federal Assistance Programs; Part 69, New Restrictions on Lobbying; Part 70, Uniform Administrative Requirements for Grants and Cooperative Agreements (including sub-awards) with Institutions of Higher Learning, Hospitals and other Non-Profit Organizations; and Part 83, Government- Wide Requirements for a Drug Free Workplace (grants).

2. Travel Expenses

SUB-RECIPIENT as provided herein may be compensated for SUB-RECIPIENT'S reasonable travel expenses incurred in the performance of this Agreement, to include travel and per diem, unless otherwise expressed. Travel including in-State and out-of-State travel shall not be reimbursed without prior written authorization from the UASI Grant Office.

SUB-RECIPIENT'S travel and per diem reimbursement costs shall be reimbursed based on the SUB-RECIPIENT'S travel policies and procedures. If SUB-RECIPIENT does not have established travel policies and procedures, SUB-RECIPIENT'S reimbursement rates shall not exceed the amounts established under 5 U.S.C 5701-11, ("Travel and Subsistence Expenses; Mileage Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter must apply to travel under federal awards (48 CFR 31.205-46(a)).

3. Noncompliance

SUB-RECIPIENT understands that failure to comply with any of the above assurances may result in suspension, termination or reduction of grant funds, and repayment by SUB-RECIPIENT to CITY of any unlawful expenditures.

§413. Federal, State and Local Taxes

Federal, State and local taxes shall be the responsibility of SUB-RECIPIENT as an independent party and not as a CITY employee.

§414. Inventions, Patents and Copyrights

A. Reporting Procedure for Inventions

If any project produces any invention or discovery (Invention) patentable or otherwise under title 35 of the U.S. Code, including, without limitation, processes and business methods made in the course of work under this Agreement, the SUB-RECIPIENT shall report the fact and disclose the Invention promptly and fully to the CITY. The CITY shall report the fact and disclose the Invention to the Grantor. Unless there is a prior agreement between the CITY and the Grantor, the Grantor shall determine whether to seek protection on the Invention. The Grantor shall determine how the rights in the Invention, including rights under any patent issued thereon, will be allocated and administered in order to protect the public interest consistent with the policy ("Policy") embodied in the Federal Acquisition Regulations System, which is based on Ch. 18 of title 35 U.S.C. Sections 200, et seq. (Pub. L. 95-517, Pub. L. 98-620, 37 CFR part 401); Presidential Memorandum

on Government Patent Policy to the Heads of the Executive Departments and Agencies, dated 2/18/1983); and Executive Order 12591, 4/10/87, 52 FR 13414, 3 CFR, 1987 Comp., p. 220 (as amended by Executive Order 12618, 12/22/87, 52 FR 48661, 3 CFR, 1987 Comp., p. 262). SUB-RECIPIENT hereby agrees to be bound by the Policy, and will contractually require its personnel to be bound by the Policy.

B. Rights to Use Inventions

CITY shall have an unencumbered right, and a non-exclusive, irrevocable, royalty- free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Invention developed under this Agreement.

C. Copyright Policy

1. Unless otherwise provided by the terms of the Grantor or of this Agreement, when copyrightable material ("Material") is developed under this Agreement, the author or the CITY, at the CITY'S discretion, may copyright the Material. If the CITY declines to copyright the Material, the CITY shall have an unencumbered right, and a non-exclusive, irrevocable, royalty- free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement.

2. The Grantor shall have an unencumbered right, and a non-exclusive, irrevocable, royalty-free license, to use, manufacture, improve upon, and allow others to do so for all government purposes, any Material developed under this Agreement or any Copyright purchased under this Agreement.

3. SUB-RECIPIENT shall comply with all applicable requirements in the Code of Federal Regulations related to copyrights and copyright policy.

D. Rights to Data

The Grantor and the CITY shall have unlimited rights or copyright license to any data first produced or delivered under this Agreement. "Unlimited rights" means the right to use, disclose, reproduce, prepare derivative works, distribute copies to the public, and perform and display publicly, or permit others to do so; as required by 48 CFR 27.401. Where the data are not first produced under this Agreement or are published copyrighted data with the notice of 17 U.S.C. Section 401 or 402, the Grantor acquires the data under a copyright license as set forth in 48 CFR 27.404(f)(2) instead of unlimited rights. (48 CFR 27.404(a)).

E. Obligations Binding on Subcontractors

SUB-RECIPIENT shall require all subcontractors to comply with the obligations of this section by incorporating the terms of this section into all subcontracts.

§415. Minority, Women, And Other Business Enterprise Outreach Program

It is the policy of the CITY to provide minority business enterprises (MBEs), women business enterprises (WBEs) and all other business enterprises an equal opportunity to participate in the performance of all SUB-RECIPIENT contracts, including procurement, construction and personal services. This policy applies to all Contractors and Sub-Contractors.

V
DEFAULTS, SUSPENSION, TERMINATION, AND AMENDMENTS

§501. Defaults

Should SUB-RECIPIENT fail for any reason to comply with the contractual obligations of this Agreement within the time specified by this Agreement, the CITY reserves the right to terminate the Agreement, reserving all rights under state and federal law.

§502. Amendments

Any change in the terms of this Agreement, including changes in the services to be performed by SUB-RECIPIENT and any increase or decrease in the amount of compensation which are agreed to by the CITY and SUB-RECIPIENT shall be incorporated into this Agreement by a written amendment properly executed and signed by the person authorized to bind the parties thereto.

SUB-RECIPIENT agrees to comply with all future CITY directives, or any rules, amendments or requirements promulgated by the CITY affecting this Agreement.

VI
ENTIRE AGREEMENT

§601. Complete Agreement

This Agreement contains the full and complete Agreement between the two parties. Neither verbal agreement nor conversation with any officer or employee of either party shall affect or modify any of the terms and conditions of this Agreement.

§602. Number of Pages and Attachments

This Agreement is executed in three (3) duplicate originals, each of which is deemed to be an original. This Agreement includes twenty-two (22) pages and three (3) Exhibits which constitute the entire understanding and agreement of the parties.

IN WITNESS WHEREOF, the City and CITY OF CYPRESS have caused this Agreement to be executed by their duly authorized representatives on the date first set forth above.

ATTEST:

By:_____
Theresa Bass
Clerk of the Council

APPROVED AS TO FORM:

By:_____
Kristin Pelletier
Sr. Asst. City Attorney

CITY OF ANAHEIM, a municipal Corporation of the State of California

By:_____
Jorge Cisneros
Chief of Police

SUB-RECIPIENT
CITY OF CYPRESS
DUNS No. 01-0680866

By: _____

Printed Name _____

Title
_____

APPROVED AS TO FORM

By:_____

Printed Name _____

Title
_____

EXHIBIT A

California Governor's Office of Emergency Services
FY2020 Grant Assurances
(All HSGP Applicants)

As the duly authorized representative of the Applicant, I hereby certify that the Applicant has the legal authority to apply for federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay any non-federal share of project cost) to ensure proper planning, management, and completion of the project described in this application, within prescribed timelines.

I further acknowledge that the Applicant is responsible for reviewing and adhering to all requirements within the:

(a) Applicable Federal Regulations (see below);
(b) Federal Program Notice of Funding Opportunity (NOFO);
(c) Federal Preparedness Grants Manual;
(d) California Supplement to the NOFO; and
(e) Federal and State Grant Program Guidelines.

Federal Regulations
Government cost principles, uniform administrative requirements, and audit requirements for federal grant programs are set forth in Title 2, Part 200 of the Code of Federal Regulations (C.F.R.). Updates are issued by the Office of Management and Budget (OMB) and can be found at http://www.whitehouse.gov/omb/.

State and federal grant award requirements are set forth below. The Applicant hereby agrees to comply with the following:

1. Proof of Authority

The Applicant will obtain proof of authority from the city council, governing board, or authorized body in support of this project. This written authorization must specify that the Applicant and the city council, governing board, or authorized body agree:

(a) To provide all matching funds required for the grant project and that any cash match will be appropriated as required;
(b) Any liability arising out of the performance of this agreement shall be the responsibility of the Applicant and the city council, governing board, or authorized body;
(c) Grant funds shall not be used to supplant expenditures controlled by the city council, governing board, or authorized body;
(d) Applicant is authorized by the city council, governing board, or authorized body to apply for federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-federal share of project cost, if any) to ensure proper planning, management and completion of the project described in this application; and
(e) Official executing this agreement is authorized by the Applicant.

This Proof of Authority must be maintained on file and readily available upon request.

Initials _____

2. Period of Performance

The period of performance is specified in the Award. The Applicant is only authorized to perform allowable activities approved under the award, within the period of performance.

3. Lobbying and Political Activities

As required by Section 1352, Title 31 of the United States Code (U.S.C.), for persons entering into a contract, grant, loan, or cooperative agreement from an agency or requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan, the Applicant certifies that:

(a) No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

(b) If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying”, in accordance with its instructions.

(c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

The Applicant will also comply with provisions of the Hatch Act (5 U.S.C. §§ 1501- 1508 and §§ 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

Finally, the Applicant agrees that federal funds will not be used, directly or indirectly, to support the enactment, repeal, modification or adoption of any law, regulation or policy without the express written approval from the California Governor’s Office of Emergency Services (Cal OES) or the federal awarding agency.

4. Debarment and Suspension

As required by Executive Orders 12549 and 12689, and 2 C.F.R. § 200.213 and codified in 2 C.F.R. Part 180, Debarment and Suspension, the Applicant will provide protection against waste, fraud, and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the federal government. The Applicant certifies that it and its principals, recipients, or subrecipients:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal department or agency;

(b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or contract under a public transaction; violation of federal or state

antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (2)(b) of this certification; and

(d) Have not within a three-year period preceding this application had one or more public transaction (federal, state, or local) terminated for cause or default.

Where the Applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

5. Non-Discrimination and Equal Employment Opportunity

The Applicant will comply with all state and federal statutes relating to non-discrimination, including:

(a) Title VI of the Civil Rights Act of 1964 (Public Law (P.L.) 88-352 and 42 U.S.C. § 2000d et. seq.) which prohibits discrimination on the basis of race, color, or national origin and requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services;

(b) Title IX of the Education Amendments of 1972, (20 U.S.C. §§ 1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex in any federally funded educational program or activity;

(c) Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794), which prohibits discrimination against those with disabilities or access and functional needs;

(d) Americans with Disabilities Act (ADA) of 1990 (42 U.S.C. §§ 12101- 12213), which prohibits discrimination on the basis of disability and requires buildings and structures be accessible to those with disabilities and access and functional needs;

(e) Age Discrimination Act of 1975, (42 U.S.C. §§ 6101-6107), which prohibits discrimination on the basis of age;

(f) Public Health Service Act of 1912 (42 U.S.C. §§ 290 dd—2), relating to confidentiality of patient records regarding substance abuse treatment;

(g) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. § 3601 et seq.), relating to nondiscrimination in the sale, rental or financing of housing as implemented by the Department of Housing and Urban Development at 24 C.F.R. Part100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)— be designed and constructed with certain accessible features (See 24 C.F.R. § 100.201);

(h) Executive Order 11246, which prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over $10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, sexual orientation, gender identification or national origin;

(i) Executive Order 11375, which bans discrimination on the basis of race, color, religion, sex, sexual orientation, gender identification, or national origin in hiring and employment in both the United States federal workforce and on the part of government contractors;

(j) California Public Contract Code § 10295.3, which prohibits discrimination based on domestic partnerships and those in same sex marriages;

(k) DHS policy to ensure the equal treatment of faith-based organizations, under which all applicants and recipients must comply with equal treatment policies and requirements contained in 6 C.F.R. Part 19;
(l) California's Fair Employment and Housing Act (FEHA) (California Government Code §§12940, 12945, 12945.2), as applicable. FEHA prohibits harassment and discrimination in employment because of ancestry, familial status, race, color, religious creed (including religious dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, genetic information, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave, military and veteran status, and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions;
(m) Any other nondiscrimination provisions in the specific statute(s) under which application for federal assistance is being made; and
(n) The requirements of any other nondiscrimination statute(s) that may apply to this application.

6. Drug-Free Workplace

As required by the Drug-Free Workplace Act of 1988 (41 U.S.C. § 701 et seq.), the Applicant certifies that it will maintain a drug-free workplace and a drug-free awareness program as outlined in the Act.

7. Environmental Standards

The Applicant will comply with state and federal environmental standards, including:

(a) California Environmental Quality Act (CEQA) (California Public Resources Code §§ 21000- 21177), to include coordination with the city or county planning agency;
(b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§ 15000- 15387);
(c) Federal Clean Water Act (CWA) (33 U.S.C. § 1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters;
(d) Federal Clean Air Act of 1955 (42 U.S.C. § 7401) which regulates air emissions from stationary and mobile sources;
(e) Institution of environmental quality control measures under the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190); the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA; and Executive Order 12898 which focuses on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities;
(f) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988;
(g) Executive Order 11514 which sets forth national environmental standards;
(h) Executive Order 11738 instituted to assure that each federal agency empowered to enter into contracts for the procurement of goods, materials, or services and each federal agency empowered to extend federal assistance by way of grant, loan, or contract shall undertake such procurement and assistance activities in a manner that will result in effective enforcement of the Clean Air Act and the Federal Water Pollution Control Act Executive Order 11990 which requires preservation of wetlands;
(i) The Safe Drinking Water Act of 1974, (P.L. 93-523);
(j) The Endangered Species Act of 1973, (P.L. 93-205);

(k) Assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.);
(l) Conformity of Federal Actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.);
(m) Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

The Applicant shall not be: 1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease and desist order pursuant to § 13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) determined to be in violation of federal law relating to air or water pollution.

8. Audits

For subrecipients expending $750,000 or more in federal grant funds annually, the Applicant will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and Title 2 of the Code of Federal Regulations, Part 200, Subpart F Audit Requirements.

9. Access to Records

In accordance with 2 C.F.R. § 200.336, the Applicant will give the awarding agency, the Comptroller General of the United States and, if appropriate, the state, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award. The Applicant will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

10. Conflict of Interest

The Applicant will establish safeguards to prohibit the Applicant's employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

11. Financial Management

False Claims for Payment - The Applicant will comply with 31 U.S.C §§ 3729-3733 which sets forth that no subrecipient, recipient, or subrecipient shall submit a false claim for payment, reimbursement or advance.

12. Reporting - Accountability

The Applicant agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (P.L. 109-282), specifically (a) the reporting of subawards obligating $25,000 or more in federal funds and (b) executive compensation data for first-tier subawards. This includes the provisions of FFATA, which includes requirements for executive compensation, and also requirements implementing the Act for the non-federal entity at 2 C.F.R. Part 25 Financial Assistance Use of Universal Identifier and Central Contractor Registration and 2 C.F.R. Part 170 Reporting Subaward and Executive Compensation Information.

13. Whistleblower Protections

The Applicant also must comply with statutory requirements for whistleblower protections at 10 U.S.C. § 2409, 41 U.S.C. § 4712, and 10 U.S.C. § 2324, 41 U.S.C. § 4304 and § 4310.

Initials _____

14. Human Trafficking

The Applicant will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. § 7104) which prohibits grant award recipients or a subrecipient from: (1) engaging in trafficking in persons during the period of time that the award is in effect; (2) procuring a commercial sex act during the period of time that the award is in effect; (3) using forced labor in the performance of the award or subawards under the award.

15. Labor Standards

The Applicant will comply with the following federal labor standards:

(a) The Davis-Bacon Act (40 U.S.C. §§ 276a to 276a-7), as applicable, and the Copeland Act (40 U.S.C. § 3145 and 18 U.S.C. § 874) and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§ 327-333), regarding labor standards for federally-assisted construction contracts or subcontracts, and

(b) The Federal Fair Labor Standards Act (29 U.S.C. § 201 et al.) as they apply to employees of institutes of higher learning (IHE), hospitals and other non-profit organizations.

16. Worker's Compensation

The Applicant must comply with provisions which require every employer to be insured to protect workers who may be injured on the job at all times during the performance of the work of this Agreement, as per the workers compensation laws set forth in California Labor Code §§ 3700 et seq.

17. Property-Related

If applicable to the type of project funded by this federal award, the Applicant will:

(a) Comply with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of federal participation in purchase;

(b) Comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires subrecipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is $10,000 or more;

(c) Assist the awarding agency in assuring compliance with Section 106 of the

(d) National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470), Executive Order 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §469a-1 et seq.); and

(e) Comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. § 4831 and 24 CFR Part 35) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

18. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, the Applicant will:

(a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the federal awarding agency directives and will include a covenant

in the title of real property acquired in whole or in part with federal assistance funds to assure nondiscrimination during the useful life of the project;

(b) Comply with the requirements of the awarding agency with regard to the drafting, review and approval of construction plans and specifications; and

(c) Provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

19. Use of Cellular Device While Driving is Prohibited

Applicants are required to comply with California Vehicle Code sections 23123 and 23123.5. These laws prohibit driving motor vehicle while using an electronic wireless communications device to write, send, or read a text-based communication. Drivers are also prohibited from the use of a wireless telephone without hands-free listening and talking, unless to make an emergency call to 911, law enforcement, or similar services.

20. California Public Records Act and Freedom of Information Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program, or provided in the course of an entity's grant management activities that are under Federal control, is subject to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the California Public Records Act, California Government Code section 6250 et seq. The Applicant should consider these laws and consult its own State and local laws and regulations regarding the release of information when reporting sensitive matters in the grant application, needs assessment, and strategic planning process.

HOMELAND SECURITY GRANT PROGRAM (HSGP) – PROGRAM SPECIFIC ASSURANCES / CERTIFICATIONS

21. Acknowledgment of Federal Funding from DHS

All recipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with federal funds.

22. Activities Conducted Abroad

All recipients must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

23. Best Practices for Collection and Use of Personally Identifiable Information (PII)

DHS defines personally identifiable information (PII) as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. All recipients who collect PII are required to have a publically-available privacy policy that describes standards on the usage and maintenance of PII they collect. Recipients may also find the DHS Privacy Impact Assessments: Privacy Guidance and Privacy template a useful resource respectively.

24. Copyright

All recipients must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 and an acknowledgement of U.S. Government sponsorship (including the award number) to any work first produced under federal financial assistance awards.

25. Duplication of Benefits

Any cost allocable to a particular federal financial assistance award provided for in 2 C.F.R. Part 200, Subpart E may not be charged to other federal financial assistance awards to overcome fund deficiencies, to avoid restrictions imposed by federal statutes, regulations, or federal financial assistance award terms and conditions, or for other reasons. However, these prohibitions would not preclude recipients from shifting costs that are allowable under two or more awards in accordance with existing federal statutes, regulations, or the federal financial assistance award terms and conditions.

26. Energy Policy and Conservation Act

All recipients must comply with the requirements of 42 U.S.C. § 6201 which contain policies relating to energy efficiency that are defined in the state energy conservation plan issued in compliance with this Act.

27. Federal Debt Status

All recipients are required to be non-delinquent in their repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129.

28. Fly America Act of 1974

All recipients must comply with Preference for U.S. Flag Air Carriers: (air carriers holding certificates under 49 U.S.C. § 41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B- 138942.

29. Hotel and Motel Fire Safety Act of 1990

In accordance with Section 6 of the Hotel and Motel Fire Safety Act of 1990, all Applicants must ensure that all conference, meeting, convention, or training space funded in whole or in part with federal funds complies with the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, as amended, 15 U.S.C. § 2225a.

30. Non-supplanting Requirement

All recipients who receive federal financial assistance awards made under programs that prohibit supplanting by law must ensure that federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non- federal sources.

31. Patents and Intellectual Property Rights

Unless otherwise provided by law, recipients are subject to the Bayh-Dole Act, Pub. L. No. 96-517, as amended, and codified in 35 U.S.C. § 200 et seq. All recipients are subject to the specific requirements governing the development, reporting, and disposition of rights to inventions and patents resulting from financial assistance awards located at 37 C.F.R. Part 401 and the standard patent rights clause located at 37 C.F.R. § 401.14.

32. SAFECOM

All recipients who receive federal financial assistance awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

Initials _____

33. Terrorist Financing

All recipients must comply with Executive Order 13224 and U.S. law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. Recipients are legally responsible to ensure compliance with the Order and laws.

34. Reporting of Matters Related to Recipient Integrity and Performance

If the total value of the recipient's currently active grants, cooperative agreements, and procurement contracts from all federal assistance offices exceeds $10,000,000 for any period of time during the period of performance of this federal financial assistance award, you must comply with the requirements set forth in the government-wide Award Term and Condition for Recipient Integrity and Performance Matters located at 2 C.F.R. Part 200, Appendix XII, the full text of which is incorporated here by reference in the award terms and conditions.

35. USA Patriot Act of 2001

All recipients must comply with requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), which amends 18 U.S.C. §§ 175–175c.

36. Use of DHS Seal, Logo, and Flags

All recipients must obtain permission from their DHS Financial Assistance Office, prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

Initials _____

IMPORTANT
The purpose of the assurance is to obtain federal and state financial assistance, including any and all federal and state grants, loans, reimbursement, contracts, etc. The Applicant recognizes and agrees that state financial assistance will be extended based on the representations made in this assurance. This assurance is binding on the Applicant, its successors, transferees, assignees, etc. Failure to comply with any of the above assurances may result in suspension, termination, or reduction of grant funds.

All appropriate documentation, as outlined above, must be maintained on file by the Applicant and available for Cal OES or public scrutiny upon request. Failure to comply with these requirements may result in suspension of payments under the grant or termination of the grant or both and the subrecipient may be ineligible for award of any future grants if the Cal OES determines that any of the following has occurred: (1) the recipient has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

All of the language contained within this document must be included in the award documents for all subawards at all tiers. All recipients are bound by the Department of Homeland Security Standard Terms and Conditions 2020, Version 10.1, hereby incorporated by reference, which can be found at: https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions.

The undersigned represents that he/she is authorized to enter into this agreement for and on behalf of the Applicant.

Subrecipient:_____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

Initials _____

EXHIBIT B

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

Applicants should refer to the regulations cited below to determine the certification to which they are required to attest. Applicants should also review the instructions for certification included in the regulations before completing this form. Signature of this form provides for compliance with certification requirements under the applicable CFR covering New Restrictions on Government-wide Debarment and Suspension (Nonprocurement). The certification shall be treated as a material representation of fact upon which reliance will be placed when the Agency determines to award the covered transaction or cooperative agreement.

As required by Executive Order 12549, Debarment and Suspension, and implemented under the applicable CFR, for prospective participants in covered transactions, as defined in the applicable CFR

A. The applicant certifies that it and its principals:

(a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, sentenced to a denial of Federal benefits by a State or Federal court, or voluntarily excluded from covered transactions by any Federal department or agency;

(b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(c) Are not presently indicted for or otherwise criminally or civilly charged by a government entity (Federal State or local) with commission of any of these offenses enumerated in paragraph (1) (b) of this certification; and

(d) Have not within a three-year period preceding this application had one or more public transactions (Federal, State or local) terminated for cause or default; and

B. Where the applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

_____ Address:_____

Authorized Agent Signature

_____ _____

Printed or Typed Name

_____ _____

Title

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this document, the prospective recipient of Federal assistance funds is providing the certification as set out below.

2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to whom this agreement is entered, if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous, when submitted or has become erroneous by reason of changed circumstances.

4. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549.

5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the department or agency with which this transaction originated.

6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non Procurement Programs.

8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

9. Except for transactions authorized under Paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntary excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

EXHIBIT C

CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan or cooperative agreement.

2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL "Disclosure Form to Report Lobbying" in accordance with its instructions.

3. The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

4. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

   The Subrecipient, as identified below, certifies or affirms the truthfulness and accuracy of each statement of its certification and disclosure, if any. In addition, the Subrecipient understands and agrees that the provisions of 31 U.S.C. Chap. 38, Administrative Remedies for False Claims and Statements, apply to this certification and disclosure, if any.

AGREEMENT NUMBER: _____

_____
CONTRACTOR/BORROWER/AGENCY

_____
NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

_____
SIGNATURE DATE

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **6.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Approve the Successor Agency's Recognized Obligation Payment Schedule for the Period of July 1, 2022 through June 30, 2023 (ROPS 22-23)**

RECOMMENDATION

Adopt a Resolution approving the Recognized Obligation Payment Schedule for the period of July 1, 2022 through June 30, 2023 (ROPS 22-23) for the Successor Agency to the Dissolved Cypress Redevelopment Agency.

SUMMARY

In accordance with State law, the responsibilities of the Oversight Board to the Dissolved Cypress Redevelopment Agency were transitioned to the County Oversight Board. Prior to the County Oversight Board's consideration for approval, the Cypress Successor Agency must adopt the Recognized Obligation Payment Schedule for the period of July 1, 2022 to June 30, 2023 (ROPS 22-23).

All enforceable obligations of the Cypress Successor Agency were paid in full during FY 2019-20 and the State Department of Finance (DOF) has previously disallowed receiving Redevelopment Property Tax Trust Fund (RPTTF) amounts to pay the necessary administrative costs associated with the ongoing dissolution process. The DOF indicates they will continue to deny approval of RFTTF amounts in the future; therefore, no amounts are requested as part of ROPS 22-23 and the associated ROPS 22-23 filing is being initiated solely to meet State requirements.

DISCUSSION

On December 29, 2011, the California Supreme Court upheld Assembly Bill x1 26 (the Dissolution Act) and directed all redevelopment agencies in the State be dissolved effective February 1, 2012. Subsequent modifications to the dissolution process were enacted with the passage of Assembly Bill 1484 in 2012 and Senate Bill 107 in 2015.

In compliance with the Dissolution Act, the Cypress City Council elected to serve as the Successor Agency to the dissolved Cypress Redevelopment Agency with the responsibility of

winding up its affairs and undertaking the administrative tasks required for the dissolution process. A provision of the amended dissolution legislation requires the annual adoption of a Recognized Obligation Payment Schedule (ROPS) by the Oversight Board. Effective in July 2018, State law transitioned the responsibilities of individual Successor Agency Oversight Boards to a single County Oversight Board. As a result of this change, the Successor Agency Board is required to approve the ROPS prior to submitting to the County Oversight Board for consideration.

All enforceable obligations of the Successor Agency were paid in full as of June 30, 2020 and, as required by State law, the Cypress Successor Agency initiated the dissolution process with the Orange County Auditor Controller (CAC) immediately thereafter. Due to the Successor Agency being party to a long-term receivable due in 2029, the dissolution process requires approval by several agencies, including the County Oversight Board, CAC, DOF and the Federal Department of Housing and Urban Development (HUD).

The Cypress Successor Agency is the first successor agency in Orange County to request dissolution and the County Oversight Board has been unable to provide guidance on how to effectively expedite the dissolution process. Despite the dissolution turning into a complicated and time-consuming process, the DOF disallowed Cypress' County Oversight Board approved ROPS 21-22 request to reimburse the Successor Agency for necessary administrative costs directly associated with the dissolution. The DOF indicated they will continue to disallow any such requests in the future; therefore, the ROPS 22-23 does not request any amounts for reimbursement.

The attached ROPS 22-23 schedules have been prepared, as required by the State, using an online spreadsheet template provided by the State of California Department of Finance (DOF). While the Successor Agency will continue to incur administrative costs, primarily personnel and legal costs associated with the dissolution, these costs will have to be paid by the City of Cypress' General Fund. Due to the lack of direction provided by the County Oversight Board, and the existence of the outstanding note receivable, it is unclear when the dissolution process will be finalized. It appears an annual ROPS (requesting zero reimbursements) will need to be filed annually until the note is paid in full in 2029 - unless the County Oversight Board can determine a method for dissolution which the CAC, DOF and HUD can agree to prior to that date.

In order to comply with the requirements and timelines of the redevelopment dissolution legislation and avoid financial penalties, staff recommends the Successor Agency Board adopt the attached Resolution approving the ROPS 22-23 for the period from July 1, 2022 through June 30, 2023 and authorize ROPS 22-23 be submitted to the County Oversight Board for approval at its meeting of January 25, 2022. Once approved by the County Oversight Board, staff will submit ROPS 22-23 to the DOF, the California State Controller, and the County Auditor-Controller by the February 1, 2022 deadline.

BUDGET IMPACT

No amounts are requested by the Successor Agency for reimbursement with ROPS 22-23, as the DOF has previously disallowed reimbursements to pay for necessary administrative costs associated with the dissolution process. Any future costs associated with the pending dissolution and the annual ROPS filings will have to be paid by the City's General Fund.

LEGAL REVIEW

The Successor Agency's attorney has reviewed the report.

APPROVED BY: Peter Grant, City Manager

Attachments

Resolution - ROPS 22-23
Exhibit A - ROPS 22-23

SUCCESSOR AGENCY BOARD RESOLUTION NO.

A RESOLUTION OF THE SUCCESSOR AGENCY TO THE DISSOLVED CYPRESS REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS 22-23) FOR THE PERIOD JULY 1, 2022 THROUGH JUNE 30, 2023

WHEREAS, as part of the 2011-2012 State budget bill, the California Legislature enacted and the Governor signed, a budget trailer bill, ABx1 26, requiring that each redevelopment agency be dissolved; and

WHEREAS, an action challenging the constitutionality of ABx1 26 was filed in the California Supreme Court and on December 29, 2011, the Court modified and upheld ABx1 26, thereby causing the dissolution of all redevelopment agencies in the State of California, including the Cypress Redevelopment Agency ("RDA"), as of February 1, 2012; and

WHEREAS, the City of Cypress, pursuant to the terms of ABx1 26, became the successor agency to the dissolved RDA ("Successor Agency") with the responsibility to wind up the affairs of the dissolved RDA under the terms of ABx1 26; and

WHEREAS, the Oversight Board to the Successor Agency to the dissolved Cypress Redevelopment Agency has been appointed pursuant to the provisions of Health & Safety Code Section 34179; and

WHEREAS, on June 27, 2012, the Legislature enacted and the Governor signed into law, to be effective immediately, Assembly Bill 1484 ("AB 1484"), which amended ABx1 26 and defined the Successor Agency as a separate public entity from the City; and

WHEREAS, on September 22, 2015, the Legislature enacted and the Governor signed into law, to be effective immediately, Senate Bill 107 ("SB 107"), which further amended ABx1 26 and AB 1484; and

WHEREAS, ABx1 26 as amended by AB 1484 and SB 107 is hereinafter referred to as the "Amended Dissolution Act;" and

WHEREAS, effective July 1, 2018 responsibilities of the Oversight Board to the Successor Agency to the dissolved Cypress Redevelopment Agency have transitioned to the County Oversight Board; and

WHEREAS, prior to consideration for approval by the County Oversight Board, the Successor Agency Board is required to review and approve a Recognized Obligation Payment Schedule (ROPS 22-23) prepared by the Successor Agency covering the fiscal year from July 1, 2022 through June 30, 2023 that lists all enforceable obligations (if any) of the dissolved RDA as defined in the Amended Dissolution Act for the period, and for each twelve month period thereafter; and

WHEREAS, at its public meeting of January 10, 2022, the Successor Agency Board reviewed and considered the Recognized Obligation Payment Schedule (ROPS 22-23), attached to this Resolution and Staff Report submitted concurrently with this Resolution; and

WHEREAS, all legal prerequisites to the adoption of this Resolution have occurred.

NOW, THEREFORE, BE IT RESOLVED by the Successor Agency Board as follows:

SECTION 1. The Recitals set forth above are true and correct and incorporated herein by reference.

SECTION 2. The Successor Agency Board hereby approves the Recognized Obligation Payment Schedule (ROPS 22-23) for the period July 1, 2022 through June 30,

2023, as set forth in Exhibit "A" to this Resolution and by this reference incorporated herein.

SECTION 3. The Board Secretary, or the Successor Agency Executive Director (as the person appointed by action of the Oversight Board at its meeting of March 20, 2012, to be the designated contact person to the Department of Finance), shall transmit the approved Recognized Obligation Payment Schedule to the County Oversight Board, Department of Finance, State Controller, and County Auditor-Controller in compliance with the requirements of the Amended Dissolution Act. The staff of the Successor Agency shall take such other and further actions and sign such other and further documents as appropriate to effectuate the intent of this Resolution and to implement the Recognized Obligation Payment Schedule approved hereby on behalf of the Successor Agency. The Successor Agency Board further authorizes and directs the Executive Director to make any technical modifications to the Recognized Obligation Payment Schedule as may be required by the County Oversight Board, Department of Finance, and/or State Controller, including any formatting or technical changes required by any of the foregoing bodies. Any such modifications or changes shall not require re-approval by the Successor Agency Board.

SECTION 4. If any section, subsection, sentence, clause, or phrase of this Resolution is for any reason held by a court of competent jurisdiction to be invalid, such decision shall not affect the validity of the remaining portions of this Resolution. The Board hereby declares that it would have adopted this Resolution and each section, subsection, sentence, clause, or phrase thereof irrespective of the fact that any one or more section, subsection, sentence, clause, or phrase be declared invalid.

PASSED, APPROVED AND ADOPTED by the Successor Agency Board at a meeting held on the 10th day of January, 2022.

_____
CHAIR, SUCCESSOR AGENCY BOARD

ATTEST:

_____
SECRETARY, SUCCESSOR AGENCY BOARD

STATE OF CALIFORNIA
COUNTY OF ORANGE) SS
CITY OF CYPRESS)

I, ALISHA FARNELL, Secretary to the Successor Agency Board, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Successor Agency Board, held on the 10th day of January, 2022, by the following roll call vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:

_____
SECRETARY, SUCCESSOR AGENCY BOARD

Recognized Obligation Payment Schedule (ROPS 22-23) - Summary
Filed for the July 1, 2022 through June 30, 2023 Period

Successor Agency: Cypress

County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	22-23A Total (July - December)	22-23B Total (January - June)	ROPS 22-23 Total
A Enforceable Obligations Funded as Follows (B+C+D)	**$ -**	**$ -**	**$ -**
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	**$ -**	**$ -**	**$ -**
F RPTTF	-	-	-
G Administrative RPTTF	-	-	-
H Current Period Enforceable Obligations (A+E)	**$ -**	**$ -**	**$ -**

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name Title

/s/

Signature Date

Cypress
Recognized Obligation Payment Schedule (ROPS 22-23) - ROPS Detail
July 1, 2022 through June 30, 2023

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	**ROPS 22-23 Total**	**ROPS 22-23A (Jul - Dec)**					**22-23A Total**	**ROPS 22-23B (Jan - Jun)**					**22-23B Total**
											Fund Sources						**Fund Sources**					
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	
								$-		$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-	$-
3	Employee Costs	Admin Costs	07/01/ 2020	06/30/2021	City Employees	Payroll costs for staff engaged in Redevelopment and Successor Agency activities for period July 2020 to June 2022	All	-	Y	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
4	Legal Services	Admin Costs	07/01/ 2020	06/30/2021	Rutan & Tucker/ Aleshire & Wynder/ Other	Legal Services for the Successor Agency	All	-	Y	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
6	Administrative/ Office Supplies	Admin Costs	07/01/ 2020	06/30/2021	Various Vendors	Telephone, postage, printing/copying, computer usage and office supplies associated with the RDA and Successor Agency	All	-	Y	$-	-	-	-	-	-	$-	-	-	-	-	-	$-
7	Land Lease	Admin Costs	04/01/ 2001	03/31/2021	OCTA	Lease of Land/ ROW for parking	Lincoln Avenue Project Area	-	Y	$-	-	-	-	-	-	$-	-	-	-	-	-	$-

Cypress
Recognized Obligation Payment Schedule (ROPS 22-23) - Report of Cash Balances
July 1, 2019 through June 30, 2020
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
		Fund Sources					
		Bond Proceeds		**Reserve Balance**	**Other Funds**	**RPTTF**	
	ROPS 19-20 Cash Balances (07/01/19 - 06/30/20)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	**Comments**
1	**Beginning Available Cash Balance (Actual 07/01/19)** RPTTF amount should exclude "A" period distribution amount.				104,855	96,715	
2	**Revenue/Income (Actual 06/30/20)** RPTTF amount should tie to the ROPS 19-20 total distribution from the County Auditor-Controller				40,622	1,864,505	
3	**Expenditures for ROPS 19-20 Enforceable Obligations (Actual 06/30/20)**				9,188	1,935,694	
4	**Retention of Available Cash Balance (Actual 06/30/20)** RPTTF amount retained should only include the amounts distributed as reserve for future period(s)						
5	**ROPS 19-20 RPTTF Prior Period Adjustment** RPTTF amount should tie to the Agency's ROPS 19-20 PPA form submitted to the CAC		No entry required			25,526	
6	**Ending Actual Available Cash Balance (06/30/20) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)**	**$-**	**$-**	**$-**	**$136,289**	**$-**	

Cypress
Recognized Obligation Payment Schedule (ROPS 22-23) - Notes
July 1, 2022 through June 30, 2023

Item #	Notes/Comments
3	
4	
6	
7	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **7.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Approve a Spending Plan for American Rescue Plan Act Allocations**

RECOMMENDATION

1. Approve a Spending Plan for the $11,723,277 of Coronavirus State and Local Fiscal Recovery Funds allocated to the City as part of the American Rescue Plan Act which categorizes these amounts as revenue replacement to the maximum extent allowed by U.S. Treasury Guidelines; and

2. Increase budgeted transfers out from the Pandemic Response Fund to the City's General Fund by $4,577,000 for eligible 2020 revenue replacement in accordance with American Rescue Plan Act and U.S. Treasury guidelines; and

3. Increase budgeted transfers out of the General Fund to the Infrastructure Fund by $1.2 million; and

4. Increase budgeted transfers out of the General Fund to the Employee Benefits Fund by $1.2 million; and

5. Decrease budgeted transfers out of the Pandemic Response Fund by $625,000 to the City's General Fund ($240,000), Lighting District Fund ($200,000), City Capital Projects Fund ($75,000) and City Central Services Fund ($110,000) for ARPA amounts included in the FY 2021-22 adopted budget.

SUMMARY

The City Council held a workshop on November 22, 2021 to discuss spending options for the $11.7 million of one-time Coronavirus State and Local Fiscal Recovery Funds the City will receive as part of the American Rescue Plan Act (ARPA). The City Council provided direction at the workshop to develop a spending plan which utilizes the full allocation (to the extent eligible) to replace lost revenues and pay for general services as allowed by U.S. Treasury guidelines.

The recommended ARPA spending plan creates additional one-time unrestricted and

unassigned resources which can be invested in the community. Programs and projects consistent with the City's strategic plan and ARPA's intent, with a cost of nearly $14 million, were identified and discussed at the workshop. $2.4 million is recommended to be invested in accordance with the City's fiscal strategies, with the balance of the programs and projects considered as part of future annual budgets or considered individually by the City Council.

DISCUSSION

American Rescue Plan Act Overview

The American Rescue Plan Act (ARPA), a $1.9 trillion emergency stimulus spending bill developed in response to the COVID-19 pandemic, became law in March 2021. The ARPA includes $350 billion of Coronavirus State and Local Fiscal Recovery Funds of pandemic-related financial assistance for state and local governments, with $130 billion dedicated exclusively to local governments. ARPA funds are less restrictive than previous pandemic monies made available to local governments and are allocated to cities based on population. The City of Cypress will receive a total of $11,723,277 paid in two equal installments in 2021 and 2022.

ARPA amounts must be expended or committed (through the award of a contract) after March 3, 2021 but before December 31, 2024. Any committed amounts which remain unexpended at the end of 2024 are required to be fully expended by December 31, 2026. Recipients must expend the funds in accordance with U.S. Department of Treasury guidelines and eligible expenditures must fall within one of the following categories:

- Replace lost revenues (if recipient meets eligibility criteria)
- Supporting public health expenditures by responding to/mitigating the COVID-19 emergency
- Providing premium pay to essential workers
- Address negative economic impacts caused by the pandemic by supporting the community, including local businesses and non-profits
- Investment in specific types of infrastructure (water, sewer, broadband)

Recommended Spending Plan for Cypress

The spending category which allows ARPA monies to replace lost revenues and use for general services is the least restrictive option and yields the greatest flexibility in providing resources directly to the community. Determining if an agency has revenue losses involves a complicated formula which establishes pre-pandemic base year general revenues and extrapolates a revenue growth factor out to future periods. Aside from the specific exclusion of a handful of revenue sources identified in the guidelines, general revenues comprise all annual revenues of the City. If eligible losses are computed using the formula contained in the U.S. Treasury guidelines, there is no requirement to demonstrate the losses are a direct result of the pandemic. For 2020, Cypress was determined to have losses of nearly $4.6 million.

FY 2018-19 Base Year Revenue	Annual Growth Factor	2020 Adjusted Base Revenue (A)	2020 Actual Revenues (B)	2020 Revenue Loss (A-B)
$50.6M	5.02%	$54.5M	$49.9M	**($4.6M)**

Additional annual losses are projected for 2021 through 2024 which, in total, are expected to far exceed Cypress' $11.7 million ARPA allocation. Therefore, it is recommended Cypress' full ARPA allocation be used to replace lost revenues and spent on general, eligible government services. Advantages of this recommended ARPA spending plan include:

- Proceeds can pay for general government services, which includes regular operations.
- Frees up unrestricted/discretionary resources for other purposes/opportunities.
- Least administratively burdensome spending option.
- The City Council has greater local control in determining how to use additional resources that are freed up, including project selection and establishing timelines.
- The City Council determines program guidelines and tracking requirements, rather than the federal government, associated with the additional discretionary spending which can occur due to the availability of additional resources.

If it is subsequently determined cumulative revenue losses through 2024 will not exceed Cypress' $11.7 million ARPA allocation, future one-time programs will be adjusted to ensure they are eligible for ARPA funding in accordance with U.S. Treasury guidelines.

Use of One-Time Resources Resulting from Recommended ARPA Spending Plan

The significance of being able to use revenue losses to pay for general government services, and free up discretionary resources for other purposes, cannot be understated. The City Council has the unique opportunity to invest in programs and projects using resources that otherwise would be unavailable due to paying for general services, resulting in the ability to create several programs/projects that would normally not be possible due to a lack of funding.

At the November 22 workshop, approximately $14 million of investment and expenditure recommendations were presented and discussed. These uses are consistent with the City's strategic plan goals and are designed to be consistent with the intent of ARPA, which prioritizes assisting the local government's recovery from the effects of the pandemic.

Program/Project Description	**Amount**
Recover General Fund Pandemic Spending for:	
Future Infrastructure and Facilities	$ 1,200,000
Investment in Pension Trust	1,200,000
Maintain Infrastructure and Facilities:	
Reclaimed Water Service to Arnold Cypress Park	4,500,000
Private Arterial Wall Rehabilitation	1,800,000
Electric Vehicle Charging Stations at City Facilities	500,000
Maintenance Yard Privacy Screening	350,000
Bicycle Master Plan	100,000
Myra Avenue Pump Station No. 1 Assessment	75,000
Maintain High-Quality and High-Value Services for Community:	
Additional Non-Profit Support	500,000
One-Time Employee Premium Pay	300,000

Information Technology Upgrades	65,000
Subsidy to Eligible Households to Offset Solid Waste Cost Increases	50,000
Promote Economic Activity:	
Additional Business Recovery and Support	1,000,000
Economic Development Program Staffing (Five Years)	1,000,000
Drought Response Incentive Program	500,000
Business Parks Specific Plans Modernization	200,000
Welcome Back Special Event for Business Parks	25,000
Enhance and Maintain Public Safety:	
Emergency Vehicle Traffic Signal Preemption	500,000
Update City Continuity Plan	50,000
Total	**$13,915,000**

Recover General Fund Pandemic Spending
Approximately $2.4 million of General Fund monies were expended on unreimbursed pandemic-related response, which consisted of small business recovery grants, non-profit support, community meals programs, advocacy and other operating costs. These costs were funded with available General Fund unassigned fund balance reserves which would typically be invested in accordance with the City's fiscal strategies. These strategies provide that available reserves be evenly split between future infrastructure and facility improvements and investment in the City's pension trust. It is recommended $1.2 million be directed to each of these purposes.

Reclaimed Water Service to Arnold Cypress Park
Reclaimed water service provides an alternative to potable water for park irrigation and is not subject to restrictions during a state declared drought emergency. None of Cypress' parks are connected to reclaimed water lines and this project would connect Arnold Cypress Park to the City of Cerritos' water line that serves Forest Lawn.

Private Arterial Wall Rehabilitation
The project would assist with the rehabilitation of existing, privately-owned block walls along arterial streets that are 50+ years old and have fallen into disrepair. Items for improvement include peeling paint and structural instability.

Electric Vehicle Charging Stations at City Facilities
This project would install new electric vehicle charging stations at the Civic Center, Community Center and Senior Center. Currently, no vehicle charging stations are available at any city facility.

Maintenance Yard Privacy Screening
The Maintenance Yard is adjacent to residences. This project would install large privacy hedges/trees along the eastern boundary of the Yard to enhance the visual appearance and reduce noise.

Bicycle Master Plan

This project would identify improvements to the existing bicycle route system. The plan would be incorporated into upcoming development projects with the goal of increasing bicycle ridership and safety.

Myra Avenue Pump Station No. 1 Assessment
This evaluation and option analysis for the design and construction of the Myra Avenue Pump Station No. 1 is included in both the FY 2021-22 Capital Improvement Program and Budget with an ARPA funding source. It is recommended the funding source be reclassified to discretionary General Fund monies.

Additional Non-Profit Support
The City Council approved $300,000 of direct pandemic-related support to non-profits serving Cypress in January 2021. This allocation would set-aside an additional $500,000 for future support to local non-profits.

One-Time Employee Premium Pay
The City Council approved premium pay (ranging from $5,000 to $6,000 per employee) for non-represented employees and employee groups that negotiated new collective bargaining agreements in 2021. There is one group of employees that have not received any premium pay and that group's contract will expire in June 2022. It is recommended a similar amount per employee be earmarked and made available during the upcoming negotiations.

Information Technology Upgrades
A recent cybersecurity audit recommended $65,000 of enhancements to better protect the City's information technology systems against outside attack.

Subsidy to Eligible Households to Offset Solid Waste Contract Cost Increases
Effective in 2022, State law requires all local agencies implement an organics recycling program which will significantly increase residential trash rates. This program would provide rebates to low-income households to offset a portion of the organic waste increases.

Additional Business Recovery and Support
In 2021, the City Council approved $1.25 million to assist local businesses impacted by the pandemic. The programs consisted of small business and home occupation resiliency grants, as well as building fee waivers for businesses. The response to these programs has been positive and funding remains available. However, it is recommended an additional $1 million be set-aside to fund additional business recovery efforts once the initial $1.25 million is expended.

Economic Development Program Staffing (Five Years)
The full-time position committed to Cypress economic development activities was eliminated over a decade ago in response to the financial challenges associated with the Great Recession and the dissolution of redevelopment agencies. Since that time, economic development efforts have largely been handled by the City Manager and through consultants. In order to enhance consistency and continuity, it is recommended the full-time position dedicated to economic development be restored. This funding would provide for the position for approximately five years.

Drought Response Incentive Program
The City's business parks were developed approximately 30 years ago and much of the landscaping does not meet current State water-usage requirements. The recommended

program would provide incentives to install new, drought-tolerant landscaping which would meet State requirements and enhance the appearance of the business park properties.

Business Parks Specific Plans Modernization

The FY 2021-22 Budget includes $200,000 of ARPA funding to update and modernize the various business park specific plans which were adopted over 30 years ago. The revised plans will support efforts to attract and retain businesses and jobs, while also responding to market and land use pattern changes, including those brought on by pandemic. It is recommended the funding source be reclassified from ARPA to discretionary General Fund monies.

Welcome Back Special Event for Business Parks

The last two years have challenged the entire community and those that work for Cypress businesses. Once the pandemic is over, it is important to acknowledge and thank Cypress businesses for their efforts in continuing to serve the community during this period of uncertainty. This welcome back event would be organized by the Recreation and Park District, held in one of the business parks, and feature food trucks, live entertainment and other activities.

Emergency Vehicle Traffic Signal Preemption

Vehicle pre-emption devices at various intersections will allow emergency vehicles to have priority on-demand green lights when approaching intersections. $200,000 was included in the FY 2021-22 Capital Improvement Program and Budget with an ARPA funding source. $500,000 is recommended for this project and the initial ARPA funding source be reclassified to discretionary General Fund monies.

Update City Continuity Plan

The Cypress Police department, working with a federally-funded consultant, oversaw the creation of the City's Continuity Plan in 2012. The Continuity Plan is a comprehensive planning document meant to ensure City-wide operations continue during, and after, an emergency or disaster. The document is due for an update and needs to coordinate with the newly created Information Systems Disaster Recovery Plan.

As part of the workshop, the City Council determined Council Members should provide any alternative program/project recommendations to the City Manager by December 22 for consideration with the January 10 agenda report. One alternative program/project was submitted by Council Member Marquez and is attached. This alternative program is not recommended because the Council Member did not respond to a request for additional/clarifying information and the program is not consistent with the type of service or activity typically paid using City resources. Should the City Council determine to make changes/additions to the recommended projects/programs, another project/program discussed previously would have to be adjusted by an equal amount to stay within the $13.9 million earmarked for one-time, discretionary spending.

Since there are no time restrictions on when these investments must occur, the majority of the $13.9 million will be incorporated into future annual budgets, Seven-Year Capital Improvement Programs, and City Council meetings.

An informational webpage will be created in the coming weeks to provide the community an overview of the ARPA spending plan, along with a summary of the $13.9 million recommended for discretionary investment in the coming years.

BUDGET IMPACT

The recommended use of ARPA monies to replace lost revenues and spend on general services is expected to free up $11.7 million of unassigned fund balances in the City's General Fund over the next three years. These fund balance amounts are available at the City Council's discretion and nearly $4.7 million is eligible to be transferred to the General Fund in January 2022.

A portion ($2.4 million) of these unassigned General Fund fund balances are recommended for investment in future capital improvements and the pension trust. The remaining available unassigned fund balances will be earmarked for a variety of programs and projects which will be developed over the next several years. These new programs and projects will be incorporated into future budgets or considered individually for appropriation by the City Council at a later time.

The FY 2021-22 Budget includes $625,000 of program and project funding with ARPA monies and was prepared before it was determined the City was eligible to use the full ARPA allocation for revenue replacement. Therefore, it is recommended the $625,000 in budgeted transfers using ARPA monies be reduced and project funding for these items instead use discretionary General Fund amounts.

LEGAL REVIEW

None.

APPROVED BY: Peter Grant, City Manager

Attachments

Alternative Spending Plan Submitted by Council Member Marquez

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Peter,
You asked us if we had ideas for using the ARPA monies. Our youth have struggled throughout the pandemic and I think that the proposal below would help them in a myriad of ways via academic writing improvement and mental health. Sangeeta Swendson who teaches for our Parks and Recreation Programs sent this proposal to me. Please let me know what you think.
Sincerely,
Frances

Teen Intervention Writing Program

Write On!

Contact: Sangeeta Swendson

INTRODUCTION

Thank you for considering this proposal for a vital educational and personal intervention program for teens within our city. This document will elaborate on the specific program design, goals, and objectives of the proposed program.

First, I would like to introduce myself and my small business, *Write On!* My family and I have lived in Cypress for 22 years. For over nine years, my small business *Write On!* has provided encouraging and engaging writing classes privately and as a contract instructor for the city of Cypress, Parks and Recreation Department. These year-round writing programs and summer themed camps were also co-sponsored by the cities of Los Alamitos, Long Beach, and La Palma. For the past nine years, *Write On!* provided monthly classes that combined writing, ecology, marine science, and civic involvement. Parents were thrilled with the results, and kids loved attending. Our summer writing camps have had long waiting lists, and we have consistently obtained at least a nine out of ten on evaluations from parents and students. In addition, I have helped many teens from our city create highly competitive college essays with a collaborative writing process, and these teens have gained admission into some of the top universities. At *Write On!* We love working with children and teens from our city, and we continue to discover that writing is an incredible tool for engaging and transforming the teen spirit.

As the director and owner of *Write On!* I utilize my background and training both as a writing expert and as a therapist who has worked with kids and teens, particularly those who struggle in school or live with learning issues, adhd, or autism. My bachelor's degree is from the University of California, Irvine in Comparative Literature, and my master's degree is from UCLA's School of Public Policy and Social Welfare. Before starting my own business, I worked for ten years as a therapist with kids, teens, and adults and saw firsthand how anxiety and depression affect learning outcomes and

academic performance. With the current Covid pandemic, the struggles of our teens have increased and the academic performance for many has plummeted. I can use my training and experience to implement an intervention program which is effective and enjoyable for teens.

BACKGROUND, PROGRAM DESIGN, GOALS, & OBJECTIVES

Background Information & Current Need

Covid and the ensuing lockdowns have impacted the lives of kids, teens, and adults. Needless to say, meaningful interventions must continue to be made available particularly for teens who have often been at higher risk than the general population. Adolescent years are a formative time when peers and social networks become a priority, and teens find their place in the world through positive friendships and supportive relationships. When the ability to socialize and connect with others is taken away, teens experience negative developmental, educational, and relational consequences which can have long term effects unless we intervene.

During the pandemic, education was offered virtually, without the opportunity to learn with a hands-on, sensory approach. Some teens adapted to this new educational style while others fell far behind in their academic skills at a critical point in life. In addition, as educators, we have long realized that students' levels of anxiety or depression affect their ability to learn, focus, and pay attention. Unfortunately, during the pandemic, the rates of teen depression and anxiety rose considerably as documented by several research studies. In designing an enriching, impactful academic program for teens, we must take into account all of these fundamental variables and address the multiple educational and developmental needs of adolescents.

Many academic tutorials and resources exist online, like Khan Academy, which can help students fill gaps in their math and science skills. However, learning how to write well, communicate effectively, and critically think through a variety of topics and prompts are skills best taught in-person and by someone who has appropriate training and experience in writing. Furthermore, the educational and personal benefits of expressing one's thoughts and feelings through writing are now being recognized explicitly by experts. When teens can write and create meaningful stories about their life experiences and reflect on what they have learned or how they have changed, then they not only acquire valuable academic writing skills, but also they take charge of their personal life narratives. Research has also shown that writing about even painful challenges through the lens of gratitude can create healthier, more resilient teens.

Program Design

Write On! will provide multiple 8-week, intensive narrative writing sessions in small group format for 50-64 teens which focus on creating self-reflective stories about their experiences, challenges, and obstacles through the lens of gratitude, personal growth, and recognition of skill development. By creating personal narratives, teens will not only

increase their writing skills and critical thinking abilities, but also they will connect with peers through positive interactions as they share stories and increase their sense of belonging to a community. Writing is a transformative tool for reducing depression and anxiety through personal storytelling. Stories have been a long-held human tradition and at times a necessity for the struggles of the human spirit, and they hold the power to help our teens make meaning out of their difficult pandemic experiences.

Program Goals

The proposed intervention program by *Write On!* will have the following program goals:

1. Increase teens' academic skills, specifically in the area of writing and critical thinking, in order to prepare them for the academic challenges ahead such as writing their college essays and class assignments
2. Connect teens with each other in a supportive, encouraging environment in order to reduce isolation, depression, and anxiety
3. Create personal stories in the form of narrative writing with a choice of prompts that include reflecting on experiences, challenges, and obstacles through the lens of gratitude, personal growth, and recognition of skill development

Program Objectives

The *Write On!* Teen Intervention Writing Program will be designed around the following measurable objectives:

1. Provide four 8-week writing sessions for teens, ages 13-18, in small group settings with 6-8 teens, separated by age groups
2. Write On! will serve a total of 50-64 teens throughout the year
3. Students will increase their writing skills in the area of narrative writing and grammar, as assessed by self-reporting of writing ability and academic confidence in this area
4. Program will connect teens with other peers through sharing of stories, working collaboratively, and creating a positive, encouraging group environment in order to reduce the level of isolation experienced by participants.
5. Through narrative writing and reflections, program will reduce self-reported levels of depression and anxiety
6. Pre and post evaluations will be conducted with participants to measure objectives three through five above, and this data will be analyzed to measure whether objectives have been met

Program Location

The program will require the city of Cypress to donate space at the Cypress Community Center during cold weather months for group meetings. During warmer months, groups can take place outdoors at locations that teens frequent, such as Starbucks or local parks

Program Dates

8-week sessions, serving 50-64 teens total:

Wednesdays, ages 13-15, 4-6 p.m, 6-8 teens in each group

Session 1: Feb 2- March 30 (no meeting March 16)

Session 2: April 6-May 25

Session 3: June 8-July 27

Session 4: Sept 7-Oct 26

Saturdays, ages 16-18, 10-12 p.m., 6-8 teens in each group

Session 1: Feb 5-March 26

Session 2: April 2-May 21

Session 3: June 11- July 30

Session 4: Sept 10- Oct 29

PROGRAM PERSONNEL

Director, Part-time employee, 25 hours/ week, $50 per hour, $5,000/month, total $40,000

- Must have a bachelor's degree in writing or related field and a master's degree in a similar field, business, communications, or public health
- Creates all curriculum materials and designs lesson plans for each session
- Conducts background research and creates training materials for important program concepts such as narrative writing, working with teens, and teaching concepts effectively
- Trains social media liaison about program goals, activities, and job responsibilities as well as public relations skills
- Conducts interviews, skills testing, reference checks, and background clearances in order to hire teachers, social media consultant, and support staff

- Creates training materials for teachers regarding program goals, objectives, teaching skills, positive discipline techniques, group behavior, and how to create encouraging and engaging teen interactions

- Conducts trainings for all employees regarding program implementation, interpersonal skills, positive behavior modification, and redirection techniques needed to work with teens while building a positive rapport

- Leads weekly teacher and staff meetings to discuss student progress and address any challenges. Promotes group cohesion and support.

- Designs pre and post program evaluation measures and assessment tool to measure student progress with program goals

- Will supervise instructors through weekly meetings and through regular visitation of classes to monitor quality and implementation of program design

- Will work closely with social media consultant and data analyst

- Will act as liaison with funding sources, submitting updates and information as needed

- Will monitor budgets, submit payroll, and maintain records for employee work hours

- Will comply with all city, state, and federal requirements

- Will maintain appropriate liability insurance, workers' compensation insurance, payroll services and submissions to IRS

- Answers queries from enrolled families, potential clients, media, and resolves any issues which may arise between clients, staff, and other personnel

Writing Instructors, two part-time employees, 12 hours/week, $30/hour, $2880/month, total $34,560

- Must have or be working towards a degree in English, Writing, Composition, Literary Analysis, or similar field at a four-year university

- Must have experience working with teens

- Must have experience teaching writing or tutoring

- Must present a pleasant demeanor and have skills to build rapport with teens

- Will set up classes and clean up after

- Will edit essays outside of class to provide grammar and content feedback, particularly feedback related to making meaningful interpretations of life events

- Will implement lesson plans and monitor student progress

- Will create positive group interactions between teens, encouraging constructive feedback and creating a safe environment for sharing stories

Social Media Consultant, Contractor, $25/hour; 4 hours/week; $400/mo, Total: $3,200

- Creates ads and promotes program on social media regularly to recruit teens each month

- Designs, maintains, and updates program website for parents to obtain more information

- Responds to inquiries on social media from teens and their families

- Attends events to take pictures and gather sample work with student consent

- Participates in all trainings regarding program goals and implementation as well as working with teens in an encouraging, engaging manner

Data Analyst, Contractor, $35/hour, 30 total, $1,050

- Will assist director to design a data-based evaluation tool which can be used pre and post program to assess a student's progress toward program goals

- Will track responses from each session's participants and tabulate final results by creating charts that showcase changes for participants and for entire program based on objectives and goals

Other Costs

Payroll Services: $60/month

Liability Insurance: *Write On!* maintains liability insurance

Workers' Compensation Insurance: *Write On!* maintains workers' compensation insurance

Fingerprinting: $500

Copies of training materials, curriculum, lesson plans, flyers, student handouts, pre and post evaluations, final reports etc: $800

Students’ Writing Supplies: $800

Snacks for Students: $400

Total Budget: $82,000

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **8.**

FROM: Douglas Dancs, Director of Public Works

DATE: 01/10/2022

SUBJECT: **Award a Contract for Lexington Park Landscape Maintenance Services**

RECOMMENDATION

Award an initial two year and four month contract to BrightView Landscape Services, Inc. for $214,849, with a contingency of $32,228, for Lexington Park Landscape Maintenance Services.

DISCUSSION

The construction of Lexington Park is near completion. The construction contract has a 90-day landscape establishment and maintenance period. After the period expires in early spring, Public Works will assume responsibility for landscape maintenance.

The maintenance contract includes mowing, renovating and fertilizing natural turf, providing synthetic turf maintenance and sanitization, striping natural turf multi-use sports fields, trimming and replacing plants and shrubs, checking and repairing the irrigation system and removing landscape and trash debris from walkways, planters and parking lots.
The contractor will also empty trash receptacles and clean benches, bleachers and picnic tables throughout the park.

Public Works held a mandatory pre-bid meeting last October and eight contractors were deemed eligible to submit a bid. The City received two bids prior to the submittal deadline and BrightView Landscape Services, Inc. was identified as the low bidder. Since this is a new type of facility, a contingency was included in the event additional essential services are identified. A summary of the project award information is attached. BrightView currently maintains the landscape for Lake Forest's large sports park in addition to working for multiple other agencies.

The initial term of the contract is two years and four months to coincide with the City's fiscal year and will run through June 30, 2024, with an option for up to three, one-year extensions.

BUDGET IMPACT

The estimated annual cost for this contract, including contingency, is $105,890. Sufficient amounts are included in the District's budget to pay the costs for the remainder of the fiscal year and future budgets will incorporate the annual costs of the agreement.

LEGAL REVIEW

The City Attorney has reviewed and approved the contract to form.

APPROVED BY: Peter Grant, City Manager

Attachments

Award Information

Award Information – Lexington Park Landscape Maintenance Services

Description: The project scope provides landscape maintenance services at Lexington Park.

Project Location: Lexington Park

Bid Opening Date: November 3, 2021

Contract Working Days: Initial term not to exceed two (2) calendar years and four (4) months, with the City's sole discretion to extend the initial term for three (3) extended terms of one (1) additional calendar year each. No increases, including Consumer Price Index increases shall be sought by the Contractor or allowed by the City during the maximum term length of five (5) years and four (4) months.

	Bidders	**Annual Bid Amount**	**Contingency (15%)**	**Total Annual Cost**
1.	BrightView Landscape Services	$ 92,078	$ 13,812	$ 105,890
2.	S.C. Yamamoto Landscape Services	$ 216,230	$ 32,435	$ 248,665

Apparent Low Bidder: BrightView Landscape Services, Inc., Santa Ana – Annual Bid Amount $92,078; Contingency $13,812; Total Annual Cost $105,890

Qualified to Perform Work: Yes, staff confirmed bid was responsive.

Contractor's License

Valid at Time of Award: Yes

Valid at Time of Bid: Yes

Registration with DIR

Contractor: Yes

Sub-Contractor: N/A

Experience: The apparent low bidder has performed this type of work for multiple government agencies in Southern California, including Lake Forest, Cerritos, Costa Mesa and La Mirada.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **9.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021**

RECOMMENDATION

Receive and file the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021.

SUMMARY

The Director of Finance is required to annually submit a complete financial statement and report to the City Council. Additionally, the State requires all California cities undergo an annual audit. Attached is the City's Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ended June 30, 2021. The Basic Financial Statements contained in the ACFR have been audited by the firm of Lance, Soll and Lunghard, LLP. Based on the results of this audit, the City has received an unqualified, or “clean”, opinion.

DISCUSSION

The ACFR is comprised of three major sections: Introductory, Financial, and Statistical. Each of these sections contains required information in a prescribed format.

- The Introductory Section contains a transmittal letter, a Directory of City Officials, and an Organizational Chart.
- The Financial Section incorporates critical information on the financial condition of the City and includes all the information in the ACFR which is part of the scope of the audit, as well as required supplementary information and supplemental schedules. The Financial Section includes the basic financial statements, note disclosures and a management discussion and analysis (MD&A) narrative. The basic financial statements contain two types of statements: the government-wide financial statements and the fund financial statements. The government-wide financial statements present a broad overview of the City’s financial information on a full accrual basis, similar to the private sector, which provides a long-term perspective of the City's finances. The fund financial statements are presented on a modified accrual basis focusing on a short-term view of the City’s current and available financial resources. When both sets of financial

statements are reviewed in conjunction with the other information presented in the Financial Section (note disclosures and the MD&A), the reader of the ACFR should be able to gain a thorough and complete picture of the City's financial condition.

- The Statistical Section includes a variety of financial and demographic information related to financial trends, revenue and debt capacity, and operating and economic data. The contents of the Statistical Section are intended to provide the reader with additional analysis to help in the understanding of the overall financial health of the City.

The audit process also includes a Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, found at the end of the ACFR. No material weaknesses in internal controls were identified by the auditors.

The City has received national recognition for the past 35 years for its ACFR by receiving a "Certificate of Achievement of Excellence in Financial Reporting" from the Government Finance Officers Association of the United States and Canada (GFOA). The current year's ACFR has been submitted to the GFOA for FY 2020-21 award consideration.

BUDGET IMPACT

City staff prepares the ACFR and sufficient appropriations are included in the budget to pay for the cost of the annual audit.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

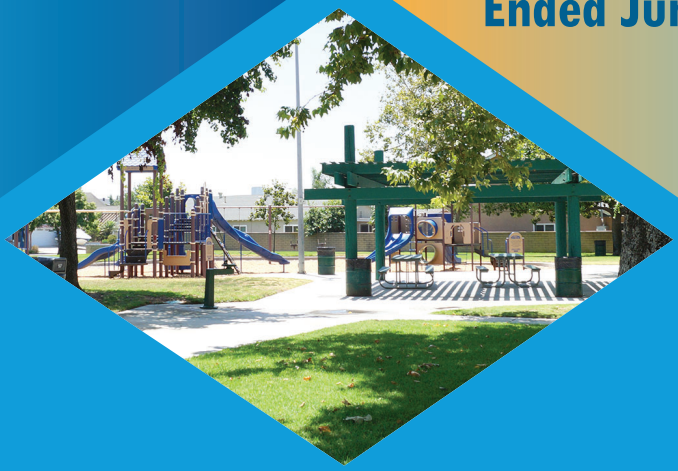
Attachments

Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021

City of Cypress California

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021



For the Fiscal Year Ended June 30, 2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Prepared by the Department of Finance & Administrative Services

CITY OF CYPRESS

Comprehensive Annual Financial Report

Year ended June 30, 2021

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CITY OF CYPRESS

Comprehensive Annual Financial Report

Year ended June 30, 2021

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Introductory Section

CITY of CYPRESS
5275 Orange Avenue, Cypress, California 90630
Phone 714-229-6700 www.cypressca.org

December 20, 2021

To the City Manager, Honorable Mayor, Members of the City Council and Residents of the City of Cypress, California:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Cypress for the fiscal year ended June 30, 2021. This report is published in accordance with local ordinance and state law requirements that financial statements be presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This ACFR consists of management's representations concerning the finances of the City of Cypress. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Cypress has established a comprehensive internal control framework designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Cypress' financial statements. Because the cost of internal controls should not outweigh their benefits, the City of Cypress' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. The report is presented in three sections: Introductory, Financial and Statistical. While there have been no significant changes in the City's fiscal policies that impact the current year financial statements, we urge readers of the report to pay particular attention to the overview and analysis presented in the Management's Discussion and Analysis (MD&A) found in the financial section of the ACFR.

City policy requires its financial statements be audited by independent certified public accountants. The firm of Lance, Soll, and Lunghard, LLP has performed the audit for the fiscal year ended June 30, 2021. The goal of the independent audit was to provide reasonable assurance the financial statements of the City of Cypress are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded there was a reasonable basis for rendering an unmodified opinion that the City of Cypress' financial statements for fiscal year ended June 30, 2021 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The Independent Auditors' Report is presented as the first component of the financial section of this report.

As a recipient of federal, state and county financial assistance, the City of Cypress is responsible for having an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to such programs. This internal control structure is subject to periodic evaluation by management. In years when over $750,000 is expended on Federal financial assistance programs, the City is required to undergo an annual single audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and the Office of Management and Budget Circular A-133 regulating Single Audits, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. For the year ended June 30, 2021, more than $750,000 was expended on Federal financial assistance programs and a single audit was required. Information related to this single audit will be available in the City of Cypress' separately issued Single Audit Report.

CITY OF CYPRESS PROFILE

The City of Cypress, incorporated in July 1956, is located in the northwestern part of Orange County, California, where two of the nation's largest metropolitan areas, Los Angeles and Orange counties, meet. Cypress is primarily a residential community occupying 6.7 square miles of land and serving a population of 48,531. In addition to its residential communities, Cypress has an 800-acre business park that includes a diverse array of well-known companies. People are drawn to Cypress for its quality housing, business park, educational facilities, citizen-oriented social and recreational activities, and progressive City government. Some of the major attractions in Cypress include: Los Alamitos Race Course, Forest Lawn Memorial Park, and Cypress Community College.

The City of Cypress is a charter city and operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor, Mayor Pro Tem, and three Council Members. The City Council, among other things, is responsible for the City's ordinances, operating resolutions, adoption of the annual budget, appointing commissions and committees, and hiring the City Manager, the City Clerk and the City Attorney. The City Manager is responsible for implementing the policies, ordinances and directives of the City Council, for overseeing the day-to-day operations of the City, and for appointing the Directors of the City's departments. The City Council is elected on a nonpartisan basis. Council Members are elected to four-year staggered terms and may serve a maximum of two terms. The Mayor and Mayor Pro Tem are selected annually by the Council Members.

The City of Cypress provides a full range of services, including police protection; the construction and maintenance of streets, public facilities and other infrastructure; sanitary sewer; building safety regulations and inspections; and recreational activities and cultural events. The City is a member of the Orange County Fire Authority which provides fire protection and emergency medical aid services. Independent special districts provide educational and library services, while private entities offer utility services to Cypress residents.

The annual budget serves as the foundation for the City of Cypress' financial planning and control. The City operates on a fiscal year basis, beginning July 1 and ending June 30. The budget is prepared under the supervision of the City Manager and submitted to the City Council for deliberation and adoption prior to the beginning of the fiscal year.

The City follows these procedures in establishing the budgetary data reflected in the financial statements: After January 1, department directors prepare estimates for required appropriations for the fiscal year commencing the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. The operating budget includes a summary of the proposed expenditures and financial resources, as well as data for the preceding fiscal period. Prior to July 1, the budget is legally enacted through passage of an adopting resolution. Upon adoption by the City Council, the City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual budget. The City Manager may make transfers of appropriations within a department if within the same fund. However, appropriation transfers between departments, funds or relating to personnel costs or capital purchases require approval by the City Council, as do any supplemental appropriations.

Budget to actual comparisons are provided in this report for each individual government fund for which an appropriated annual budget has been adopted. With the exception of the General fund, where budgetary control is maintained at the department level, budgetary control is maintained at the fund level. Additional budget information is presented in the Notes to the Basic Financial Statements and Required Supplementary Information Sections of the financial section of this report.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Cypress operates.

Local economy. Cypress is home to a wide range of businesses, particularly in the 800-acre Cypress Business Park, which has historically provided over 50% of the City's General fund revenues. Major industries with headquarters or divisions located within the City's boundaries include electronic equipment, managed healthcare, horseracing and flooring distribution. A variety of professional businesses, aerospace, hotels, and other retail businesses are also based in Cypress.

Over the last decade, the local economy in Orange County had experienced strong economic growth and job creation. While the arrival of the COVID-19 pandemic in March 2020 jolted economies across the nation and brought with it huge uncertainties, the local economy has proved resilient. The negative toll on Cypress has been far less than feared, but the long-term economic impacts of the pandemic, and associated recovery period, are still likely to last years in the Orange County region.

During the period between the great recession and the start of the pandemic, the City had focused on building up its reserves and limiting growth in operations in order to be in a

position to effectively handle periods of uncertainty. This strategy served Cypress well during the last 18 months as the City has been able to keep a balanced budget while maintaining service levels. Property taxes are expected to continue as a stable source of income, while sales tax revenues remain more volatile and unpredictable. Sales tax concerns have existed for well over a decade due to significant revenue declines (when compared to inflation), and were further exacerbated by two events triggered in 2020 which saw the departure of one of the City's major generators and the start of the COVID-19 pandemic. City leaders continue to monitor revenue trends to best determine methods for strengthening the City's economic base.

The losses incurred by the financial markets as part of the Great Recession continue to have a direct impact on the City, most significantly in the form of required annual pension costs associated with being a member of the California Public Employees' Retirement System (CalPERS). The substantial decrease in the value of CalPERS assets during the financial crisis, and subsequent changes in actuarial assumptions and expected returns since that time, will be passed on to members of CalPERS in the form of higher payments for the foreseeable future. Cypress, like most other California cities, will at a minimum see its annual required contributions nearly double over a five-year period which began in FY 2017-18.

Despite being subjected to all the aforementioned issues outside the control of the City's decision makers, the City has effectively managed its budget and used the positive results of past economic growth to build up fund balances and net position. It has been the City's practice to set-aside a portion of these fund balances and net position for potential future budget shortfalls and contingencies, and to offset significant long-term liabilities. Nearly $16.9 million has been accumulated in the General fund for contingencies and budget stabilization at June 30, 2021. In addition, a pension trust was established in 2017 in response to pension and budget stabilization concerns, and over $17.9 million is invested in the trust at June 30, 2021. The pension trust provides a vehicle to restrict and invest monies for future pension obligations, while maintaining asset control at the local level.

The remaining fund balances and net position are available for use on non-operating expenditures and provide for the payment of any other long-term obligations. Assuming the City continues making sound budget decisions going forward, accumulated fund balance and net position amounts are at a level which should allow the City to withstand any short-term negative economic impacts without affecting the primary service levels currently provided to its residents and businesses. However, the City's long-term ability to maintain the current high-levels of service remain in a state of uncertainty due to economic contraction, sales tax volatility and rising pension costs.

Another financial challenge remains funding the necessary maintenance and improvements required for the City's facilities and infrastructure systems. The seven-year funding plan is updated annually based on the most recent condition assessments of the various infrastructure systems and facilities. While significant progress has been made in the last 20 years by way of improvements and setting aside reserves, there are still a significant number of improvements necessary to improve aging city and park facilities and storm drainage infrastructure. The funding plans for these assets, as well as the other infrastructure components (sidewalks, trees, streets, traffic signals), indicates a need for

additional revenue sources to achieve the City's goal of maintaining its infrastructure systems and facilities at high standards. One of the largest concerns continues to be the lack of a dedicated revenue source (outside the General fund) to pay for facilities and storm drainage improvements identified in the condition assessments. For the reasons discussed previously related to pandemic economic impacts, sales tax uncertainty and pension challenges, it continues to be necessary to identify viable future funding solutions (other than the General fund) in order to address the issues facing aging infrastructure systems and facilities.

Long-term financial planning. The City of Cypress seeks to assure a high quality of life for its residents and businesses. As such, strategic planning is utilized to establish major goals and objectives of the City which provide principal guidance for the budget established by the City Council. The three year goals established for 2019 through 2022 include the following (not in priority order):

- Maintain financial stability and promote economic activity.
- Maintain high quality and high value services for the community.
- Maintain infrastructure and facilities.
- Enhance and maintain public safety.
- Enhance recreation facilities and programs.

The City's pursuit of these goals has resulted in establishing strategic objectives, which are incorporated into the annual budget. The large majority of these strategic objectives were completed during the past year and included hiring a new police chief, creating a neighborhood preservation pilot program, awarding contracts for the construction of Lexington Park and the Police Department modernization project, and a variety of pandemic-response initiatives.

The City of Cypress maintains a seven-year Capital Improvement Program to plan for capital and infrastructure needs, and evaluates its annual budget in coordination with longer-term revenue projections. It is the City's policy to fund capital projects by accumulating and setting aside a portion of excess General fund revenues over General fund expenditures, for future infrastructure needs in the City's Capital Projects fund. However, due to the pandemic uncertainties, sales tax concerns and higher required pension contributions discussed earlier, the ability to continue setting aside General fund amounts for future capital needs will become increasingly difficult over the next several years.

In addition, a five-year forecast for the General fund is included in the budget. This forecast provides a longer term analysis, which when viewed in conjunction with the current year budget, creates parameters for charting a prudent and sustainable financial course. Over the past year, the forecast has improved greatly but future challenges (both those that we are aware of and those that are currently unknown) make it difficult to create a reliable five-year forecast.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of

Cypress for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This is the 35th consecutive year that the City has received this prestigious award. The Certificate of Achievement is a national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to receive a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR. The report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we will be submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the dedicated service of the entire staff of the City's Finance Division. The last two years have been full of challenges and unprecedented uncertainty, and I want to extend my thanks to all the Finance staff that assisted and contributed to the preparation of this report. Appreciation also must continue to be extended to the Cypress City Council for their ongoing commitment to maintaining the highest standards of professionalism in the management of the City's finances. Their foresight to plan ahead and put the City in a positon to be financially prepared for unforeseen challenges such as the COVID-19 pandemic, has greatly benefited Cypress residents and businesses during the recovery period. I look forward to working with the City Manager and the City Council on ensuring the City's short-term and long-term fiscal health remains strong so that current and future generations will be able to flourish.

Respectfully submitted,

Matt Burton
Director of Finance and Administrative Services

City of Cypress, California

Directory of City Officials

For the Fiscal Year Ended June 30, 2021

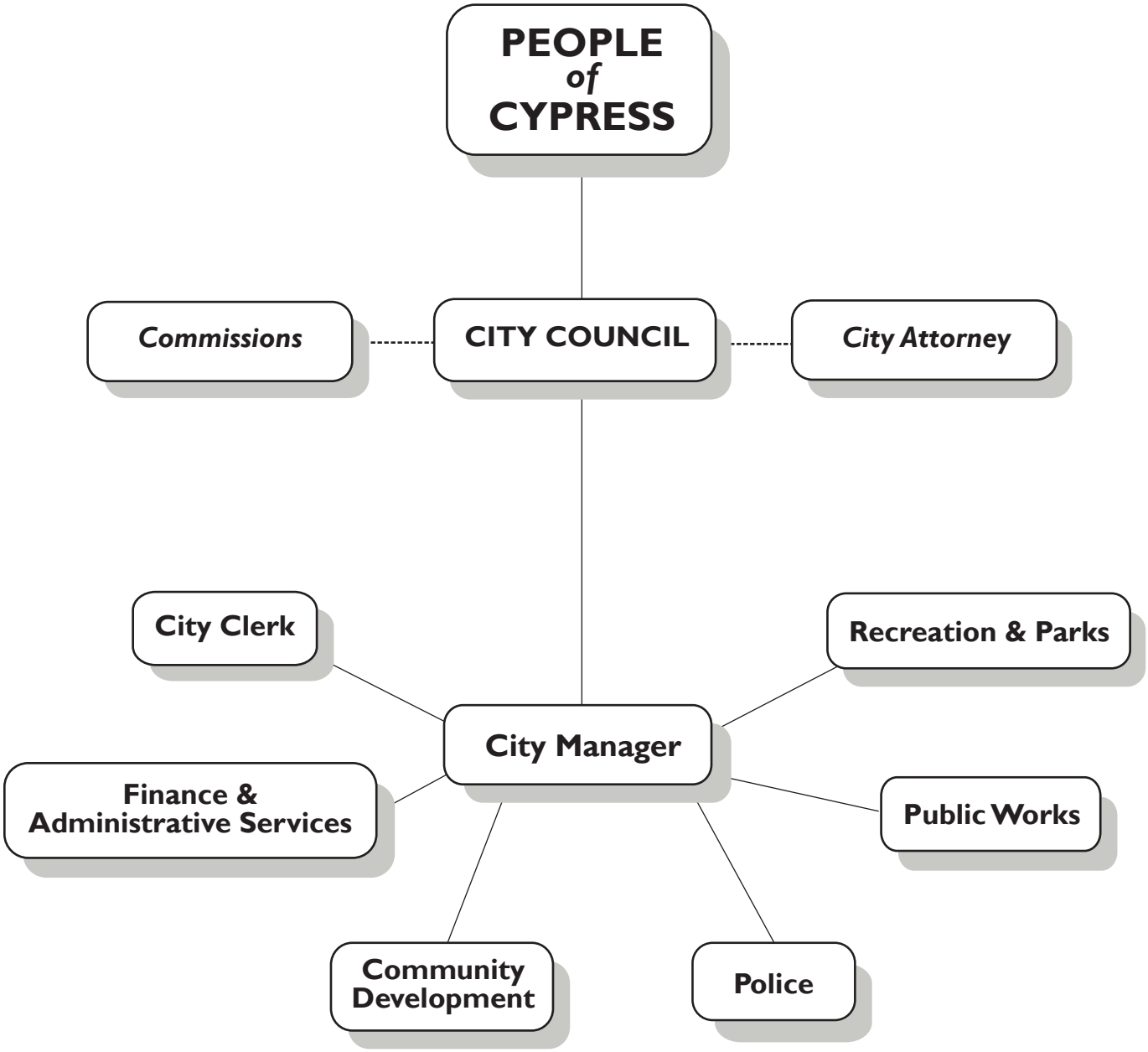
Legislative Body

Jon Peat	Mayor
Paulo Morales	Mayor Pro-Tem
Anne Hertz	Council Member
Frances Marquez, PhD	Council Member
Scott Minikus	Council Member

Staff Members

Peter Grant	City Manager
Matt Burton	Director of Finance & Admin. Services
Mark Lauderback	Chief of Police
Doug Dancs	Director of Public Works
Alicia Velasco	Director of Planning
Jeff Draper	Director of Rec. & Comm. Services
Alisha Farnell	City Clerk

City of Cypress
ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cypress
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

Financial Section

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, , each major fund, and the aggregate remaining fund information of City of Cypress, California, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cypress, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the date of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the general fund and recreation and park district special revenue fund, and streets special revenue fund, the schedules of plan contributions, the schedules of proportionate share of the net pension liability, and the schedule of changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 20, 2021

CITY OF CYPRESS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021

As management of the City of Cypress (City), we offer readers of the City's financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Financial Highlights

- The assets and deferred outflows of resources of the City exceed its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2021 by $316,501,237 (*net position*). Of this amount, $88,119,499 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $3,018,940 during the fiscal year.
- As of June 30, 2021, the City's governmental funds reported combined ending fund balances of $133,359,964, a decrease of $2,984,608 in comparison with the prior year. A total of $1,060,000 is unassigned within the General fund and is available for spending at the government's discretion, while a deficit fund balance of $226,304 is included in the nonmajor governmental funds (*unassigned fund balance of the governmental funds*).
- As of June 30, 2021, the total fund balance of the General fund was $25,192,662. Of this total, $8.3 million has been committed by the City Council as part of a stabilization agreement to be used should General fund revenues decrease or expenditures increase unexpectedly due to unforeseen factors or emergencies. In addition to these commitments, a total of $15.7 million of the fund balance has been assigned – including for use on future capital improvements, investment in the City's pension trust, and potential future budget shortfalls. While these assigned amounts are not legally restricted, it continues to be the City Council's practice to set-aside and annually transfer surplus amounts (if available) both to the City's Capital Project Fund for future infrastructure improvement projects as outlined in the City's Seven-Year Capital Improvement Plan and to invest in the City's pension trust.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between assets/deferred outflows and liabilities/deferred inflows reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Cypress is improving or deteriorating.

The *statement of activities* presents how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. unpaid accrued interest).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, community development, public safety, public works and recreation. The business-type activities of the City are related to the sanitary sewer system.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities: the Cypress Recreation and Park District (District), and the Cypress Recreation and Community Services Foundation (Foundation). The City is financially accountable for both the District and the Foundation, and the financial information for these *blended component units* is reported within the financial information presented for the primary government itself.

The government-wide financial statements can be found in the financial section of this report immediately following Management's Discussion and Analysis (MD&A).

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable*

resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains various individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General fund, the Recreation and Park District Special Revenue fund, the Streets Special Revenue fund and the City Capital Projects fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the *nonmajor* governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for each of its major funds. The required supplementary information section of the basic financial statements includes budgetary comparison schedules for the General fund, the Recreation and Park District Special Revenue fund and the Streets Special Revenue fund to demonstrate budgetary compliance with the annual budget. A budgetary comparison schedule has been provided elsewhere in this report for the other major governmental fund, the City Capital Projects fund.

The basic governmental fund financial statements can be found in the financial section of this report immediately following the government-wide financial statements.

As part of this annual discussion and analysis, management will discuss financial highlights of the City's General fund, all other major funds, and any funds experiencing a significant change in fund balances or any other noteworthy activity.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its sanitary sewer system. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central services, the District's central services, employee benefits, liability insurance and workers' compensation insurance.

Because these services benefit governmental functions, they have been included in *governmental activities* within the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the *business-type activities* of the Sewer fund, which is considered a major fund of the City. The *internal service funds* are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found immediately following the basic governmental fund financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The City's two types of fiduciary funds are *custodial funds* and a *private-purpose trust fund*. The *custodial funds* are used for assets held in a custodial capacity and cannot be used to support the City's own programs, the West Cities Police Communications Joint Powers Authority and the Business and Professional Assessment District. The *private-purpose trust fund* is used to account for the activities of the Successor Agency to the Cypress Redevelopment Agency (Successor Agency) which was established upon the dissolution of the Cypress Redevelopment Agency (Agency). The basic fiduciary fund financial statements can be found immediately following the basic proprietary fund financial statements.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found in the financial section of this report immediately following the basic fiduciary fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. The required supplementary information section includes the City's progress in funding its obligation to provide pension benefits and post-retirement health care benefits to its employees, and the previously discussed budgetary comparison schedules for the General fund, the Recreation and Park District Special Revenue fund and the Streets Special Revenue fund. Required supplementary information can be found immediately following the notes to the basic financial statements.

The combining statements (referred to previously in connection with nonmajor governmental funds and the internal service funds) are presented immediately following the required supplementary information.

The *blended component units* (referred to earlier in connection with the government-wide financial statements), although legally separate, function at the discretion and direction of the City's management. Their financial position and results of operations, therefore, have been included as an integral part of the primary government, and are presented in the fund financial statements.

Government-wide Financial Analysis

The government-wide financial statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

CITY OF CYPRESS
Summary of Net Position
As of June 30, 2021 and 2020

	Governmental Activites		Business-type Activites		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	$ 193,239,901	$ 186,713,423	$ 5,363,075	$ 3,907,597	$ 198,602,976	$ 190,621,020
Capital assets	166,272,625	160,408,903	19,322,767	19,672,894	185,595,392	180,081,797
Total assets	359,512,526	347,122,326	24,685,842	23,580,491	384,198,368	370,702,817
Deferred Outflows of Resources:						
Deferred outflows - pension & OPEB	15,161,001	15,511,309	-	-	15,161,001	15,511,309
Total deferred outflows	15,161,001	15,511,309	-	-	15,161,001	15,511,309
Liabilities:						
Long-term liabilities outstanding	15,203,699	14,016,790	-	-	15,203,699	14,016,790
Net pension liability	53,272,251	48,981,312	-	-	53,272,251	48,981,312
Other liabilities	9,554,930	4,160,852	109,282	36,082	9,664,212	4,196,934
Total liabilities	78,030,880	67,158,954	109,282	36,082	78,140,162	67,195,036
Deferred Inflows of Resources:						
Deferred inflows - pension & OPEB	4,717,970	5,536,793	-	-	4,717,970	5,536,793
Total deferred outflows	4,717,970	5,536,793	-	-	4,717,970	5,536,793
Net Position:						
Net invested in capital assets	166,272,625	160,408,903	19,322,767	19,672,894	185,595,392	180,081,797
Restricted	37,532,553	43,597,947	5,253,793	3,871,515	42,786,346	47,469,462
Unrestricted	88,119,499	85,931,038	-	-	88,119,499	85,931,038
Total net position	$ 291,924,677	$ 289,937,888	$ 24,576,560	$ 23,544,409	$ 316,501,237	$ 313,482,297

Net position of the City increased by just over $3.0 million (1.0 percent) to $316.5 million at June 30, 2021, of which $185.6 million is invested in capital assets such as land, buildings and improvements, equipment, and infrastructure. Of the remaining total, $42.8 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining $88.1 million classified as unrestricted net position increased by $2.2 million (2.6 percent) from $85.9 million at June 30, 2020, and while subject to being designated for specific purposes as approved by the City Council and management, these amounts may be used to meet the City's ongoing obligations. The increase in unrestricted net position is due to several factors, including tax revenues exceeding estimates and realizing budget savings associated with personnel vacancies.

The City's investment in capital assets (less any related outstanding debt used to acquire those assets) is the largest portion of the City's net position and represents 58.6 percent of total net position, which is a slight increase from the percentage of overall net position at the conclusion of the prior year. While the City uses these capital assets to provide services to citizens; these assets are *not* available for future spending.

CITY OF CYPRESS
Changes in Net Position
For the fiscal year ended June 30, 2021 and 2020

	Governmental Activites		Business-type Activites		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for services	$ 3,719,781	$ 2,637,587	$ 1,861,974	$ 1,733,202	$ 5,581,755	$ 4,370,789
Operating grants and contributions	3,862,387	5,998,794	37	39	3,862,424	5,998,833
Capital grants and contributions	1,869,583	1,488,480	-	-	1,869,583	1,488,480
General Revenues:						
Sales tax	11,249,720	11,969,246	-	-	11,249,720	11,969,246
Property taxes	18,720,345	18,532,454	30,499	30,076	18,750,844	18,562,530
Other taxes	5,221,855	5,655,368	-	-	5,221,855	5,655,368
Other	2,282,935	3,476,313	27,924	67,624	2,310,859	3,543,937
Total Revenues	46,926,606	49,758,242	1,920,434	1,830,941	48,847,040	51,589,183
Expenses						
General government	6,295,641	6,082,701	-	-	6,295,641	6,082,701
Community development	2,100,332	1,915,912	-	-	2,100,332	1,915,912
Public safety	19,428,392	19,357,512	-	-	19,428,392	19,357,512
Public works	13,865,043	11,597,788	-	-	13,865,043	11,597,788
Recreation	5,303,581	5,003,445	-	-	5,303,581	5,003,445
Sewer	-	-	888,283	871,750	888,283	871,750
Total Expenses	46,992,989	43,957,358	888,283	871,750	47,881,272	44,829,108
Excess of revenues over expenses before special item	(66,383)	5,800,884	1,032,151	959,191	965,768	6,760,075
Special Item						
Gain on sale of land held for resale	2,053,172	-	-	-	2,053,172	-
Total Special Item	2,053,172	-	-	-	2,053,172	-
Increase (Decrease) in Net Position	1,986,789	5,800,884	1,032,151	959,191	3,018,940	6,760,075
Net Position						
Beginning Net Position	289,937,888	284,137,004	23,544,409	22,585,218	313,482,297	306,722,222
Ending Net Position	$ 291,924,677	$ 289,937,888	$ 24,576,560	$ 23,544,409	$ 316,501,237	$ 313,482,297

The following revenue impacts contributed to the change in net position for governmental activities for the fiscal year ended June 30, 2021:

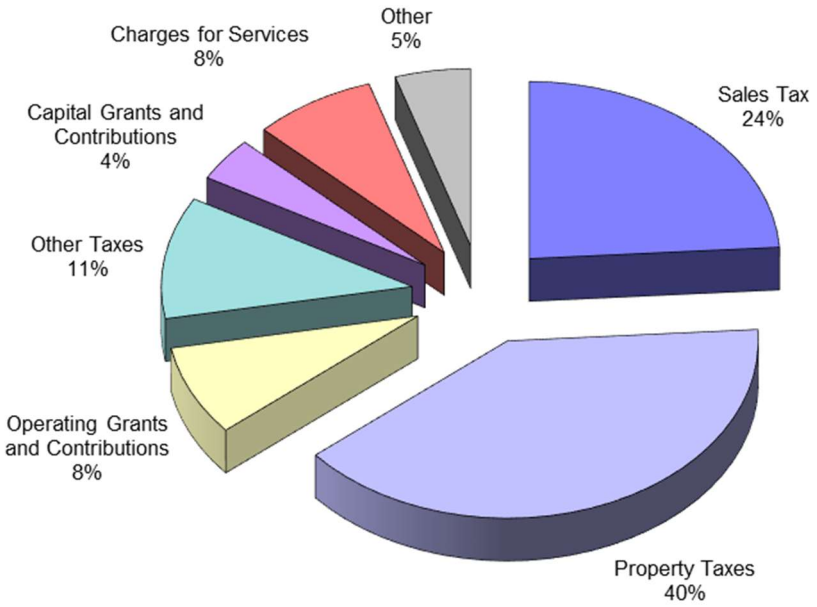
- The City's program revenues totaled 23.1 percent of total revenues and decreased by 4.6 percent from the prior year. Charges for services (which include items such as planning and building fees, city services, and recreation user fees) experienced increases due to a rebound in activity declines (especially in development activity) brought on late last fiscal year by the COIVD-19 pandemic. Grants and contributions tend to fluctuate year-to-year based on availability and project timing. This past year, operating grants and contributions decreased primarily due to the prior year, one-time availability of $1.7 million in federal CARES Act monies for use in responding to the pandemic and providing grants to local businesses.

- The City's general revenues represent 76.8 percent of total revenues. General revenues decreased by 5.5 percent from the prior year. Sales taxes, which represent 23.0 percent of total revenues and experienced ongoing declines due to the pandemic and the loss of a major generator in October 2020, were not as

negatively impacted during FY 2020-21 as initially feared. The resiliency of the economy, the various government stimulus packages and the positive impact of online sales all contributed to better than expected results. Property tax revenues, the City's largest revenue source, continued to grow due to the strong real estate market and its impact on assessed values. Other general revenues experienced declines due to declines in the market interest rate earned on cash balances throughout the year which resulted in significantly lower interest earnings. In addition, interest revenues were further offset due to adjusting all investments to market value at June 30, 2021. This adjustment resulted in paper losses that will never be realized since the City's practice is to hold all investments to maturity. Transient occupancy taxes (TOT), which are classified as other taxes, are the revenue source most negatively impacted by the pandemic. Due to the lack of tourism and business travel throughout the last fiscal year, these TOT revenues remain far below pre-pandemic levels.

All revenues from governmental activities are summarized in the following graph.

Revenues by Source – Governmental Activities



The following revenue items contributed to the change in net position for business-type activities for the fiscal year ended June 30, 2021:

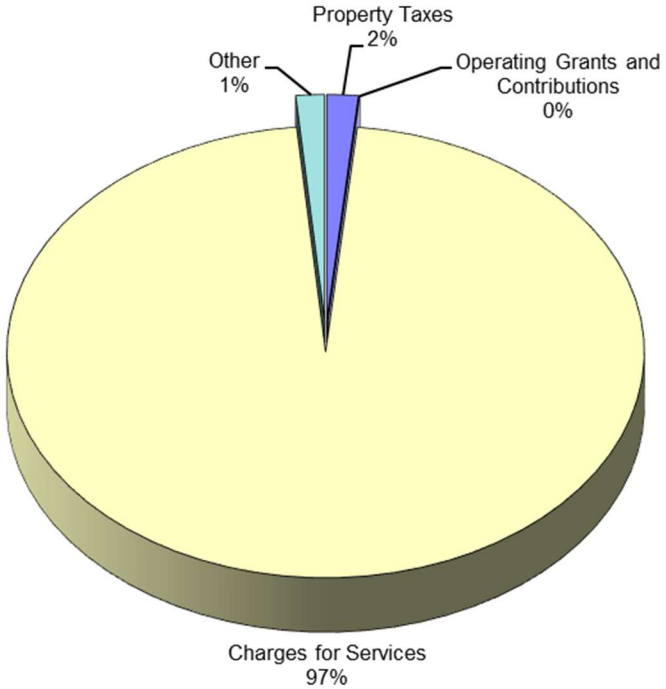
- Program revenues for the sewer system are the major revenue source for the City's lone business-type activity. Charges for sewer services comprised 97 percent of total revenues and increased by 7.4 percent from the prior year. Since

sewer fees are directly tied to water consumption, any significant annual change can likely be attributed to precipitation levels experienced throughout the last year. The current sewer fee collections represent a dedicated revenue source which provides full-funding for ongoing maintenance and annual capital improvements to the City's sewer system.

- General revenues for business-type activities are largely limited to investment earnings on cash balances and a small amount of property tax that is allocated to the City and is restricted to use for sewer purposes.

All revenues from business-type activities are summarized in the following graph.

Revenues by Source – Business-type Activities



Total expenses for governmental activities increased by approximately $3.0 million for the fiscal year ended June 30, 2021, (6.9 percent), compared to the prior year.

- General government expenses increased due to implementing several new pandemic response programs to assist local business, non-profit organizations and a hot meal program for eligible residents. These new programs committed over $2.1 million of new funding and are in addition to the $1.2 million business grant program established in the prior year which used federal CARES Act monies to assist local businesses impacted by the COVID-19 pandemic.
- Community Development expenses increased as necessary contract plan check and inspection services for development activity was higher due to a larger volume of development activity occurring within the City, as well as contract costs

associated with state-mandated housing element updates which are required every eight years.

- Public safety (police) continues to account for the largest portion (41.3 percent) of total expenses related to governmental activities. Public safety expenses increased slightly from the prior year, and the increases are attributed to personnel cost increases related to the impacts of labor agreements with the Cypress Police Officers' Association and the Cypress Police Management Association. The department continued to have several police officer vacancies throughout the year, which helped curtail the year over year increases.
- Public works expenses increased nearly $2.3 million and was caused by many factors, with the largest component (approximately $1.7 million) related to incurring higher costs for recurring street maintenance projects. These projects, which include roadway paving and curb and sidewalk maintenance, tend to fluctuate year to year based the scale and timing of projects. In addition to completing many new projects budgeted in FY 2020-21, several large-scale projects were delayed in Spring 2020 due to the pandemic and completed in the fiscal year ended June 30, 2021. Rising electricity costs for street and traffic signal lighting costs, higher water costs for irrigating parks, and personnel cost increases due to having a full-time Public Works Director for the first time in a decade, also contributed to the year over year increase in expenses.
- Recreation expenses increased 6.0 percent due to reinstituting many programs which had been abruptly halted in March 2020 due to the pandemic. This stoppage eliminated part-time staffing costs, payments for contract class instructors and decreased the need for some facility maintenance. While COVID-19 continues to impact recreation programming, alternative forms of programming have been developed which enabled operations to get back to some degree of normal in the fiscal year ended June 30, 2021.
- Total expenses for business-type activities increased $16,533 (1.9 percent). Ongoing investments to improve the sewer system have occurred over the last several years, and the modest increase in expenses is largely attributable to incurring depreciation on recent capital improvements.

Financial Analysis of the Governmental Funds

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

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information may be useful in assessing the City's financing requirements and operating needs.

As of the end of the current fiscal year, the City's governmental funds reported total combined ending fund balances of $133,359,964, a decrease of $2,984,608 from the fund balances at June 30, 2020. The decrease in fund balances is largely the result of heavy investment in a variety of capital projects, including the construction of a new park and an extensive police department modernization.

Total fund balance is broken down into five categories – ranging from nonspendable to unassigned. Over $6.3 million of the City's total fund balance at June 30, 2021 is classified as nonspendable and relates mostly to the $5.9 million of outstanding interfund advances between the District and the City Capital Projects Fund that were issued in the last year and will not be repaid for several years. Restricted fund balance amounts total $19.2 million and decreased by $8.6 million from the prior year and equal 14.4 percent of total fund balance. The large decline in restricted fund balance is due to increased capital expenditures on streets and facilities using non-discretionary sources, as well as the impacts to the District from the construction of Lexington Park and the new interfund advances discussed earlier. The restricted amounts at June 30, 2021 can only be used for specific purposes, with the major restrictions being limited for recreation uses, street maintenance and improvements and street lighting. Committed fund balance amounts total $21.1 million (15.8 percent) and increased by nearly $1.8 million in the past year. The increase in committed fund balance is due to having more City Council approved contracts outstanding at the end of the fiscal year. These unexpended contract amounts tend to vary from year to year depending on the status of major capital projects (such as improvements to the City's streets and facilities) at the end of the fiscal year, and the current year increase is largely attributed to the outstanding contract balances associated with the police department remodel and Lexington Park. An additional $86.2 million of fund balance is categorized as assigned. These assignments of fund balance are made by City management for specific purposes – with the large majority of the assignments being for future capital improvements, pension trust investment and potential future budget shortfalls. It continues to be the City's strategy to set aside available resources in order to provide a funding mechanism to pay for future improvements to the City's infrastructure and public facilities, as well as accumulating monies to offset unfunded pension liabilities. The remaining amount of fund balance is categorized as unassigned and is available in the General fund for any purpose the City Council deems appropriate.

Proprietary funds. The City's *proprietary funds* provide the same type of information found in the government-wide financial statements, but in more detail. The City's major proprietary fund is the Sewer enterprise fund. Net position of the Sewer fund at the end of the fiscal year ending June 30, 2021 totaled $24.6 million, which is just over $1.0 million higher than the prior year. The increase in net position is largely attributed to allocating resources for the ongoing investment in the sanitary sewer system through capital improvement projects.

Major Fund Financial Highlights

General Fund

The General fund is the primary operating fund of the City. At June 30, 2021, the total fund balance of the General fund was $25,192,662 (compared to $23,043,179 at the beginning of the year). The fund balance of the General fund is composed of five different categories – nonspendable, restricted, committed, assigned and unassigned. The City continues to implement the practice of accumulating monies for future infrastructure improvements in the City Capital Projects fund through transfers out of the General fund, as well as setting aside monies to invest in the City's pension trust. A total of $1.3 million was transferred out for future infrastructure needs, and an additional $150,000 for pension trust investment, during the fiscal year ended June 30, 2021. It is important to note the annual General Fund monies transferred to the City Capital Projects fund for the intended purpose of providing infrastructure improvements are available for other uses at the City Council's discretion should the need arise.

As a measure of the General fund's liquidity, it may be useful to compare the total of assigned and unassigned fund balances to total fund expenditures since assigned and unassigned amounts are essentially available for any purpose. Total assigned and unassigned fund balance represents 55.6 percent (up from 51.6 percent the previous year) of the total expenditures in the General fund. As mentioned, the largest component of assigned fund balance is for future capital infrastructure investments. Despite the City Council's and management's policy to actively set-aside monies for future infrastructure needs, the annual General fund amounts expected to be available for transfer to the City's Capital Project fund will likely be insufficient to pay for all future capital needs due to projected expenditure growth outpacing projected revenue growth.

For the fiscal year ended June 30, 2021, cash and investments in the General fund totaled $26,599,861, an increase of $4,844,264 from the prior fiscal year. The increase was largely due to revenues exceeding budget and realizing personnel-related budget savings due to staffing vacancies throughout the year, as well as deferring transfers of prior year accumulations for capital projects and pension trust investments due to budget uncertainties associated with the pandemic. These deferred transfer amounts will be available for transfer in future years if budget deficits in the General fund brought on by revenue declines never materialize.

CITY OF CYPRESS

Summary of Changes in Fund Balances - General Fund
For the fiscal year ended June 30, 2021 and 2020

	2021	2020	Change
Revenues			
Taxes:			
Sales	$ 11,579,445	$ 12,252,711	$ (673,266)
Property	11,398,114	11,215,393	182,721
Other	5,568,782	5,976,206	(407,424)
Total taxes	28,546,341	29,444,310	(897,969)
Licenses and permits	884,938	628,630	256,308
Fines and forfeitures	257,141	191,122	66,019
From use of property	(547,569)	1,428,560	(1,976,129)
From other agencies	240,412	2,086,190	(1,845,778)
Charges for services	3,481,808	2,536,320	945,488
Other	419,100	196,465	222,635
Total Revenues	33,282,171	36,511,597	(3,229,426)
Expenditures			
General government	5,291,414	5,206,978	84,436
Community development	1,852,108	1,680,340	171,768
Public safety	17,222,083	17,035,531	186,552
Public works	5,869,347	5,428,655	440,692
Total Expenditures	30,234,952	29,351,504	883,448
Net Transfers	(898,347)	(6,461,615)	5,563,268
Increase (decrease) in fund balance	$ 2,148,872	$ 698,478	$ 1,450,394

Total General fund revenues for the fiscal year ended June 30, 2021 decreased by over $3.2 million from the prior year. Individual components of this change are highlighted as follows:

- Sales tax receipts, historically the largest revenue source of the General fund, decreased by nearly $675,000 from the prior year. The pandemic's negative impact on sales tax revenue, combined with the loss of one of Cypress' largest producers in October 2020, has resulted in declines but not as dramatic as initially feared.
- Annual property tax revenue continued to grow due to increases in the City's secured property tax base resulting from the ongoing strength of the real estate market. The General fund also received over $5.1 million in property taxes in lieu of Motor Vehicle License Fees (MVLF), which represented an increase over the prior year.
- Other taxes were down due to experiencing a full-year of COVID-19 induced transient occupancy declines. The drop in these revenues was expected, as non-essential travel continued to be limited due to the pandemic.
- Licenses and permit revenues, as well as charges for services, increased due to higher building development activity when compared to the prior year. These

revenues tend to vary year to year, and development activity in the City has remained strong during the pandemic.

- The large year over year decline in revenue from use of property resulted from two factors. First, the market interest rate earned on the City's cash reserves continued to decline causing lower interest receipts. In addition, the required year end adjustment to record investments at their fair market value on June 30, 2021 caused total annual revenues from the use of property to be negative. It should be noted that the City's investment policy provides for all investments to be held to maturity, so the loss required to be recorded at year end will never be realized.
- Revenue from other agencies decreased due to receiving pandemic-related federal grants in the fiscal year ended June 30, 2020. These one-time monies were primarily used to assist local businesses and reimburse the City for costs associated with responding to the pandemic.
- Other revenues were higher in the fiscal year ended June 30, 2021 due to a one-time receipt of $350,000 for street and traffic infrastructure maintenance as part of a conditional use permit. The $350,000 was transferred to the City Capital Projects fund and will be used for median improvements.

Changes in General fund expenditures, by function, occurred as follows during the year ended June 30, 2021:

- General government expenditures increased by $84,436 (1.6 percent). While the year over year increase is modest, there were significant one-time pandemic response expenditures incurred in both years. In the prior year, slightly over $1.1 million of federal CARES Act monies was expended for a small business grant assistance program. The program was designed to immediately assist local businesses impacted by the COVID-19 pandemic and over 150 Cypress businesses received grants of up to $7,500. In the fiscal year ended June 30, 2021, the City committed $1.9 million of General fund monies for additional small business resiliency grants and business recovery programs, a hot community hot meal program and support for local non-profit partners. Approximately half of the $1.9 million was expended through the end of the year, and it is anticipated the remaining balance will be spent in the coming year.
- Community development expenditures increased due to incurring higher contract costs to provide building inspections and plan check services. As mentioned in the discussion on revenue impacts, development activity bounced back strong from prior year declines. While development activity in the City remains high despite the ongoing impacts of the pandemic, the actual costs necessary to provide these services tend to vary from year to year based on the regional economy and its impact on development in the City, as well as the actual timing of providing services on major individual projects within the City.
- Public safety (police) expenditures increased by $186,552 (1.1 percent) when compared to the prior fiscal year. Cost increases associated with implementing negotiated salary and benefit increases for sworn officers accounted for the majority of the additional expenditures.

- Public works expenditures rose by $440,692 (8.1 percent) due to several factors, including having a full-time department director dedicated exclusively to public works for the first time in nearly a decade, more engineering plan check contract costs due to high activity levels, as well as higher park maintenance costs. Specifically, the cost to irrigate the City's parks increased due to higher water prices and extremely dry weather conditions. All costs associated with park maintenance is reimbursed to the City's General fund by the Park District.

General fund net transfers out decreased by nearly $5.6 million as compared to the prior fiscal year and are summarized as follows:

- The General fund transferred $725,000, as compared to $500,000 in the prior year, to the City's Capital Projects fund for current year projects. Additionally, $1.3 million of accumulated fund balance, down from $4.3 million in the prior year, was transferred from the General fund to the City's Capital Projects fund for future infrastructure projects.
- $150,000 was transferred to the City's Internal Service Employee Benefits fund during the past year, compared to $3.4 million in the prior year. This annual transfer is used to fund the City's pension trust which was established in 2017 to help offset the City's growing pension liabilities.
- As discussed above, the decreases to transfers from the General fund for future capital and pension trust investments were significantly less than prior years. The decreases were a result of two factors: $1.9 million of available fund balance amounts were allocated for pandemic response efforts and approximately $2.1 million was set-aside to offset projected budget deficits.
- The Civic Center Refinancing and Improvement Project Lease Revenue Bonds were paid off in full in Fiscal Year 2018-19. The debt service fund held $871,929 of reserves originally established with City General fund monies. With the debt being extinguished, the debt service fund was closed and the residual fund balance was transferred back to the General fund in Fiscal Year 2019-20.

General Fund Budgetary Highlights

Differences between the original appropriations budget and the final amended budget totaled a net increase of $3,495,479. The annual carryover of appropriations to the new fiscal year for encumbrances and services not completed in the prior fiscal year accounted for $561,840 of the change. The majority of the carryover appropriations related to unexpended contingency amounts and unexpended grant awards. The remaining major changes in appropriations are summarized as follows:

- $50,000 increase in Legislative for consulting assistance with COVID-19 related educational, advocacy and recovery efforts.
- $1.9 million increase in Administration for establishing pandemic-related assistance to businesses, non-profits and a hot meal program for eligible residents using available fund balance in the General fund.

- $237,061 of increases in Planning for contract costs associated with the State-mandated update of the Housing Element which is required every ten years.
- $226,300 of contract costs increases in Building associated with providing inspection and plan check services. Inspection and plan check services tend to fluctuate year-to-year based on many factors, including the overall health of the economy. The additional inspection and plan check appropriations were fully offset by increases in revenues in the General fund.
- $145,000 in Engineering for solid waste consulting services to assist in the creation and implementation of a State-mandated organics recycling program.
- $138,300 in Maintenance for irrigating City parks. Rising water costs, combined with a dry winter, resulted in actual water costs exceeding the original budget.

Total actual General fund revenues exceeded the final amended revenue budget by $1,814,261. Overall, significant sales tax and property tax overages were partially offset by revenues from the use of property (interest) and revenue from other agencies (grants) being less than the amended budget. Initial forecasts during the start of the pandemic, along with losing a major generator, indicated major sales tax declines for the fiscal year ended June 30, 2021. Despite these two negative impacts, revenues remained strong throughout the year exceeded budget by more than $1.7 million. Interest earnings (classified as revenues from use of property) on idle General fund cash balances fell short of budget by nearly $1.2 million. While the rate earned on cash balances has declined to historic lows in the last year, the majority of the shortfall is a result of adjusting investments to their market value at June 30, 2021 as required by accounting guidelines. Since the City's investment policy provides for all investments to be held to maturity, these additional losses will never be realized. Revenue from other agencies consists primarily of grant allocations and $360,000 of police and housing assistance grants remained unexpended at the end of fiscal year. In addition, a budgeted annual payment of $201,500 from the County for waste revenue sharing was delayed and not recorded as revenue in FY 2020-21.

Total operating expenditures were nearly $5.1 million below the final amended budget (before any carryover amounts to the fiscal year ended June 30, 2022) and these savings were attributed across all departments throughout the City. The reason for the large budget variance is similar to prior fiscal years, in that the largest component is related to personnel savings and the periods several departments had staffing vacancies during the course of the year. The bulk of these staffing vacancies are associated with positions (such as police officers) in which active recruitments are ongoing and the periods of vacancy are temporary. Further savings were realized due to a large portion of the one-time amounts budgeted for COVID-19 assistance not being expended prior to June 30, 2021. These unexpended amounts have been carried over and are expected to be expended in the new fiscal year.

Other Major Funds and Other Funds

Management annually discusses financial highlights of the City's major funds and any other funds experiencing significant changes in fund balance during the year. Also included in the annual discussion are any activities management considers relevant to the operations of the City.

Recreation and Park District Special Revenue Fund

The Recreation and Park District special revenue fund is the sole operating fund of the Cypress Recreation and Park District. At the end of the current fiscal year, total fund balance was $6,342,546 as compared to $11,948,616 at the beginning of the year. The fund balance represents 151.7 percent (compared with 302.4 percent from the previous year) of the fund's total current Recreation operating expenditures and the large majority of the fund balance is categorized as restricted. The large decrease in restricted fund balance is a direct result of the construction of Lexington Park and the advances from the City Capital Projects Fund used to pay for the project. While the $5.8 million of advances offset fund balance, it is important to note repayment will not occur for several years and will use future receipts of park development fees – not the cash reserves currently held by the District. The fund balance restrictions at June 30, 2021 are separated into amounts that are required to be used for improvements to open space, for use on youth league renovations and those amounts that may be used for general recreation activities. Since the bulk of the District's operations are funded with annual property tax revenues, a portion of the restricted fund balance for general recreation usage is needed to meet cash flow shortages between property tax receipts. The remaining restricted amounts (for both open space and recreation) are being accumulated for future non-recurring expenditures such as facility and infrastructure improvements. During the fiscal year ended June 30, 2018, the City Council approved the transfer of $2.2 million to the District for use on future capital facility improvements. To date, no improvements have been applied against the $2.2 million and it is categorized as committed fund balance of the District since these monies were transferred from the General Fund of the City and are not legally restricted.

For the fiscal year ended June 30, 2021, the cash and investments balance in the Recreation and Park District special revenue fund was $14,823,555, an increase of $1,865,473 from the prior fiscal year. Total receivables at the end of the fiscal year were $147,048, an increase from the prior year total of $134,140. The increase in receivables is attributed to higher registration fees outstanding than the prior year, which experienced a decline due to the pandemic. Larger receivables occurred despite recording lower interest receivable amounts resulting from declines in the market rate earned on cash balances.

CITY OF CYPRESS

Summary of Changes in Fund Balances
Recreation and Park District Special Revenue Fund
For the fiscal year ended June 30, 2021 and 2020

	2021	2020	Change
Revenues			
Taxes:			
Property	$ 5,958,449	$ 5,958,510	$ (61)
From use of property	101,041	414,655	(313,614)
From other agencies	32,300	54,498	(22,198)
Charges for services	468,056	462,268	5,788
Other	4,938	3,649	1,289
Total Revenues	6,564,784	6,893,580	(328,796)
Expenditures			
Recreation	4,181,884	3,951,650	230,234
Capital outlay	6,894,042	3,450,867	3,443,175
Total Expenditures	11,075,926	7,402,517	3,673,409
Excess of revenues over expenditures	(4,511,142)	(508,937)	(4,002,205)
Net transfers	(1,094,928)	(1,194,443)	99,515
Increase in fund balance	$ (5,606,070)	$ (1,703,380)	$ (3,902,690)

Total Recreation and Park District Special Revenue fund revenues for the fiscal year ended June 30, 2021 decreased by $329,796 from the prior year. Individual components of this change are highlighted as follows:

- Property tax revenues, the District's largest revenue source, were basically unchanged. Increases associated with the positive impacts to property tax revenues resulting from rising assessed values were offset by the amount of residual property tax paid to the District. After several years of increasing, these residual amounts declined in the last year as Successor Agency activities continued to wind down.
- Revenues from the use of property decreased due to significantly lower interest earnings caused by declines in the market interest rates earned on cash reserves. In addition, COVID-19 pandemic restrictions severely limited facility rentals throughout the fiscal year ended June 30, 2021.
- Despite dealing with a variety of pandemic-related challenges in providing recreation programming, charges for services were basically unchanged when compared to the prior year. In March 2020, the COVID-19 pandemic halted traditional recreation programming for the remainder of the year causing sharp declines in revenues associated with this typically busy period of the year. While the easing of pandemic restrictions and the development of alternate programming caused revenues to bounce back over the past year, the activity levels remain well below a typical year. In addition, no park development fees were received in the prior fiscal year compared to $93,684 received during the fiscal year ended June

30, 2021. These fees vary year to year based on housing development activity within the City.

Notable changes in expenditures during the fiscal year ended June 30, 2021 follow:

- Recreation expenditures increased just over $230,000 (5.0 percent) due to a partial rebound from pandemic-related declines in part-time personnel and payments to contract class instructors, as well as negotiated salary and benefit increases for full-time employees.
- Capital expenditures rose by $3,443,175 due primarily to breaking ground and spending $5.4 million on the construction of Lexington Park. When completed in FY 2021-22, this project will create two large sports fields and other amenities with a total cost of approximately $13 million. In addition to the investment in Lexington Park, $600,000 was expended for ADA compliant playground resurfacing at seven parks.

District net transfers decreased slightly and totaled a net outflow of nearly $1.1 million. These transfers occur each year and are comprised of multiple components. First, the District annually transfers additional property tax amounts to the City that were previously apportioned to the Agency. The City Council established this repayment when the State disallowed loans from the City to the Agency which had been used to pay for several recreation capital projects (including the construction of the Senior Center and the remodel of the Community Center). The other recurring component relates to a $150,000 annual transfer to the employees' benefits internal service fund to help offset any unfunded pension liability owed to the Orange County Employees Retirement System (OCERS). This liability represents monies owed on behalf of vested District employees who earned OCERS pension benefits prior to 2000 when all employees were enrolled in CalPERS.

Streets Special Revenue Fund

The Streets Special Revenue Fund accounts for receipts and expenditures of money apportioned under Streets and Highway Code (Highway Users' Tax), the Road Repair and Accountability Act of 2017, Measure M2 sales tax revenues, and Traffic Mitigation Fees charged by the City. These funds are used to maintain and improve streets and traffic signals.

CITY OF CYPRESS
Summary of Changes in Fund Balances
Streets Special Revenue Fund
For the fiscal year ended June 30, 2021 and 2020

	2021	2020	Change
Revenues			
From use of property	$ 32,765	$ 110,712	$ (77,947)
From other agencies	2,929,680	2,933,107	(3,427)
Charges for services	8,789	139,501	(130,712)
Other revenue	65,673	-	65,673
Total Revenues	3,036,907	3,183,320	(146,413)
Expenditures			
Public works	2,228,221	810,546	1,417,675
Capital outlay	111,922	152,828	(40,906)
Total Expenditures	2,340,143	963,374	1,376,769
Net Transfers	(1,906,455)	(1,423,498)	(482,957)
Increase (decrease) in fund balance	$ (1,209,691)	$ 796,448	$ (2,006,139)

Total revenues for the fiscal year ended June 30, 2021 decreased $146,413 from the prior fiscal year. The largest recurring income source in this fund is revenue from other agencies which includes State Gas Tax, Road Repair and Accountability Act of 2017 and County Measure M2 allocations. Fees for traffic mitigation declined $130,712 year over year and these annual receipts tend to fluctuate based on development activity in the City.

Total expenditures and net transfers also tend to vary from year-to-year depending on resource availability and the specific timing and scope of recurring projects such as the arterial and residential street rehabilitation and concrete/sidewalk improvements. Expenditures for street rehabilitation and concrete/sidewalk improvements increased from $810,546 to $2,228,221 in the past year. In addition, extensive median improvements along Lincoln Avenue utilized $535,000 of restricted Gas Tax monies resulting in the year over year increase to net transfers.

City Capital Projects Fund

The City Capital Projects Fund provides a cost center for City projects funded (either partially or in full) with General fund monies. In accordance with City Council policy, an annual transfer is made from the General fund to the Capital Projects Fund to pay for a portion of the projects approved as part of the Seven-Year Capital Improvement Program. Annual transfers are also made from the General fund to accumulate monies for future projects. The following table summarizes the activity during the past two years.

CITY OF CYPRESS
Summary of Changes in Fund Balances
City Capital Projects Fund
For the fiscal year ended June 30, 2021 and 2020

	2021	2020	Change
Revenues			
From use of property	$ 443,888	$ 1,364,592	$ (920,704)
Total Revenues	443,888	1,364,592	(920,704)
Expenditures			
Public works	940,847	688,699	252,148
Capital outlay	4,642,503	608,532	4,033,971
Total Expenditures	5,583,350	1,297,231	4,286,119
Net Transfers	6,363,157	6,576,863	(213,706)
Special Item			
Gain on sale of land held for resale	2,053,172	-	2,053,172
Increase (decrease) in fund balance	$ 3,276,867	$ 6,644,224	$ (3,367,357)

Total revenues for the fiscal year ended June 30, 2021 decreased $920,704 from the prior fiscal year. The decrease is a result of significantly lower interest earnings on idle cash balances due to a large decline in the market interest rate earned on the City's investment portfolio. While no other revenues were received in the past year, it is not uncommon for the City's revenues from other agencies (grant monies) to fluctuate from year to year based on eligibility and availability.

Total expenditures tend to vary from year-to-year depending on the status of non-recurring projects such as public facility renovations, median improvements and other major infrastructure improvements such as storm drainage construction. Substantial project delays caused by the pandemic in the fiscal year ended June 30, 2020 resulted in several projects spilling over into the fiscal year ended June 30, 2021. In addition to these additional costs, the year over year increase is also attributable to the median improvements on Lincoln Avenue and Katella Avenue as well as incurring nearly $3.1 million on the multi-year Police Department building modernization project.

The annual amounts shown as net transfers are comprised of transfers in from various restricted funds of the City and two transfers from the General fund. While total net transfers were consistent from year to year, the specific components comprising these annual amounts differed greatly.

Transfers in from restricted funds were significantly higher than the prior year due to using over $2 million of one-time federal asset seizure monies to pay for a portion of the Police Department building modernization project. The two annual General fund transfers represent the annual funding requirement approved by the City Council to fund current year projects, while the other component allocates monies for future infrastructure improvements that will be appropriated in upcoming years. The amount available for future improvements is directly tied to available General fund surplus amounts from the prior fiscal year. Available surplus amounts from FY 2019-20, and transferred to the City Capital Projects fund in FY 2020-21, were $2.7 million lower than the prior year.

Fund balance was also impacted by the sale of land held for resale during the fiscal year ended June 30, 2021. The sale of the 13 acres of land held in the City Capital Projects fund resulted in a one-time, extraordinary gain of more than $2 million. The proceeds of the sale of the land will be used for future infrastructure and facility improvements.

Sewer Enterprise Fund

The Sewer Enterprise fund accounts for the maintenance and improvements made to the City's sewer system. The primary revenue source associated with this fund is fees collected from users of the sewer system. The Sewer fund is an enterprise fund in accordance with the requirements of GASB Statement No. 54 and all infrastructure assets associated with the sanitary sewer system are recorded as assets in the Sewer fund and the full-accrual method of accounting is used to account for sewer activities within the fund. The net position increased by slightly more than $1.0 million during the year. The following is a comparison of the enterprise activity in the fund for the past two years:

CITY OF CYPRESS
Summary of Changes in Net Position
Business-type Activities - Sewer Enterprise Fund
For the fiscal year ended June 30, 2021 and 2020

	2021	2020	Change
Operating Revenues			
Charges for services	$ 1,861,974	$ 1,733,202	$ 128,772
Other	2,779	1,611	1,168
Total Operating Revenues	1,864,753	1,734,813	129,940
Operating Expenditures			
Sewer Maintenance	298,261	325,269	(27,008)
Depreciation	590,022	546,481	43,541
Total Operating Expenditures	888,283	871,750	16,533
Non-Operating Revenues (Expenses)			
Property Taxes	30,499	30,076	423
From other agencies	37	39	(2)
Interest income	25,145	66,013	(40,868)
Total Non-operating Revenues	55,681	96,128	(40,447)
Increase (Decrease) in net position	$ 1,032,151	$ 959,191	$ 72,960

Total Sewer fund operating revenues for the fiscal year ended June 30, 2021 are comprised primarily of sewer fee revenues, which increased by $128,772 from the prior year. Sewer fees are charged to both residential and commercial accounts based on water consumption.

Maintenance expenditures decreased due to preforming the comprehensive update to the Sewer System Management Plan (SSMP) during the fiscal year ended June 30, 2020. This required update occurs every five years with cost of nearly $100,000.

Most non-operating revenues and expenses have remained consistent over the past two years. However, interest income decreased by nearly $41,000 in the fiscal year ended June 30, 2021 due to the City's investment portfolio earning a lower rate of return than the prior year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2021 amounts to $185,595,392 (net of accumulated depreciation) and consists of $166,272,625 for governmental activities and $19,322,767 for business-type activities. The investment in capital assets for governmental activities includes land, buildings and improvements, vehicles and equipment, furniture and fixtures, roads, storm drains, sidewalks, street lights, and construction in progress. The investment in business-type activities is limited to the City's sanitary sewer system. The City's overall investment in capital assets increased during the past fiscal year by nearly $12.2 million (3.7 percent) before

depreciation. The following table summarizes capital asset activity for the fiscal year ended June 30, 2021.

Summary of Capital Assets
As of June 30, 2021 and 2020

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Governmental Activities:						
Capital Assets, Not Depreciated:						
Land	$ 9,734,882	$ 9,734,882	$ -	$ -	$ 9,734,882	$ 9,734,882
Construction in Progress	13,185,847	4,245,096	105,742	-	13,291,589	4,245,096
Total, Not Depreciated	22,920,729	13,979,978	105,742	-	23,026,471	13,979,978
Capital Assets, Being Depreciated:						
Buildings and Improvements	38,390,119	36,677,316	-	-	38,390,119	36,677,316
Machinery and Equipment	11,209,381	11,173,408	-	-	11,209,381	11,173,408
Infrastructure	233,683,122	232,446,976	34,445,054	34,310,901	268,128,176	266,757,877
Total, Being Depreciated	283,282,622	280,297,700	34,445,054	34,310,901	317,727,676	314,608,601
Less Accumulated Depreciation:						
Buildings and Improvements	(20,093,724)	(18,961,658)	-	-	(20,093,724)	(18,961,658)
Machinery and Equipment	(7,720,733)	(7,162,215)	-	-	(7,720,733)	(7,162,215)
Infrastructure	(112,116,269)	(107,744,902)	(15,228,029)	(14,638,007)	(127,344,298)	(122,382,909)
Total Accumulated Depreciation	(139,930,726)	(133,868,775)	(15,228,029)	(14,638,007)	(155,158,755)	(148,506,782)
Total Depreciated, Net	143,351,896	146,428,925	19,217,025	19,672,894	162,568,921	166,101,819
Governmental Activities Capital Assets, Net	$ 166,272,625	$ 160,408,903	$ 19,322,767	$ 19,672,894	$ 185,595,392	$ 180,081,797

Major governmental activities capital asset transactions during the fiscal year ended June 30, 2021 included the following:

- The large increase to construction in progress at year end is due to Americans with Disabilities Act (ADA) playground surfacing upgrades at several parks, construction of Lexington Park, and the Police Department modernization and seismic retrofit project not being completed at June 30, 2021.
- Additions to buildings and improvements of $1.7 million include heating, air conditioning and ventilation system replacements and exterior building improvements at the Civic Center, as well as new restrooms and shade structures at Evergreen Park.
- The increase to machinery and equipment is attributed to the implementation of an electronic building permit and plan review system, replacement of desktop monitors city-wide, replacement of two police department motorcycles, and audio/video enhancements at the Community Center.
- Infrastructure additions of $1.4 million are comprised of capitalizing prior year construction in progress amounts as well as parkway improvements incurred in the fiscal year ended June 30, 2021.

Major business-type activities capital asset transactions during the most recent fiscal year included the following:

- The completion of $135,000 of sewer capacity and condition improvement projects at various locations. In addition, nearly $106,000 of capital improvement projects were incurred and recorded as construction in progress at June 30, 2021.

Additional information on the City's capital assets can be found in the Capital Assets and Depreciation note (7) in the notes to the basic financial statements section of this report.

Long-Term debt. The City had total debt outstanding of $68,475,950 at June 30, 2020. The following schedule summarizes the City's long-term liabilities.

Summary of Long-Term Debt
As of June 30, 2021 and 2020

	2021	2020	Change
Claims Payable	$ 2,301,334	$ 1,338,923	$ 962,411
Compensated Absences	2,295,261	2,060,409	234,852
Retiree's Health Benefits	10,607,104	10,617,458	(10,354)
Accrued Pension Liability	53,272,251	48,981,312	4,290,939
Total	$ 68,475,950	$ 62,998,102	$ 5,477,848

Long-term debt activity during the fiscal year ended June 30, 2021 included:

- Claims payable increased significantly due to several new workers' compensation cases remaining open at June 30, 2021.
- Compensated absences increased by $234,852. The increase is attributable to employees building their leave balances back up after the COVID-19 pandemic forced the City to close facilities between March and June 2020. These closures resulted in many employees using accrued leave time which caused compensated absences liabilities to experience a large decline in the prior year.
- In conjunction with GASB 75, the City had an actuarial valuation performed to determine the liability for other postemployment benefit (OPEB) plans as of June 30, 2021. The results of this actuarial valuation resulted in the City's liability for retiree's health benefits staying relatively unchanged. Any changes in liability from year to year is due to many factors, including the lowering of the discount rate, as well as the ongoing impact of the actuarial requirement of an "implied subsidy" which results when the premiums paid by both active employees and retirees are the same. In these situations, such as with the City, the underlying assumption is the value of benefits to retirees exceeds those provided to active employees.
- The City's pension liability associated with its defined benefit plans increased by nearly $4.3 million during the fiscal year ended June 30, 2021. These increases are directly attributable to the results of the annual actuarial valuations performed by the plan's administrators, CalPERS and OCERS.

The City has set aside slightly more than $3 million in the Employees Benefits Internal Service Fund to offset and pay a portion of both the OPEB and pension liabilities. However, these monies have not been placed in an irrevocable trust and therefore are not considered funded assets for actuarial purposes. In addition to these cash balances,

$17.9 million is invested in the City's pension trust as of June 30, 2021. These trust amounts are legally restricted and may only be used to pay annual pension obligations.

Additional information on the City's long-term debt, pension plans and other postemployment retirement benefits can be found in the Long-Term Debt note (8), the Other Long-Term Liabilities note (9), the Public Employees' Retirement System (CalPERS) note (10), the Terminated Orange County Employees Retirement System (OCERS) Defined Benefit Pension Plan note (12) and the Post-Employment Health Care Benefits note (13) in the notes to the basic financial statements section of this report.

Economic Factors and their impact on future City Budgets

Cypress has achieved enviable fiscal health through strategic financial management and oversight. Its long history of fiscal discipline has enabled Cypress to weather economic downturns; maintain a commitment to first class infrastructure; and see Cypress repeatedly recognized as one of Southern California's best cities to raise a family.

However, the last two years have brought extraordinarily uncertain times. The FY 2020-21 Budget was prepared under the specter of economic calamity. The State of California faced a $50 billion deficit and unemployment was projected to rival the Great Depression. Fortunately, a year later we were in a far better place when preparing the FY 2021-22 Budget - the State had a $15 billion one-time surplus, the national unemployment rate had stabilized and the City had been allocated $11.7 million of Federal American Rescue Plan Act monies to assist with responding to the pandemic.

Thanks to prudent, but difficult decisions made over the last decade, the City's financial condition was especially strong entering the pandemic and the City Council used that strength to protect and serve the community. Inside the City organization, the City Council's commitment and preparation had an equally important impact. The City was able to contain COVID-19's impact on our employees, enabling us to serve the community without interruption. We maintained our high quality services and avoided employee pay cuts, furloughs or lay-offs.

This discipline and its resulting successes did not go unnoticed. In March, former State Senator John Moorlach triumphed Cypress for having the strongest unrestricted net (fiscal) position of Orange County's 34 cities. The community should be proud to note that Senator Moorlach has prepared this analysis three times in recent years and Cypress has taken the top spot twice.

In FY 2021-22, while our attention turns, optimistically, to recovery we continue to prepare to respond to the pandemic's long-term impacts on the economy, consumer behavior and public health. Fortunately, the City is in an improved long-term financial position when compared to last year *even before* accounting for the $11.7 million American Rescue Plan Act allocation.

While the FY 2021-22 Budget is effectively balanced – it relies on slightly more than $100,000 from reserves to fund a portion of one-time projects and capital outlay acquisitions and a $1.55 million General Fund contribution toward capital projects and infrastructure – the City must remain vigilant about its finances. In particular, sales tax and the business parks are more important to the City's financial condition than ever before. The Budget is increasingly dependent upon sales tax - a volatile revenue source highly reliant on revenues generated by just a handful of businesses. Our biggest and most successful business parks are now more than 40 years old and how and where people work post-pandemic could disrupt the City's employment base and the considerable economic activity and revenues generated by the business parks. As we emerge from the pandemic, inflation is also a concern as it drives up costs much faster than some revenues (a function of Proposition 13)

Revenues. The City's projected revenues for Fiscal Year 2021-22 are $41.7 million and do not include any tax rate increases from the previous year. The Fiscal Year 2021-22 revenues included in the budget are 9.9 percent higher than the Fiscal Year 2020-21 adopted revenue budget.

The revenue uncertainties associated with the COVID-19 pandemic, especially in regards to forecasting sales tax and transient occupancy tax, made developing the Fiscal Year 2021-22 budget challenging. However, revenues have been projected conservatively and realistically, taking into account the best information available from the City's sales tax consultant, the League of California Cities, the State Department of Finance, year-to-date receipts, and economic forecasts.

The City's largest General fund revenue sources remain property tax ($11.7 million including State backfills) and sales tax ($11.3 million). Together, these two sources comprise over two-thirds of General Fund revenues. Budgeted sales tax revenues have increased by $2.0 million (21.6 percent) from the FY 2020-21 Budget. The increase is the result of the impact of the pandemic and the loss of one of the City's largest generators in late 2020 not being as severe as initially feared.

While not nearly as large as property taxes and sales tax, transient occupancy tax (TOT) is a major component of Other Taxes in the General Fund. The TOT declines due to COVID-19 have been ongoing and significant. It is difficult to predict how and when TOT revenues may fully rebound, but TOT is projected to increase by $300,000 (19%) when compared to the FY 2020-21 Budget.

Expenditures. Fiscal Year 2021-22 expenditures accomplish Strategic Plan goals and operating costs grow in response to a variety of factors largely outside the City's control (higher pension contributions, state mandates, contract cost increases due to inflation, etc.) Major expenditure highlights in the Fiscal Year 2021-22 Budget are as follows:

- Maintaining current service levels.

- Funding required CalPERS pension cost increases of $600,000.
- Incorporating negotiated employee salary and benefit increases.
- Year one of the City's updated Seven Year Capital Improvement Program which totals $6.3 million.
- Capital Outlay funding of slightly more than $1.2 million to acquire and/or replace computer software/hardware items, vehicles and various tools and equipment, the majority of which is utilized by the Police Department. Most capital outlay amounts are being funded with accumulated monies specifically set-aside in the equipment replacement/technology investment internal service funds for these purchases.

Requests for Information

This financial report is designed to provide a general overview of the financial position of the City for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 5275 Orange Avenue, Cypress, CA 90630.

BASIC FINANCIAL STATEMENTS

CITY OF CYPRESS

STATEMENT OF NET POSITION

June 30, 2021

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	$ 168,874,271	$ 5,204,070	$ 174,078,341
Restricted cash and investments	17,913,583	-	17,913,583
Receivables:			
Taxes	3,037,639	104	3,037,743
Interest	112,609	3,350	115,959
Notes, net of allowance	208,381	-	208,381
Accounts	1,484,868	-	1,484,868
Prepaid items	184,446	155,551	339,997
Inventory	2,396	-	2,396
Assets available for resale	1,421,708	-	1,421,708
Capital assets			
Non-depreciable:			
Land	9,734,882	-	9,734,882
Construction in progress	13,185,847	105,742	13,291,589
Depreciable, net of accumulated depreciation:			
Building and improvements	18,296,395	-	18,296,395
Machinery and equipment	3,488,648	-	3,488,648
Infrastructure	121,566,853	19,217,025	140,783,878
TOTAL ASSETS	359,512,526	24,685,842	384,198,368
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount from pension plans	11,850,207	-	11,850,207
Deferred amount from OPEB	1,635,626	-	1,635,626
Deferred amount from OCERS	1,675,168	-	1,675,168
TOTAL DEFERRED OUTFLOWS OF RESOURCES	15,161,001	-	15,161,001
LIABILITIES			
Accounts payable and other accrued liabilities	7,460,487	109,282	7,569,769
Deposits	1,346,062	-	1,346,062
Unclaimed property	64,339	-	64,339
Unearned revenue	435,676	-	435,676
Due to bondholders	153,575	-	153,575
Due to other governments	94,791	-	94,791
Long-term liabilities:			
Due within one year			
Claims payable	575,500	-	575,500
Compensated absences	573,800	-	573,800
Due in more than one year			
Claims payable	1,725,834	-	1,725,834
Retirees' health payable	10,607,104	-	10,607,104
Compensated absences	1,721,461	-	1,721,461
Net pension liability	53,272,251	-	53,272,251
TOTAL LIABILITIES	78,030,880	109,282	78,140,162
DEFERRED INFLOWS OF RESOURCES			
Deferred amount from pension plans	2,946,263	-	2,946,263
Deferred amount from OPEB	738,709	-	738,709
Deferred amount from OCERS	1,032,998	-	1,032,998
TOTAL DEFERRED INFLOWS OF RESOURCES	4,717,970	-	4,717,970
NET POSITION			
Net invested in capital assets	166,272,625	19,322,767	185,595,392
Restricted:			
Pension trust	17,913,583	-	17,913,583
Public safety	1,233,921	-	1,233,921
Public works	11,984,792	-	11,984,792
Recreation	4,108,546	-	4,108,546
Sanitary sewer	-	5,253,793	5,253,793
Other	2,291,711	-	2,291,711
Unrestricted	88,119,499	-	88,119,499
TOTAL NET POSITION	$ 291,924,677	$ 24,576,560	$ 316,501,237

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2021

		Program Revenues			Net (Expense) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	$ 6,295,641	$ 498,954	$ 789,594	$ 76,083	$ (4,931,010)	$ -	$ (4,931,010)
Community development	2,100,332	1,557,209	48,250	-	(494,873)	-	(494,873)
Public safety	19,428,392	406,077	1,069,066	-	(17,953,249)	-	(17,953,249)
Public works	13,865,043	770,403	1,836,280	1,793,500	(9,464,860)	-	(9,464,860)
Recreation	5,303,581	487,138	119,197	-	(4,697,246)	-	(4,697,246)
Total Governmental Activities	46,992,989	3,719,781	3,862,387	1,869,583	(37,541,238)	-	(37,541,238)
Business-type Activities:							
Sewer	888,283	1,861,974	37	-	-	973,728	973,728
Total	$ 47,881,272	$ 5,581,755	$ 3,862,424	$ 1,869,583	$ (37,541,238)	$ 973,728	$ (36,567,510)
General Revenues:							
Taxes:							
Property tax, levied for general purpose					6,261,310	-	6,261,310
Property tax, levied for recreation purposes					5,958,450	-	5,958,450
Property tax, levied for lighting purposes					1,363,781	-	1,363,781
Property tax, levied for sewer purposes					-	30,499	30,499
Property tax, backfill of vehicle license fees					5,136,804	-	5,136,804
Sales tax					11,249,720	-	11,249,720
Transient occupancy tax					1,648,030	-	1,648,030
Franchise tax					1,753,459	-	1,753,459
Other taxes					1,820,366	-	1,820,366
Total taxes					35,191,920	30,499	35,222,419
Investment earnings					2,245,090	25,145	2,270,235
Miscellaneous					37,845	2,779	40,624
Total General Revenues					37,474,855	58,423	37,533,278
Change in Net Position, Before Special Items					(66,383)	1,032,151	965,768
Special Items:							
Gain on sale of land held for resale (Note 24)					2,053,172	-	2,053,172
Total Special Items					2,053,172	-	2,053,172
Change in Net Position					1,986,789	1,032,151	3,018,940
Net Position at Beginning of Year					289,937,888	23,544,409	313,482,297
Net Position at End of Year					$ 291,924,677	$ 24,576,560	$ 316,501,237

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2021

	Major Funds	
		Special Revenue
		Recreation and
ASSETS	**General**	**Park District**
Cash and investments	$ 26,599,861	$ 14,823,555
Receivables:		
Taxes	2,634,099	65,508
Interest	34,592	10,174
Notes, net of allowance	100,356	-
Accounts	298,246	71,366
Prepaids	79,380	33,301
Inventory	-	699
Due from other funds	23,053	-
Advances to other funds	226,304	-
Assets available for resale	-	-
TOTAL ASSETS	$ 29,995,891	$ 15,004,603
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES:		
Accounts payable and other accrued liabilities	$ 2,748,801	$ 2,677,224
Deposits	1,345,112	950
Unclaimed property	64,039	300
Unearned revenue	259,788	138,888
Due to other funds	-	-
Advances from other funds	-	5,844,695
Due to bondholders	153,575	-
Due to other governments	94,791	-
TOTAL LIABILITIES	4,666,106	8,662,057
DEFERRED INFLOWS OF RESOURCES:		
Unavailable revenue	137,123	-
TOTAL DEFERRED INFLOWS OF RESOURCES	137,123	-
FUND BALANCES:		
Nonspendable	400,475	34,000
Restricted	28,944	4,108,546
Committed	8,277,669	-
Assigned	15,425,574	2,200,000
Unassigned	1,060,000	-
TOTAL FUND BALANCES	25,192,662	6,342,546
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 29,995,891	$ 15,004,603

See Accompanying Notes to the Basic Financial Statements.

Major Funds (Continued)			
Special Revenue	City	Nonmajor	
Streets	Capital Projects Fund	Governmental Funds	Total
$ 4,609,299	$ 81,962,247	$ 8,754,569	$ 136,749,531
323,043	-	14,989	3,037,639
3,834	54,091	6,963	109,654
-	-	108,025	208,381
201,154	188,000	68,766	827,532
-	37,000	-	149,681
-	-	-	699
-	-	-	23,053
-	5,844,695	-	6,070,999
-	-	1,421,708	1,421,708
$ 5,137,330	$ 88,086,033	$ 10,375,020	$ 148,598,877
$ 114,143	$ 838,524	$ 154,065	$ 6,532,757
-	-	-	1,346,062
-	-	-	64,339
-	37,000	-	435,676
-	-	23,053	23,053
-	-	226,304	6,070,999
-	-	-	153,575
-	-	-	94,791
114,143	875,524	403,422	14,721,252
135,481	225,000	20,057	517,661
135,481	225,000	20,057	517,661
-	5,881,695	-	6,316,170
4,887,706	-	10,177,845	19,203,041
-	12,824,144	-	21,101,813
-	68,279,670	-	85,905,244
-	-	(226,304)	833,696
4,887,706	86,985,509	9,951,541	133,359,964
$ 5,137,330	$ 88,086,033	$ 10,375,020	$ 148,598,877

CITY OF CYPRESS

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2021

Fund Balances of Governmental Funds	$ 133,359,964
Amounts reported for governmental funds in the Balance Sheet differ from the amounts reported in the Statement of Net Position for governmental activities due to the following:	
Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Except for the internal service fund amount of $3,598,457 which is included in the amount reported below, the capital assets net of accumulated depreciation were equal to the following amount.	162,674,168
Unavailable revenue is comprised of long-term receivables, which are not current available resources, and grants, which are resources not received within the proper revenue recognition period, and are therefore offset by deferred inflow of resources amounts equal to the receivable in the governmental funds.	517,661
Internal service funds are used by management to charge the costs of certain activities (including central services, employee benefits, liability insurance, and workers compensation insurance) to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in the Statement of Net Position for governmental activities.	(4,627,116)
Net Position of Governmental Activities	$ 291,924,677

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2021

	Major Funds	
		Special Revenue
		Recreation and
REVENUES:	General	Park District
Taxes	$ 28,546,341	$ 5,958,449
Licenses and permits	884,938	-
Fines and forfeitures	257,141	-
From use of property	(547,569)	101,041
From other agencies	240,412	32,300
Charges for services	3,481,808	468,056
Other revenue	419,100	4,938
TOTAL REVENUES	33,282,171	6,564,784
EXPENDITURES:		
Current:		
General government	5,291,414	-
Community development	1,852,108	-
Public safety	17,222,083	-
Public works	5,869,347	-
Recreation	-	4,181,884
Capital outlay	-	6,894,042
TOTAL EXPENDITURES	30,234,952	11,075,926
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,047,219	(4,511,142)
OTHER FINANCING SOURCES (USES):		
Transfers in	1,323,260	-
Transfers out	(2,221,607)	(1,094,928)
TOTAL OTHER FINANCING SOURCES (USES)	(898,347)	(1,094,928)
NET CHANGE IN FUND BALANCES BEFORE EXTRAORDINARY ITEM	2,148,872	(5,606,070)
SPECIAL ITEM:		
Gain on sale of land held for resale	-	-
NET CHANGE IN FUND BALANCES	2,148,872	(5,606,070)
FUND BALANCE - BEGINNING OF YEAR	23,043,790	11,948,616
FUND BALANCES - END OF YEAR	$ 25,192,662	$ 6,342,546

See Accompanying Notes to the Basic Financial Statements.

Major Funds (Continued)			
Special Revenue Streets	City Capital Projects Fund	Nonmajor Governmental Funds	Total
$ -	$ -	$ 1,439,864	$ 35,944,654
-	-	-	884,938
-	-	88,845	345,986
32,765	443,888	58,585	88,710
2,929,680	-	901,407	4,103,799
8,789	-	93,111	4,051,764
65,673	-	321,373	811,084
3,036,907	443,888	2,903,185	46,230,935
-	-	194,355	5,485,769
-	-	40,105	1,892,213
-	-	179,132	17,401,215
2,228,221	940,847	1,018,011	10,056,426
-	-	-	4,181,884
111,922	4,642,503	157,134	11,805,601
2,340,143	5,583,350	1,588,737	50,823,108
696,764	(5,139,462)	1,314,448	(4,592,173)
6,395	6,363,157	-	7,692,812
(1,912,850)	-	(2,909,034)	(8,138,419)
(1,906,455)	6,363,157	(2,909,034)	(445,607)
(1,209,691)	1,223,695	(1,594,586)	(5,037,780)
-	2,053,172	-	2,053,172
(1,209,691)	3,276,867	(1,594,586)	(2,984,608)
6,097,397	83,708,642	11,546,127	136,344,572
$ 4,887,706	$ 86,985,509	$ 9,951,541	$ 133,359,964

CITY OF CYPRESS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	$ (2,984,608)
Amounts reported for governmental activities in the Statement of Activities differ from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances as follows:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follow:	
Cost of assets capitalized	11,805,601
Depreciation expense (less $831,671 recorded in the Internal Service Funds)	(5,503,432)
Certain revenues in the governmental funds are classified as deferred inflows of resources because they are not collected within the prescribed time period after year-end to provide for current operations. However, the revenues are included under the accrual basis used in the government-wide statements and are as follows:	
Unavailable revenue	153,007
Internal service funds are used by management to charge the costs of certain activities (including central services, employee benefits, liability insurance, and workers compensation insurance) to individual funds. The changes in net position of the internal service funds are reported with governmental activities.	(1,483,779)
Change in Net Position of Governmental Activities	$ 1,986,789

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2021

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer Fund	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,204,070	$ 32,124,740
Restricted cash and cash equivalents	-	17,913,583
Receivables:		
Taxes	104	-
Interest	3,350	2,955
Accounts	-	657,336
Prepaid items	155,551	34,765
Inventory	-	1,697
TOTAL CURRENT ASSETS	5,363,075	50,735,076
NON-CURRENT ASSETS:		
Construction in progress	105,742	25,711
Equipment (Net)	-	3,572,746
Infrastructure (Net)	19,217,025	-
TOTAL NON-CURRENT ASSETS	19,322,767	3,598,457
TOTAL ASSETS	24,685,842	54,333,533
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from pension plans	-	11,850,207
Deferred amount from OPEB	-	1,635,626
Deferred amount from OCERS	-	1,675,168
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	15,161,001
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and other accrued liabilities	109,282	927,730
Claims payable	-	575,500
Compensated absences, current portion	-	573,800
TOTAL CURRENT LIABILITIES	109,282	2,077,030
LONG-TERM LIABILITIES:		
Claims payable	-	1,725,834
Retirees' health payable	-	10,607,104
Compensated absences	-	1,721,461
Net pension liability	-	53,272,251
TOTAL LONG-TERM LIABILITIES	-	67,326,650
TOTAL LIABILITIES	109,282	69,403,680
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from pension plans	-	2,946,263
Deferred amount from OPEB	-	738,709
Deferred amount from OCERS	-	1,032,998
TOTAL DEFERRED INFLOWS OF RESOURCES	-	4,717,970
NET POSITION		
Invested in capital assets	19,322,767	3,598,457
Restricted:		
Pension trust	-	17,913,583
Sanitary sewer	5,253,793	-
Unrestricted	-	(26,139,156)
TOTAL NET POSITION	$ 24,576,560	$ (4,627,116)

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2021

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer Fund	
OPERATING REVENUES:		
From other agencies	$ -	$ 97,617
Charges for services	1,861,974	17,764,649
Other revenue	2,779	232,407
TOTAL OPERATING REVENUES	1,864,753	18,094,673
OPERATING EXPENSES:		
Personnel services	-	1,352,564
Contractual services	-	12,878,819
Supplies and other services	-	5,845,965
Claim payments and changes in estimates	-	1,478,421
Sewer maintenance	298,261	-
Depreciation	590,022	831,671
TOTAL OPERATING EXPENSES	888,283	22,387,440
OPERATING INCOME	976,470	(4,292,767)
NON-OPERATING REVENUES (EXPENSES):		
Taxes	30,499	-
From other agencies	37	-
Interest income	25,145	2,362,039
Gain (loss) on disposal of equipment	-	1,342
TOTAL NON-OPERATING REVENUES (EXPENSES)	55,681	2,363,381
INCOME BEFORE TRANSFERS	1,032,151	(1,929,386)
TRANSFERS:		
Transfers in	-	445,607
TOTAL TRANSFERS	-	445,607
CHANGE IN NET POSITION	1,032,151	(1,483,779)
NET POSITION - BEGINNING OF YEAR	23,544,409	(3,143,337)
NET POSITION - END OF YEAR	$ 24,576,560	$ (4,627,116)

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2021

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 1,865,396	$ 18,259,138
Cash payments to suppliers for goods and services	(62,309)	(14,902,981)
Cash payments to employees	(162,752)	(1,319,557)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,640,335	2,036,600
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
From taxes and other agencies	30,536	-
Transfers in	-	445,607
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	30,536	445,607
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposal of capital assets	-	7,853
Acquisition of capital assets	(239,895)	(302,948)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(239,895)	(295,095)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	25,145	2,362,039
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	25,145	2,362,039
INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,456,121	4,549,151
CASH AND INVESTMENTS - BEGINNING OF YEAR	3,747,949	45,489,172
CASH AND INVESTMENTS - END OF YEAR	$ 5,204,070	$ 50,038,323
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 976,470	$ (4,292,767)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	590,022	831,671
Changes in assets and liabilities:		
Accounts receivable decreased (increased)	643	(39,147)
Prepaid items decreased (increased)	-	177,198
Inventory decreased (increased)	-	10,061
(Gain)/loss on disposal of capital assets	-	(1,343)
Deferred outflows decreased (increased)	-	350,308
Accounts payable and other accrued liabilities increased (decreased)	73,200	437,041
Capital asset addition in accounts payable increased (decreased)	-	(95,445)
Insurance claims payable increased (decreased)	-	962,411
Accrued retirees' health payable increased (decreased)	-	(10,354)
Accrued leave payable increased (decreased)	-	234,850
Accrued pension liability increased (decreased)	-	4,290,939
Deferred inflows increased (decreased)	-	(818,823)
TOTAL ADJUSTMENTS	663,865	6,329,367
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,640,335	$ 2,036,600

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2021

	Successor Agency to the City of Cypress Redevelopment Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 224,428	$ 3,290,364
Restricted cash and investments	-	161,771
Interest receivable	145	2,292
Accounts receivable		40,800
Prepaid items	-	108,661
Notes receivable	428,092	-
TOTAL ASSETS	652,665	3,603,888
LIABILITIES		
Current liabilities		
Accounts payable and other accrued liabilities	-	152,406
Unearned revenue	-	35,719
Bonds payable	-	165,000
Accrued leave payable	-	68,645
Noncurrent liabilities		
Bonds payable	-	170,000
Accrued leave payable	-	205,934
Retirees' health payable	-	696,197
Due to other governments	-	1,236,973
TOTAL LIABILITIES	-	2,730,874
NET POSITION HELD IN TRUST		
Restricted for:		
Other governments	652,665	-
Assessment district improvements	-	29,946
Member agencies	-	843,068
TOTAL NET POSITION HELD IN TRUST	$ 652,665	$ 873,014

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the fiscal year ended June 30, 2021

	Successor Agency to the City of Cypress Redevelopment Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Member contributions	$ -	$ 2,912,274
Investment income	10,857	18,789
Other revenue	-	142,776
TOTAL ADDITIONS	10,857	3,073,839
DEDUCTIONS:		
Dispatch services	-	2,795,858
Debt service	-	23,512
Other expenses	-	5,672
TOTAL DEDUCTIONS	-	2,825,042
CHANGE IN NET POSITION	10,857	248,797
NET POSITION - BEGINNING OF YEAR, AS ORIGINALLY REPORTED	641,808	-
Restatement (Note 23)	-	624,217
NET POSITION - BEGINNING OF YEAR, AS RESTATED	641,808	624,217
NET POSITION - END OF YEAR	$ 652,665	$ 873,014

See Accompanying Notes to the Basic Financial Statements.

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The City of Cypress (City) is a municipal corporation, incorporated in 1956, and governed by an elected five-member council which, along with the Cypress Recreation and Park District (District), and Cypress Recreation and Community Services Foundation (Foundation), comprise the reporting entity. As required by generally accepted accounting principles, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The District, although a legally separate entity, is in substance part of the City's operations and, accordingly, District data are combined with the data of the City within these financial statements. The balances and transactions of the District and Foundation are blended within this report in all fund types except the General Fund. Separate financial statements are prepared for the District and are available from the City. A description of the District and Foundation and discussion of the criteria used for inclusion in the reporting entity follows.

Cypress Recreation and Park District

The Cypress Recreation and Park District was formed in 1949 to provide park and recreational facilities for the areas now known as the cities of Cypress and La Palma and adjacent unincorporated areas plus small portions of the adjacent cities of Los Alamitos, Buena Park and Anaheim. The District was under the control of the Orange County Board of Supervisors until 1971, when the City of La Palma and the other aforementioned cities withdrew from the District. On June 29, 1971, the District was established as a subsidiary district of the City, effective July 1, 1971. The members of the City Council act as the governing board of the District. The District is managed by employees of the City and overhead expenses are billed to the District each year. The fiscal year-end is June 30, the same as the City.

Cypress Recreation and Community Services Foundation

The Cypress Recreation and Community Services Foundation was created in 2019 to support and enhance safe, attractive, and high quality recreation facilities, programs, and services in the City of Cypress. The Foundation is organized and operates under section 501(c)(3) of the Internal Revenue Code as a charitable organization. The members of the City Council act as the Board of Directors for the Foundation. The Foundation is managed by employees of the City. The fiscal year-end is also June 30.

B. Accounting and Reporting Policies

The City has conformed to the pronouncements of the Governmental Accounting Standards Board (GASB), which are primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

C. Basis of Accounting, Measurement Focus and Financial Statement Presentation

<u>Government–Wide Financial Statements</u>

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from the government-wide financial statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting, Measurement Focus, Financial Statement Presentation (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the City include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment of the City. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes and other items that are properly not included among program revenues.

The government-wide financial statements are reported using the flow of economic resources measurement focus and the accrual basis of accounting. With the flow of economic resources measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the government are included on the statement of net position. Net position is segregated into three primary components: net investment in capital assets, restricted net position and unrestricted net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With the current financial resources measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources, are generally included on the balance sheet. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Grant funds earned but not received are reported as a receivable and deferred inflow of resources, and grant funds received before the revenue recognition criteria have been met are reported as unearned revenue. Other revenue items are considered to be measurable and available only when cash is received by the City.

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

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting, Measurement Focus, Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

The General Fund – The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Recreation and Park District Special Revenue Fund – This fund accounts for all resources, and operating and capital project activity of the Cypress Recreation and Park District. The primary resources of the District include a portion of the base property tax rate and user fee revenues.

The Streets Special Revenue Fund – This fund accounts for receipts and expenditures of money apportioned under the State of California Streets and Highway Code Sections 2103, 2105, 2106, 2107 and 2107.5 (Gas Tax) and Section 2032(h) (Road Maintenance and Rehabilitation Act); Measure "M2" money from Orange County; and Traffic Mitigation Fees charged by the City.

The City Capital Projects Fund – This fund accounts for construction of major transportation infrastructure and public facilities. The resources of the fund are limited to transfers from the City's General fund and grant reimbursements for eligible projects.

The City reports the following major proprietary fund:

The Sewer Fund – This fund accounts for all of the operating and capital project activities associated with the City's sanitary sewer system. The resources of the fund are primarily fees charged to the users of the system.

Additionally, the City reports the following fund types:

Governmental Funds

The Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Proprietary Funds

Internal Service Funds – Internal Service Funds are used to account for the financing of goods and services provided by one department of the City to other departments or agencies of the City on a pro-rata cost-sharing basis. The City currently uses internal service funds for the following activities: central services (which includes print shop, information systems, phone and equipment maintenance, building and grounds maintenance for the City's Civic Center and Corporate Yard, fleet maintenance for City vehicles and equipment, and for accumulating and expending monies for capital equipment acquisition and replacement), recreation central services (which includes the District's maintenance of equipment and the accumulation and expending of monies for the acquisition and replacement of District capital equipment items), employees' benefits, general liability insurance, and workers' compensation.

(1) Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting, Measurement Focus, Financial Statement Presentation (Continued)

Proprietary funds are accounted for using the economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All proprietary funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on the Statement of Net Position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for use of the sanitary sewer system, while the principal operating revenues of the internal service funds are charges to departments in the governmental funds of the City for services. Operating expenses for the enterprise fund and the internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, public safety, public works, etc.)

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are reported in a separate Statement of Fiduciary Net Position. These funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations. Fiduciary funds are reported using the accrual basis of accounting.

Custodial Funds – Custodial funds are used to report fiduciary activities in which the City acts as an agent. These funds do not involve measurement of the results of City operations. The City's custodial funds include the Cypress Business and Professional Center Assessment District and amounts held on behalf of the West Cities Communication Center Joint Powers Authority.

Private-Purpose Trust Funds – A Private-Purpose Trust fund is used to account for the activities of the Successor Agency to the Cypress Redevelopment Agency in which the City acts as an agent. Net position is reported as net position held in trust. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

D. Cash and Investments

Investments are classified within the financial statements as "Cash and investments" and are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

(1) Summary of Significant Accounting Policies (Continued)

D. Cash and Investments (Continued)

All cash and investments of proprietary funds are held in the City's investment pool. Therefore, all cash and investments in the proprietary funds are considered cash and cash equivalents for purposes of the statement of cash flows as these cash pools have the general characteristics of a demand deposit account.

Restricted Cash and Investments

The City established a Post-Employment Benefits Trust (Trust) as a tax-exempt trust within the meaning of Section 115 of the Internal Revenue Service Code to accumulate resources for the CalPERS pension obligations. The trust may also be used to stabilize the amount of General Fund resources needed to meet future required contributions to CalPERS. The balances and activities of the Trust are irrevocably dedicated to funding future obligations to CalPERS. These amounts are reflected as restricted cash and investments in the Employees' Benefit Internal Service Fund.

E. Inventories and Prepaid Amounts

Inventories are valued at average cost and consist primarily of fuel and postage. The City follows the consumption method for inventory control whereby inventory items are reported as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to a future accounting period and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

F. Advances to Other Funds

Long-term interfund advances are reported as a receivable in the advancing fund, and a long-term liability is recorded in the fund receiving the advance.

G. Capital Assets

Capital assets, which include land, machinery and equipment (vehicles, computers, etc.), buildings and improvements, and infrastructure assets (street systems, storm drains, sewer systems, etc.), are reported in governmental activities column of the government-wide financial statements. Capital assets are defined by the City as all land and buildings, vehicles, computers and equipment with an initial individual cost of more than $1,000; and improvements and infrastructure assets with costs of more than $10,000, and a life in excess of one year. Purchased or constructed assets are recorded at historical cost or estimated historical cost. Donated or annexed capital assets are recorded at acquisition value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the government-wide financial statements on a straight-line basis over the estimated useful life of the assets as follows:

Building and Improvements	10 to 40 years
Machinery and Equipment	3 to 10 years
Infrastructure	20 to 65 years

(1) Summary of Significant Accounting Policies (Continued)

H. Compensated Absences

Compensated leave for all permanent employees is paid by the Employees' Benefit Internal Service Fund. The accrued leave payable represents the estimated liability for all accrued vacation, compensatory time, and 50% of the sick leave, as noted below, for all employees of the reporting entity. However, amounts greater than 50% of the sick leave have been accrued for certain Police Association members eligible for Service Retirement. The Employee Benefit Fund is funded by payroll charges to other funds based on benefits earned during that year. Compensated absences are primarily considered a long-term liability, as accruals earned in each fiscal year are generally sufficient to cover leave taken during the same fiscal year. An estimate has been made for the portion of the liability at fiscal year-end that will be due within one year for any employees terminating employment and receiving a payoff of their accrued leave balances.

Permanent employees may accumulate unlimited sick leave hours. Employees with 5 or more years of service terminated for any reason, and having 60 days or more of accumulated sick leave (equal to 480 hours), will be paid for 50% of their accumulated sick leave. Employees with 5 or more years of service terminated for any reason, and having between 240 hours and 480 hours, will be paid for 50% of their accumulated sick leave in excess of 240 hours. Employees having less than 240 hours will not be paid for their accumulated sick leave. The accumulation of vacation leave is generally limited to twice an employees' annual accrual. Employees who terminate for any reason are paid 100% of their accumulated vacation pay.

I. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The Employees' Benefit Internal Service Fund, which is funded primarily through charges from the General Fund, is typically used to liquidate OPEB liabilities.

(1) Summary of Significant Accounting Policies (Continued)

J. Other Postemployment Benefits (OPEB) (Continued)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period may differ depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments are amortized over a closed 5-year period. The City, however, does not have an OPEB trust, so there are no deferred inflows or outflows related to this item. All other amounts are amortized over the expected average remaining service lifetime of plan participants.

K. Net Position and Fund Equity

In the government-wide financial statements and the proprietary fund financial statements, net position is classified in the following categories:

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

Restricted Net Position – This component of net position is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This component of net position consists of all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

In the governmental fund financial statements, fund balances are classified in the following categories in accordance with GASB Statement No. 54:

Nonspendable – Nonspendable fund balances encompass Items that cannot be spent because they are not in spendable form, such as prepaid items, inventories, and long-term receivables, and items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted – Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

(1) Summary of Significant Accounting Policies (Continued)

K. Net Position and Fund Equity (Continued)

Committed – Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body, and that remain binding unless removed in the same manner. The City Council is considered the highest authority for the City and the adoption of a formal resolution or the formal award of a contract by the City Council is required to establish a fund balance commitment. Additionally, commitments (other than those associated with the award of a contract) can only be modified or rescinded by the adoption of a formal resolution of the City Council.

Assigned – Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by an official designated for that purpose. The City Council has adopted a resolution that authorizes the Director of Finance to assign fund balances.

Unassigned – Unassigned fund balances encompass the residual balance for the City's General Fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

L. Spending Policy

In the government-wide financial statements, when expenses are incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

In the governmental fund financial statements, when expenditures are incurred for purposes for which all categories of fund balances are available, the City's general policy is to apply the expenditures against fund balance in the following order: restricted, committed, assigned, and unassigned.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

(1) Summary of Significant Accounting Policies (Continued)

N. New Accounting Pronouncements

Current Year Standards:

The City adopted the following new accounting pronouncements:

- GASB Statement No. 84 – *"Fiduciary Activities"*, effective for periods beginning after December 15, 2019.
- GASB Statement No. 90 – *"Majority Equity Interests – an amendment of GASB Statement No. 14 and No. 61"* becomes effective for fiscal years beginning after December 15, 2019.
- GASB Statement No. 98 – "*The Annual Comprehensive Financial Report"* was implemented earlier than required.

Pending Accounting Pronouncements:

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- GASB Statement No. 87 – *"Leases"* becomes effective for fiscal years beginning after June 15, 2021.
- GASB Statement No. 89 – *"Accounting for Interest Cost Incurred before the End of a Construction Period"*, effective for periods beginning after December 15, 2020.
- GASB Statement No. 91 – *"Conduit Debt Obligations"* becomes effective for fiscal years beginning after December 15, 2021.
- GASB Statement No. 94 – "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements"* becomes effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96 – "*Subscription-Based Information Technology Arrangements"* becomes effective for fiscal years beginning after June 15, 2022.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and governmental funds' Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expenditure) until that time. The deferred outflows of resources relate to pensions and other postemployment benefits.

There are various deferred outflow amounts related to CalPERS pensions. First is the amount of employer contributions made after the measurement date of the net pension liability, which will be recognized in the following fiscal year. The second item is a deferred outflow related to pensions for the net difference between projected and actual earnings on pension plan investments, which will be amortized over five years. Other items include the difference between expected and actual experience, changes in assumptions, and the adjustments due to differences in proportions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions determined for the June 30, 2020 measurement date, which is 3.8 years for both Safety Plan and Miscellaneous Plan members.

(1) Summary of Significant Accounting Policies (Continued)

O. Deferred Outflows/Inflows of Resources (Continued)

The deferred outflows related to the OCERS pension plan is the combined difference between expected and actual experience and assumption changes, which will be recognized over the average expected remaining service lives of all employees that are provided with pensions through OCERS, which for this measurement period is 5.81 years.

The deferred outflows related to other postemployment benefits is combined of the difference between expected and actual experience and assumption changes. These amounts are amortized over the average expected remaining active and inactive service lives as of the June 30, 2021 measurement date, which is 8.4 years.

In addition to liabilities, the Statement of Net Position and governmental funds' Balance Sheet may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City reported three items in this category. The first item, which arises only under the modified accrual basis of accounting, is *unavailable revenues*, which is reported only in the governmental funds' Balance Sheet. The governmental funds report unavailable revenues from one source, accounts receivable. Unavailable revenues are primarily capital project grants, or other revenues, which have been earned, but not received within 60 days after year-end. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item is a deferred inflow related to pensions. For CalPERS pensions, the deferred inflow is the result of differences in expected and actual actuarial experience, changes in actuarial assumptions, adjustments due to changes in proportions, and differences between employer's contributions, the proportionate share of contributions, and differences between projected and actual earnings. The changes in projected and actual investment earnings are recognized over five years, beginning with the year in which they occur. The remaining items are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions. For CalPERS pensions, the remaining service life as determined for the June 30, 2020 measurement date is 3.8 years for both the Safety Plan and the Miscellaneous Plan.

The deferred inflow related to the OCERS pension plan is the net difference between projected and actual earnings on pension plan investments, which will be recognized over a period of five years, beginning with the year in which they occur.

The third item is a deferred inflow related to other postemployment benefits. The deferred inflow is the result of changes in actuarial assumptions. This amount is amortized over a closed period equal to the expected average remaining service lives of plan participants.

(1) Summary of Significant Accounting Policies (Continued)

P. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the City's fiduciary net position in the California Public Employees' Retirement System (CalPERS) and Orange County Employees Retirement System (OCERS) plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS and OCERS, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The Employees' Benefit Internal Service Fund, which is funded primarily through charges from the General Fund and the Recreation and Park District General Fund, is typically used to liquidate CalPERS and OCERS pension liabilities, respectively.

(2) Property Taxes

Property taxes include assessments on both secured and unsecured property. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (County) bills and collects the property taxes and remits them to the City in installments during the year. City property tax revenues are recognized when levied to the extent that they result in current receivables, defined as being received within 60 days after year-end.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period adjusted by State mandated transfers to the various school districts in fiscal years ended June 30, 1993 and June 30, 1994.

(3) Cash and Investments

The City follows the practice of pooling cash and investments for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual bond indenture agreements are not pooled, and are reported as restricted cash and investments.

Investment income earned on pooled cash and investments is allocated quarterly to the various funds based on the average cash balance in each fund. Investment income from cash and investments with fiscal agents is credited directly to the fund earning the income.

(3) Cash and Investments (Continued)

Authorized Investments

Under provision of the City's annually adopted investment policy, and in accordance with Section 53601 of the California Government Code, the City may deposit and invest in the following:

- Securities of the U.S. Government
- Federal Agency Issues
- Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies
- Bankers' Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Medium-term Corporate Notes
- Local Agency Investment Fund (LAIF)
- Investment Trust of California (CalTRUST)
- Money Market Mutual Fund
- Passbook Savings Account Demand Deposits

A five-year maximum maturity for each investment is allowed unless an extension of maturity is expressly permitted by the City Council, with the exception of Certificates of Deposit, Bankers' Acceptances, and Commercial Paper, which are one year, 180 days, and 270 days respectively.

The above policy does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

Deposits and Risks

At June 30, 2021, the carrying amount of the City's demand deposits was $3,594,735. The bank balances of these funds totaled $4,081,967 and were either covered by federal depository insurance or were held in collateralized accounts. If there were amounts not covered by federal depository insurance, the California Government Code requires California banks and savings and loans associations to secure a City's deposit by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a total value of 150% of the City's total deposits.

(3) Cash and Investments (Continued)

Deposits and Risks (Continued)

The following is a summary of pooled cash and investments, including restricted cash and investments, as of June 30, 2021:

	Government Wide Statement of Net Position		Fiduciary Funds	
	Governmental Activities	Business-type Activities	Statement of Net Position	Totals
Cash and investments	$ 168,874,271	$ 5,204,070	$ 3,514,792	$ 177,593,133
Restricted cash and investments	17,913,583	-	161,771	18,075,354
Totals	$ 186,787,854	$ 5,204,070	$ 3,676,563	$ 195,668,487

Restricted cash and investments held by the fiscal agent which are reported in governmental activities include the pension trust fund, which includes restricted pension obligations. In the fiduciary agency fund, restricted cash and investments relate to monies held by fiscal agents for special assessment bonds.

Cash and investments, as of June 30, 2021, consist of the following deposits, and investments and maturities:

		Remaining Maturity			
	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Deposits:					
Demand Deposits	3,594,738	$ 3,594,738			
Restricted Deposits	1,668	1,668			
Investments:					
State of California Local Agency Investment Fund	136,011,284	136,011,284			
CalTrust Short Term Fund	2,005,329	2,005,329			
CalTrust Medium Term Fund	21,996,522	21,996,522			
Federal Farm Credit Bank	4,001,040			$ 4,001,040	
Federal Home Loan Bank	9,984,220			9,984,220	
Restricted Cash and Investments:	-				
Money Market Accounts	160,103	160,103			
PARS Mutual Funds	17,913,583	17,913,583			
Total Cash and Investments	$195,668,487	$181,683,227	$ -	$ 13,985,260	$ -

The City's investment policy and the California Government Code generally limit the amount that can be invested in any one issuer, except for U.S. Treasury securities and U.S. government-sponsored enterprises. At June 30, 2021, investments in Federal Home Loan Bank securities totaling $9,783,424 represented 5.10% of the City's investments (other than external investment pools). The Federal Home Loan Bank is a government-sponsored enterprise and there is no limit on the percentage of the portfolio that can be invested in this category.

(3) Cash and Investments (Continued)

Deposits and Risks (Continued)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. At June 30, 2021, the City's pooled cash and investment portfolio had a maturity of less than one year with an average life of the portfolio of approximately 117 days.

Credit Risk. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's practice to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's and Moody's Investors Service. At June 30, 2021, the City's money market mutual accounts were rated AAAm by Standard & Poor's. The Federal Farm Credit Bank and Federal Home Loan Bank investments were rated AA+ rated by Standard & Poor's and Aaa by Moody's. The California Local Agency Investment Fund (LAIF) is not rated, but has a separate investment policy governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments. There is no minimum legal rating.

Custodial Credit Risk. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. All securities owned by the City with the exception of LAIF and CalTRUST are deposited in trust for safekeeping with a custodial bank. Securities are not held in broker accounts. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: California Government Code requires a financial institution to secure deposits made by local governments by pledging securities in an undivided collateral pool held by a depository regulated under state law. The fair value of pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the governments. The investment in a Repurchase Agreement is uninsured with the collateral for the repurchase agreement held in the name of the bank but not the name of the City. For investments identified herein as held by a fiscal agent, the trustee selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the City.

External Investment Pool

The City is a voluntary participant in LAIF, which is an external investment pool regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California through which local governments may pool investments. The City and the District each may invest up to $75,000,000 in the fund. Investments in LAIF are considered highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

The City values its investments in LAIF at a fair value provided by LAIF. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. At June 30, 2021 the factor used was 1.00008297. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. As of June 30, 2021, the City had total deposits of $136,000,000 invested in LAIF, with a fair value of $136,011,284. LAIF had invested 1.10% of its portfolio in structured notes and medium-term asset-backed securities.

(3) Cash and Investments (Continued)

External Investment Pool (Continued)

The City also participates in the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees comprised of experienced local agency finance professionals, members of the governing body, or officers or personnel of public agency CalTrust members. The City reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. There is no legal minimum or maximum investment in CalTrust, however, the City has set a policy limit of $50,000,000.

Fair Value Measurements

The City categorizes its fair value measurement within the fair value hierarchy established by Generally Accepted Accounting Principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the City has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the City's own assumptions about the inputs market participants would use in pricing the asset (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

The asset's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the City's management. City management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to City management's perceived risk of that investment.

(3) Cash and Investments (Continued)

Fair Value Measurements (Continued)

The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by the City's asset broker or custodian.

The following is a description of the recurring valuation methods and assumptions used by the City to estimate the fair value of its investments.

The City's management has valued the Federal Farm Credit Bank and Federal Home Loan Bank in Level 2 based on quoted prices for similar assets. LAIF, Money Market and Mutual Funds are uncategorized.

(4) Notes Receivable

Changes in Notes Receivable

The following is a summary of note receivable transactions for governmental activities for the year ended June 30, 2021:

					Classification	
Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Home Loans	$ 707,279	$ 20,000	$ (145,181)	$ 582,098	$ 10,000	$ 572,098
Housing Covenants	9,971,138	222,750	-	10,193,888	-	10,193,888
Other Notes	5,994	-	(428)	5,566	428	5,138
Subtotal	10,684,411	242,750	(145,609)	10,781,552	10,428	10,771,124
Less: Allowance	(10,437,212)	(242,750)	106,791	(10,573,171)	-	(10,573,171)
Total	$ 247,199	$ -	$ (38,818)	$ 208,381	$ 10,428	$ 197,953

Home Loans

The dissolved Cypress Redevelopment Agency (Agency) administered two loan programs to assist qualified low and/or moderate income applicants. Upon dissolution of the Agency, the administration and the outstanding notes associated with these two loan programs were transferred to the City's Low and Moderate Housing Assets Special Revenue Fund. The Home Equity Loan Program (HELP I) provided loans in the form of notes up to $25,000 for down payment assistance to eligible first time homebuyers. Payments on the notes were deferred for the first five (5) years with no interest during the deferral period. The loan becomes due and payable on a monthly basis in years 6 through 30 with a 5% interest rate assessed during the amortization period. Effective with the dissolution of the Agency on February 1, 2012, the HELP I program assets were transferred to the City's Low and Moderate Housing Assets Fund and no new HELP I loans are expected to be issued.

(4) Notes Receivable (Continued)

Home Loans (Continued)

The Home Enhancement Loan Program (HELP II) provides loans to assist single family homeowners with home improvement costs. Moderate income applicants are eligible for loans of up to $20,000 with a 5% interest rate and payment deferred for the full 15-year term of the loan. The loans become due and payable in full upon sale, transfer of title, cash out refinances, or the end of the loan term, whichever comes first. Lower income applicants can qualify for no interest, forgivable loans of up to $20,000. The principal amounts for the forgivable loans are reduced by ten percent (10%) annually and are completely forgiven after ten years. Some of the HELP II notes are eligible for federal grant reimbursement to the City upon issuance and are recorded in the General Fund. Effective with the dissolution of the Agency on February 1, 2012, the HELP II program assets previously funded by the Agency were transferred to the City's Low and Moderate Housing Assets Special Revenue Fund. Any new loan issuances will be limited to those that are funded with federal grant reimbursements and recorded in the General Fund.

In the fund financial statements and government-wide statements for all loans, a note receivable is recorded when issued to the homeowner and is decreased upon repayment. The City holds notes due from homeowners totaling $202,816 (which is net of an allowance of $379,282 for forgivable loans) at June 30, 2021 in both the fund financial statements and the government-wide statements.

Housing Covenants

The City holds notes receivable totaling $10,193,888 (including accrued interest) related to affordability covenants entered into by the dissolved Agency associated with the following five projects described below. Upon dissolution of the Agency on February 1, 2012, the notes were transferred to the City and are recorded in the Low and Moderate Housing Assets Special Revenue Fund.

In 2004, the 13-unit Lincoln Glen townhome project was constructed in the Lincoln Avenue Redevelopment Project Area. To address the inclusionary affordability requirement triggered by the development, five (5) units were restricted for sale to affordable households. Silent second first-time homebuyer loans were provided to secure long term (45 year) affordability covenants on these units. The loans provide for interest to accrue at a rate of 7% per year. Two (2) units received $57,700 loans and were reserved for low income households (80% or less of County median income), and three (3) units received $37,350 loans and were reserved for moderate income households (up to 120% of County median income). Four of the loans (and their associated affordability covenants) were recorded in late 2004 and the remaining loan closed in early 2005. These loans, totaling $227,450 plus accrued interest of $444,020 at June 30, 2021, will be forgiven at the end of the 45 year covenant term.

To address the inclusionary affordability requirement triggered by the construction of the 63-unit Lincoln Square town project in 2007, ten (10) units received $35,000 silent second loans which covenanted them as affordable to moderate income households for a period of 45 years. All the loans were recorded in 2007 and provide for interest to accrue at a rate of 7% per year. All of the loans, totaling $350,000 plus accrued interest of $517,062 at June 30, 2021, are forgivable at the end of the covenant term.

(4) Notes Receivable (Continued)

Housing Covenants (Continued)

In 2004, the Agency entered into an affordable housing agreement to provide a $774,473 loan to Habitat for Humanity of Orange County to acquire a property and build seven (7) townhome units known as the Cypress Heather development. The units were sold to very low income families (with incomes not exceeding 50% of the County's median). Each family assumed one-seventh of the Agency's loan with Habitat and these loans were recorded in 2007 and secured 45 year affordability covenants on the units. The loans provide for interest to accrue at a rate of 7% and be added to the loan principal each year. The loans, totaling $774,473 plus accrued interest of $1,091,887 at June 30, 2021, are forgivable at the end of the 45 year term.

In 2009, the Agency entered into an agreement to purchase long-term affordability covenants at the Tara Village apartment complex. The agreement provided a $6,788,996 loan to the owner of the apartment complex in exchange for reserving 80 units for rental to lower income households for 55 years, with 40 units reserved for very low income families and 40 units reserved for low income families. The loan is forgivable at the end of the covenant term.

In the fund financial statements, a note receivable is recorded upon initial funding of the loan with a corresponding amount recorded as an allowance for uncollectable amount since these notes will likely be forgiven prior to payment being due. This results in no impact to the fund balance reported in the fund financial statements. Similarly in the government-wide statements, a note receivable is recorded when issued to the homeowner and would be decreased upon a repayment. However since all the loans associated with covenants are forgivable and will likely never be repaid, an allowance for forgivable loans of $10,193,888 has fully offset the amount reported as notes receivable in the government-wide statements at June 30, 2021.

(5) Interfund Transactions

Interfund Balances

The following summarizes the total due to and from other funds as of June 30, 2021:

		Due To	
		General Fund	Total
Due From	Non-major Governmental Funds	$ 23,053	$ 23,053
	Total	$ 23,053	$ 23,053

The outstanding balances between funds result from interfund borrowings and to cover cash flow deficits resulting from annual operating transfers to other funds.

(5) Interfund Transactions (Continued)

Interfund Advances

		Advances to		
		Nonmajor Governmental	Speical Revenue	
		AB 2766 Trip Reduction Fund	Recreation and Park District Fund	Total
Advances from	General Fund	$ 226,304	$ -	$ 226,304
	Capital Projects Fund	-	5,844,695	5,844,695
	Total	$ 226,304	$ 5,844,695	$ 6,070,999

On February 26, 2018, the City approved an advance of $490,874 from the General Fund to the AB 2766 Trip Reduction Fund for the purchase of a compressed natural gas sewer cleaning truck. The advance occurred on May 3, 2019 after the sewer truck was received and payment was made. The advance is to be repaid, at zero percent interest, by annual payments from the Assembly Bill 2766 revenues which are to be used to reduce air pollution from motor vehicles. The use of this funding was approved by the South Coast Air Quality Management District. During fiscal year 2020-21, $64,337 was repaid, leaving a remaining balance of $226,304 at June 30, 2021. It is anticipated the advance will be fully repaid by fiscal year 2024-25.

On January 28, 2019, the City approved an advance of up to $900,000 from the City Capital Projects Fund to the Cypress Recreation and Park District Special Revenue Fund for the design of a 9-acre sports park. The District will pay interest annually on June 30 at the California Local Agency Investment Fund (LAIF) rate. The principal will be repaid on or before June 30, 2024 from future park development fees (if available), and the five-year term can be extended by mutual agreement. During fiscal year 2020-21, additional advances for design costs totaled $3,013, bringing the total outstanding advance to $426,409 at June 30, 2021. Interest of $2,215 was earned and paid on the outstanding balance, based on an average LAIF rate of 0.522%.

On February 8, 2021, the City approved an advance of up to $12,800,000 from the City Capital Projects Fund to the Cypress Recreation and Park District Special Revenue Fund for the construction of the 9-acre sports park, subsequently named Lexington Park. The District will pay interest annually on June 30 at the California LAIF rate. The principal will be repaid from anticipated park development fees (if available) on or before June 30, 2025, and the five-year term can be extended by mutual agreement. During fiscal year 2020-21, advances for construction costs began in March and totaled $5,418,286 at June 30, 2021. Interest of $1,781 was earned and paid on the outstanding balance, based on an average LAIF rate of 0.522%.

(5) Interfund Transactions (Continued)

Interfund Transfers

With City Council approval, resources may be transferred from one City fund to another. The purpose of transfers is to move funding from its original source to the fund in which the authorized expenditures occur. Transfers between funds during the fiscal year ended June 30, 2021 are as follows:

		Transfers Out				
		General Fund	Recreation and Park District Fund	Streets Fund	Non-major Governmental Funds	Totals
Transfers In	General Fund	$ -	$ -	$ 596,702	$ 726,558	$ 1,323,260
	Capital Projects Fund - City	2,050,000	845,780	1,316,148	2,151,229	6,363,157
	Special Revenue Funds - Streets	-	-	-	6,395	6,395
	Internal Service Funds	171,607	249,148	-	24,852	445,607
	Totals	$ 2,221,607	$ 1,094,928	$ 1,912,850	$ 2,909,034	$ 8,138,419

The transfer to the General Fund from the Streets Fund provided resources for street maintenance.

The transfer to the General Fund from the non-major Governmental Funds provided resources for Traffic Safety, cable television equipment, administrative costs associated with the Stanton Channel Maintenance District and Lighting District funds, and CARES Act reimbursements for COVID-19 expenditures.

The transfers to the Capital Projects Fund – City from the General Fund were for capital projects approved by City Council as part of the first year of the Seven-Year Capital Improvement Program and for the set-aside of monies for future capital improvement projects.

The transfer to the Capital Projects Fund – City from the Recreation and Park District Fund are former Agency property tax increment amounts that are now allocated to the District due to the dissolution of the Agency. These amounts are being transferred to repay capital project expenditures benefitting the District.

The transfer to the Capital Projects Fund – City from the Streets Fund provided funding for eligible capital improvements for residential street resurfacing, concrete and sidewalk rehabilitation, and median restoration.

The transfer to the Capital Projects Fund – City from the non-major Governmental Funds provided funding for the Police Modernization/Seismic Retrofit project.

The transfer to the Streets Special Revenue Fund from the non-major Governmental Funds provided funds for street widening to accommodate the new sports park.

(5) Interfund Transactions (Continued)

Interfund Transfers (Continued)

The transfer from the General Fund to the Internal Service Funds provided $150,000 to the Employees' Benefit Fund for investment in the pension trust, and $21,607 for capital equipment.

The transfers to the Internal Service Funds from the various City operating funds provided $150,000 for future OCERS pension costs and resources for the initial purchase of capital outlay items in the City's Central Services Funds.

(6) Assets Available for Resale

During the fiscal year ended June 30, 2004, the former Redevelopment Agency acquired a parcel of land with a cost of $1,421,708 located at 5732 Lincoln Avenue. At the time of purchase, it was the intent of the Agency to resell this parcel for the development of low and moderate income housing units. The parcel was transferred to the City upon dissolution of the Agency on February 1, 2012. As of June 30, 2021, the City maintains ownership of the parcel of land and $1,421,708 is classified as assets available for resale in the Low and Moderate Housing Assets Fund.

On November 15, 2006, the Agency purchased approximately 13.33 acres of land located at the northwest corner of Winners Circle and Katella Avenue. The basis of the land was $20,257,703 and it was the intent of the Agency to enter a Development and Disposition Agreement with a developer for retail development that was consistent with the goals of the Agency. On March 8, 2011, the Agency sold the land to the City for its appraised value of $18,580,000, however, the land was written down to its fair market value of $12,500,000 in fiscal year 2014-15, based on a broker opinion of value. Due to additional investments in the property, the cost basis grew to $12,712,962.

In November 2019, the City entered into a Disposition and Development Agreement for the sale of the property to SP Acquisition, LLC for a mixed-use development project. The property was sold on November 23, 2020 for $15,250,000.

(7) Capital Assets and Depreciation

In accordance with GASB 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the basic approach (as defined by GASB 34) for all infrastructure reporting in which depreciation expense and accumulated depreciation has been recorded. At June 30, 2021, the City's capital assets consisted of the following:

(7) Capital Assets and Depreciation (Continued)

	Governmental Activities	Business-type Activities	Total
Capital Assets, Not Depreciated:			
Land	$ 9,734,882	$ -	$ 9,734,882
Construction in Progress	13,185,847	105,742	13,291,589
Total, Not Depreciated	22,920,729	105,742	23,026,471
Capital Assets, Being Depreciated:			
Buildings and Improvements	38,390,119	-	38,390,119
Machinery and Equipment	11,209,381	-	11,209,381
Infrastructure	233,683,122	34,445,054	268,128,176
Total, Being Depreciated	283,282,622	34,445,054	317,727,676
Less Accumulated Depreciation:			
Buildings and Improvements	(20,093,724)	-	(20,093,724)
Machinery and Equipment	(7,720,733)	-	(7,720,733)
Infrastructure	(112,116,269)	(15,228,029)	(127,344,298)
Total Accumulated Depreciation	(139,930,726)	(15,228,029)	(155,158,755)
Total Depreciated, Net	143,351,896	19,217,025	162,568,921
Total Capital Assets, Net	$ 166,272,625	$ 19,322,767	$ 185,595,392

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Governmental Activities			
	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets, Not Depreciated:				
Land	$ 9,734,882	$ -	$ -	$ 9,734,882
Construction in Progress	4,245,096	10,223,403	(1,282,652)	13,185,847
Total, Not Depreciated	13,979,978	10,223,403	(1,282,652)	22,920,729
Capital Assets, Being Depreciated:				
Buildings and Improvements	36,677,316	1,712,803	-	38,390,119
Machinery and Equipment	11,173,408	315,635	(279,662)	11,209,381
Infrastructure	232,446,976	1,236,146	-	233,683,122
Total, Being Depreciated	280,297,700	3,264,584	(279,662)	283,282,622
Less Accumulated Depreciation:				
Buildings and Improvements	(18,961,658)	(1,132,066)	-	(20,093,724)
Machinery and Equipment	(7,162,215)	(831,670)	273,152	(7,720,733)
Infrastructure	(107,744,902)	(4,371,367)	-	(112,116,269)
Total Accumulated Depreciation	(133,868,775)	(6,335,103)	273,152	(139,930,726)
Total Depreciated, Net	146,428,925	(3,070,519)	(6,510)	143,351,896
Governmental Activities Capital Assets, Net	$ 160,408,903	$ 7,152,884	$ (1,289,162)	$ 166,272,625

(7) Capital Assets and Depreciation (Continued)

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

General Government	$ 339,644
Recreation	661,743
Public Safety	113,267
Public Works	4,388,778
Internal Service Funds Depreciation (Charged to Programs Based on Usage)	831,671
Total Depreciation Expense - Governmental Activities	$ 6,335,103

Construction Commitments

The City has active construction projects as of June 30, 2021. The projects include traffic signals, streets, and sewers. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Remaining Commitment
Streets Fund	$ 674,306
Lighting Fund	92,236
Capital Projects Fund - City	3,187,711
Sewer Fund	17,578
Totals	$ 3,971,831

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Business-type Activities			
	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Capital Assets, Not Depreciated:				
Construction in Progress	$ -	$ 105,742	$ -	$ 105,742
Total, Not Depreciated	-	105,742	-	105,742
Capital Assets, Being Depreciated:				
Infrastructure	34,310,901	134,153	-	34,445,054
Total, Being Depreciated	34,310,901	134,153	-	34,445,054
Less Accumulated Depreciation:				
Infrastructure	(14,638,007)	(590,022)	-	(15,228,029)
Total Accumulated Depreciation	(14,638,007)	(590,022)	-	(15,228,029)
Total Depreciated, Net	19,672,894	(455,869)	-	19,217,025
Business-type Activities Capital Assets, Net	$ 19,672,894	$ (350,127)	$ -	$ 19,322,767

(7) Capital Assets and Depreciation (Continued)

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

Sewer	$ 590,022
Total Depreciation Expense - Business-type Activities	$ 590,022

(8) Long-Term Debt

There is no City-obligated debt outstanding as of June 30, 2021, nor was there any activity related to City-obligated debt during fiscal year 2020-21.

Non-City Obligations - Cypress Business and Professional Center Limited Obligation Improvement Bonds

On February 18, 1998, $2,160,000 of Limited Obligation Improvement Bonds were issued to finance the acquisition of certain improvements within the Cypress Business and Professional Center Assessment District (Assessment District) of the City. Assessments to secure the bonds are to be levied only on parcels within the Assessment District for the cost of improvements with these assessments being payable over 25 years (term of debt issued). The bonds are limited obligations of the Assessment District payable solely from the special assessment or funds held pursuant to the trust indenture. Neither the faith and credit, nor the taxing power of the City, is pledged to the payment of the bonds. The City has no obligation beyond the cash balances in the Agency Fund for any delinquent Assessment District bond payments. The City acts solely as an agent for levying the assessments and paying the bondholders. At June 30, 2021, the District held in the Custodial Fund cash and investments totaling $364,811, including $160,103 held in bond reserves and $204,708 held for future improvements and other costs. The outstanding assessment bonds at June 30, 2021 totaled $335,000.

(9) Other Long-Term Liabilities

During the year ended June 30, 2021, in addition to the lease revenue bonds in Note 8, net pension liability in Notes 10 and 12, other postemployment benefits in Note 13, and claims payable in Note 15, the City had the following changes in Other Long-Term Liabilities:

					Classification	
Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Compensated Absences	$ 2,060,409	$ 1,500,098	$ (1,265,246)	$ 2,295,261	$ 573,800	$ 1,721,461
	$ 2,060,409	$ 1,500,098	$ (1,265,246)	$ 2,295,261	$ 573,800	$ 1,721,461

All compensated absence amounts above relate to the internal service funds and are generally liquidated by the General Fund through charges from the internal service funds.

(10) Public Employees' Retirement System (CalPERS)

A. General Information about the Pension Plan

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the City's Safety (Police) or the Miscellaneous (all other employees) cost-sharing multiple-employer defined benefit pension plan, administered by the California Public Employees Retirement System (CalPERS). CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the plan are applied as specified by the Public Employees' Retirement Law. The plans' provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a percentage of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates:		
Normal cost rate	11.192%	10.357%
Payment of unfunded liability	$1,597,613	$6,194

	Safety	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	3.0% at 50	2.7% at 57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50-57
Monthly benefits, as a percentage of eligible compensation	3.00%	2.00% - 2.70%
Required employee contribution rates	9.000%	13.750%
Required employer contribution rates:		
Normal cost rate	25.540%	13.884%
Payment of unfunded liability	$1,928,684	$3,297

(10) Public Employees' Retirement System (CalPERS) (Continued)

A. General Information about the Pension Plan (Continued)

Employees Covered: At June 30, 2019, the following employees were covered by the benefit terms of the Plan:

	Miscellaneous	Safety
Active Members	81	49
Transferred Members	83	28
Terminated Members	67	22
Retired Members and Beneficiaries	231	121
Total	462	220

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

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each Plan is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions: The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table [(1)]	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(10) Public Employees' Retirement System (CalPERS) (Continued)

B. Net Pension Liability (Continued)

(1) The mortality table used was developed based on the CalPERS-specific date. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions: There were no changes in assumptions.

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

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

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 (Public Employees' Retirement Fund) cash flows. Taking into account historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	(0.92%)
Total	100.00%		

(10) Public Employees' Retirement System (CalPERS) (Continued)

B. Net Pension Liability (Continued)

(a) An expected inflation of 2.00 percent was used for this period.
(b) An expected inflation of 2.92 percent was used for this period.

C. Changes in the Net Pension Liability

Proportionate Share of Net Pension Liability: As of June 30, 2020, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Safety Plan	$ 30,471,506
Miscellaneous Plan	22,615,628
Total Net Pension Liability	$ 53,087,134

The City's net pension liability for both the Safety and Miscellaneous Plans is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating employers, as actuarially determined. The City's proportionate share of the net pension liability for the Plans as of June 30, 2019 and 2020 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2019	0.48157%	0.43217%
Proportion - June 30, 2020	0.47213%	0.42911%
Change - Increase (Decrease)	(0.00944%)	(0.00306%)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of each plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

		Net Pension Liability		
	Discount Rate	Miscellaneous Plan	Safety Plan	Total
1 % Decrease	6.15%	$34,503,146	$44,913,437	$79,416,583
Current Discount Rate	7.15%	22,615,628	30,471,506	53,087,134
1 % Increase	8.15%	12,793,345	18,620,536	31,413,881

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately-issued CalPERS financial reports.

(10) Public Employees' Retirement System (CalPERS) (Continued)

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

For the year ended June 30, 2021, the City recognized pension expense of $3,794,591 in the Miscellaneous Plan; $5,018,361 in the Safety Plan; and $29,368 in the Terminated OCERS Plan (Note 12) for a total of $8,842,320. At June 30, 2021, the City reported deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 2,230,654	$ -
Changes of assumptions	-	(161,304)
Differences between expected and actual experience	1,165,450	-
Net difference between projected and actual earnings on pension plan investments	671,833	-
Adjustments due to differences in proportions	742,022	-
Changes in proportion and differences between contributions and proportionate share of	-	(1,387,119)
Total	$ 4,809,959	$ (1,548,423)

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 3,130,711	$ -
Changes of assumptions		(101,501)
Differences between expected and actual experience	2,362,912	-
Net difference between projected and actual earnings on pension plan investments	662,274	-
Adjustments due to differences in proportions	884,351	-
Changes in proportion and differences between contributions and proportionate share of	-	(1,296,339)
Total	$ 7,040,248	$ (1,397,840)

Total PERS Pension Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 5,361,365	$ -
Changes of assumptions	-	(262,805)
Differences between expected and actual experience	3,528,362	-
Net difference between projected and actual earnings on pension plan investments	1,334,107	-
Adjustments due to differences in proportions	1,626,373	-
Changes in proportion and differences between contributions and proportionate share of	-	- (2,683,458)
Total	$ 11,850,207	$ (2,946,263)

(10) Public Employees' Retirement System (CalPERS) (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date of $2,230,654 for the Miscellaneous Plan and $3,130,711 for the Safety Plan, totaling $5,361,365, will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The amount reported as deferred inflows, net of the remaining deferred outflows, will be recognized as pension expense as follows:

Measurement Periods Ending June 30,	Miscellaneous Plan Deferred Outflows/ (Inflows) of Resources	Safety Plan Deferred Outflows/ (Inflows) of Resources	Total Deferred Outflows/ (Inflows) of Resources
2021	$ (46,379)	$ 549,912	$ 503,533
2022	363,476	947,046	1,310,522
2023	391,556	682,902	1,074,458
2024	322,229	331,836	654,065
Thereafter	-	-	-
	$ 1,030,882	$ 2,511,696	$ 3,542,578

E. Payable to the Pension Plan

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

(11) Other Defined Contribution Pension Plans

Nationwide Retirement Solutions Deferred Compensation Plan

Under the Omnibus Budget Reconciliation Act of 1990 (OBRA), the City is required to provide a retirement plan to all City employees, including part-time temporary and seasonal employees. OBRA law allows the City to provide any retirement plan in which benefits are comparable to those provided under Social Security and meet certain criteria or "safe harbor formulas" for defined benefit retirement systems. To comply with this Federal law, the City currently provides a 457 deferred compensation plan through Nationwide Retirement Solutions for part-time temporary and seasonal employees. These employees pay a mandatory contribution of 7.5% of their compensation to the plan, which may be withdrawn upon employment separation.

For the year ended June 30, 2021, the City's payroll covered by the plan was $50,034. Employee contributions to the plan totaled $3,753. The City does not contribute to the plan.

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Description: The Cypress Recreation and Park District (District) participated in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer defined benefit pension plan, for employees' service prior to October 12, 2000.

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

OCERS was established in 1945, under the provisions of the County Employees Retirement Law of 1937. OCERS is governed by a ten-member Board of Retirement comprised of nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors and five members elected by the members of the pension system – two by the general members, two by the safety members (one voting and one alternate), and one by the retired members. The County of Orange Treasurer-Tax Collector, who is elected by the voters registered in the County, serves as an ex-officio member. The OCERS Board of Retirement is responsible for establishing policies governing the administration of the retirement plan, making disability determinations, assuring benefit payments, establishing investment policies, and monitoring execution of its policies.

OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans administered by OCERS. The report can be obtained online at www.ocers.org, or from its executive office at 2223 Wellington Avenue, Santa Ana, CA 92701.

Benefits Provided: OCERS provides retirement, disability, and death benefits to safety and general members. Safety membership includes those members serving in active law enforcement, fire suppression, and probation officers. General membership applies to all other occupations, including all eligible District employees. Plan retirement benefits are tiered based upon date of OCERS membership. Members employed prior to September 21, 1979 are designated as Tier I members and will have their highest one-year average salary used to determine their retirement allowance. Tier II members, hired on or after September 21, 1979 will have their highest three-year average salary used to determine their retirement allowance. Member rate groups are determined by the employer, bargaining unit, and benefit plan. The benefit plan represents the benefits formula and tier that will be used in calculating a retirement benefit.

Employees Covered: The plan was closed to new members as of October 12, 2000. After that date, all existing and new District employees were enrolled in the CalPERS Miscellaneous Plan. At December 31, 2020, the following employees were covered by the benefit terms of the OCERS Plan:

Retired members or beneficiaries currently receiving benefits	22
Vested terminated members entitled to, but not yet receiving	5
Active members	0
Total	27

Contributions: The participating entities in OCERS share proportionately in all risks and costs, including benefit costs. The District's discontinuance of the OCERS plan precludes the District from sharing the risks and costs of the plan in the same manner as actively participating entities, but the District remains liable for its share of pension liabilities. To ensure the District pays its fair share of the costs associated with its eligible employees, OCERS and the District entered into a Withdrawing Employer and Continuing Contribution Agreement (Agreement) on October 15, 2018.

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

A. General Information about the Pension Plan (Continued)

Per the terms of the Agreement, the District paid OCERS $740,000 on October 16, 2018 to satisfy the estimated net pension liability as of December 31, 2016 and interest accrued on that liability through October 16, 2018. Beginning December 31, 2020 and at least every three years thereafter, OCERS will recalculate the then current unfunded actuarial accrued liability attributable to the District. For purposes of the recalculation, the District's employees are treated as a closed group and the District's assets and liabilities will be segregated from the remaining assets of the retirement system. Based on the recalculation, in the event there is any new pension liability, the District shall satisfy the obligation to OCERS within three years following the effective date of the recalculation, including accrued interest. If the recalculation determines there is a surplus attributable to the District, it shall remain with OCERS as a credit against future pension liabilities.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources

As of December 31, 2020, the District reported a net pension liability for the OCERS plan of $185,117. The net pension liability was measured as of December 31, 2020, and 2019. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2019 and 2018, respectively.

The District's net pension liability as of December 31, 2019 and 2020 was as follows:

	OCERS
Net Pension Liability - December 31, 2019	262,415
Net Pension Liability - December 31, 2020	185,117
Change - Increase (Decrease)	(77,298)

Actuarial Assumptions: The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2019
Measurement Date	December 31, 2020, rolled forward on an actuarial basis
Actuarial Experience Study	Three-year period ended December 31, 2019 and dated August 6, 2020.
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	General: 4.0% to 11.0%, varies by service, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.
Discount Rate	7.00%

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources (Continued)

Mortality Assumptions: The underlying mortality assumptions used in the actuarial valuation were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Public Retirement Plans Mortality tables (Pub-2010) published by the Society of Actuaries. Within the Pub-2010 family of mortality tables, OCERS has adopted both the General and Safety Amount-Weighted Above-Median Mortality Tables (adjusted for OCERS experience), projected generationally with the two-dimensional mortality improvement scale MP-2019, and adjusted separately for healthy and disabled for both general and safety members.

Discount Rate: The discount rate used to determine the TPL was 7.00% as of December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and 2019.

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2020 actuarial valuation. This information will change every three years based on the actuarial experience study.

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private)	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA – Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	100.0%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the OCERS plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Net Pension Liability		
	Discount Rate	
1% Decrease	Current Rate	1% Increase
6.00%	7.00%	8.00%
$1,528,495	$185,117	($909,942)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately-issued OCERS financial reports.

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2021, the District recognized pension expense of $29,368 in the OCERS Plan. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

OCERS Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,628,200	$ -
Net difference between projected and actual earnings on pension plan investments		(1,020,653)
Changes of assumptions	46,968	(12,345)
Total	$ 1,675,168	$ (1,032,998)

The amounts reported as deferred inflows, net of the remaining deferred outflows, will be recognized as pension expense as follows:

Measurement Periods Ending June 30,	OCERS Plan Deferred Outflows/ (Inflows) of Resources
2022	$ (57,059)
2023	743,400
2024	(54,174)
2025	(6,482)
2026	16,485
Thereafter	-
	$ 642,170

D. Payable to the Pension Plan

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

(13) Post-Employment Health Care Benefits

Plan Description

The City, through a single-employer defined benefit plan, provides post-employment health care benefits to eligible retirees through the CalPERS healthcare program entitled Public Employees' Medical and Hospital Care Act (PEMHCA). All eligible employees become participants in PEMHCA in the month following their date of hire. Upon retirement, the City pays the PEMHCA minimum amount ($143 per month in 2021) for all eligible retirees who choose to continue with their coverage through PEMHCA. Retired PEMHCA members receiving benefits make contributions at premium rates identical to active City employees, less the PEMHCA minimum.

(13) Post-Employment Health Care Benefits (Continued)

Plan Description (Continued)

In addition to the PEMHCA minimum amount, certain members of all retiree groups with at least ten years of continuous service receive a Supplemental Health Care Benefit directly from the City. The benefits are based on negotiated memorandums of understanding with the various employee associations. The City provides a monthly contribution from $100 to $300 based on years of continuous service and employee classification, which can be used by the retiree to either continue their health care benefits as may be available under the City's current health care contract through PEMHCA or to use the monthly contribution amount to purchase alternative health care benefits. The Supplemental Health Care Benefit terminates for retirees on the date the retiree reaches age 65 or becomes Medicare eligible whichever comes first. This plan is closed to new members. New employees are only eligible for the PEMHCA benefit and the Retiree Health Savings plan.

All other City employees that are either ineligible or have elected out of the above Supplemental Health Care Benefit are members of the City's Retiree Health Savings defined-contribution plan in which the City contributes monthly amounts on behalf of the employee to an account in the employee's name. These monthly contributions are $75 per month or $185 per month for full-time employees based on employee association.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plans:

	Defined Benefit Plans		Defined Contribution
	PEMHCA Minimum	Supplemental Health Care Benefit	Retiree Health Savings
Active Employees	120	15	104
Eligible Retirees - Enrolled	67	28	n/a
Eligible Retirees - Not Enrolled	78	0	n/a

Contributions

The minimum contribution for PEMHCA is established and amended by CalPERS. The City's contribution towards the Supplemental Health Care Benefit and Retiree Health Savings OPEB plans are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units.

The City pays the monthly contribution for all employees and retirees on a pay-as-you-go basis. As of June 30, 2021, 67 retirees were receiving the PEMHCA benefit and the cost to the City for the year ended June 30, 2021 was $112,240. The City paid an additional $97,612 to 30 retirees during the year for the Supplemental Health Care Benefit. For the measurement date ended June 30, 2021, the City's cash contributions were $209,852, which were recognized as a reduction to the OPEB liability.

While the City does not directly make contributions above the required pay-as-you-go amounts, the ability of the retiree to obtain health insurance at an active employee rate constitutes a significant economic benefit to the retiree, called an implicit subsidy. The implicit subsidy is considered to be an other post-employment benefit (OPEB) of the City. For the year ended June 30, 2021, the City's contribution towards the implicit subsidy was $250,216.

(13) Post-Employment Health Care Benefits (Continued)

Contributions (Continued)

The Retiree Health Savings Plan (RHS) is a defined contribution plan. Eligible employees receive either $85 or $175 per month, depending on bargaining unit, deposited in an individual Retiree Health Savings Account. During the fiscal year ended June 30, 2021, the City paid $122,760 into RHS accounts for eligible employees. The monthly payments are recognized as expenditures when the payments are made into the RHS. Because the RHS is a defined contribution plan there is no unfunded liability associated with it.

Total OPEB Liability

The City's total OPEB liability of $10,607,104 was based on an actuarial valuation as of June 30, 2021, a measurement date of June 30, 2020 and a discount rate of 2.16%. The total OPEB liability was determined using the following assumptions:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions	
Discount Rate [1]	
As of 6/30/20	2.16%, net of investment expenses
Inflation	2.50%
Salary increases	2.75%
Mortality rate	(2)
Healthcare cost trend rates	4.00%
Medical CPI	4.00% (used to project CalPERS statutory minimum benefit)
Retirees' share of cost	Retirees pay the balance of the premium after statutory minimum benefit, Supplemental Health Care Benefits, if any, and PEMHCA administrative fees contributed by the City.

Notes:

(1) The discount rate was based on the Bond Buyer 20-year bond General Obligation Index.

(2) Mortality rates were based on the 2017 CalPERS Mortality Tables for Safety and Miscellaneous Employees, as appropriate for the population.

(13) Post-Employment Health Care Benefits (Continued)

Changes in the OPEB Liability

The changes in the Total OPEB liability for the Plan are as follows:

Balance at June 30, 2020 (measurement date 6/30/20)	$10,617,458
Changes recognized for the measurement period:	
Service cost	382,033
Interest	232,699
Difference between expected and actual experience	428,577
Changes of assumptions *	(593,595)
Benefit payments, including implicit subsidy	(460,068)
Net changes	(10,354)
Balance at June 30, 2021	$10,607,104

* The interest assumption changed from 2.20% to 2.16%. Assumed rates of retirement, termination, and mortality have been updated to align with those currently being used by the statewide pension systems. Medical trend in future years has been updated to 4.0% for all years from 6.0% tiered down by 0.5% per year to 4.5% in all future years. The Medical CPI assumption was changed to 4.0% in all years from 3.50% in all years.

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

The following presents the total OPEB liability as of June 30, 2021 calculated using the discount rate of 2.16%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Rate 2.16%	1% Increase 3.16%
Total OPEB Liability	$12,047,139	$10,607,104	$9,434,582

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

The following presents the total OPEB liability as of June 30, 2021, as well as what the total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates:

	1% Decrease 3.00%	Current Rates 4.00%	1% Increase 5.00%
Total OPEB Liability	$9,233,835	$10,607,104	$12,348,461

OPEB Expense

The annual OPEB expense can be calculated as the change in the amounts reported on the Statement of Net Position that are not attributable to employer contributions. It is the change in total liability minus the changes in deferred outflows plus the changes in deferred inflows. For the fiscal year ended June 30, 2021, the City recognized OPEB expense of $849,920.

(13) Post-Employment Health Care Benefits (Continued)

Deferred Outflows/Inflows of Resources Related to OPEB

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 413,430	$ 103,412
Changes of assumptions	1,222,196	635,297
Total	$ 1,635,626	$ 738,709

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

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2022	$ 235,188
2023	235,188
2024	280,703
2025	212,631
2026	(19,645)
Thereafter	(47,148)

(14) Public Agency Retirement Services (PARS) Post-Employment Benefits Trust

The City established the PARS Post-Employment Benefits Trust (Trust) as a tax-exempt trust within the meaning of Section 115 of the Internal Revenue Service Code to accumulate resources to “stabilize” the amount of General Fund resources that it will need to meet future contribution requirements to the California Public Employees Retirement System (PERS). The balances and activities of the Trust are not part of the pension plan. Instead, the assets will benefit the employer through reduced future cash flow demands on the General Fund resources and continue to be assets of the City. At June 30, 2021, $17,913,583 in restricted cash and investment in the Employees’ Benefit Internal Service Fund is restricted for pension contribution stabilization.

(15) Self Insurance

At June 30, 2021 the City was self-insured for workers’ compensation and general liability. The self-insured portion for workers’ compensation and general liability is limited to the first $300,000 and $150,000 respectively, of liability per occurrence. Coverage in excess of these amounts is maintained in layers to a maximum of $43,000,000 for general liability and the statutory limit for workers compensation (of which $3,000,000 per occurrence is for each employee accident or disease) through the California Insurance Pool Authority (CIPA). CIPA is a consortium of 13 cities in Southern California, established to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration. Member agencies make payments based on underwriting estimates. Each agency may be assessed the difference between funds available and the $33,000,000 annual aggregate in proportion to their annual premiums.

(15) Self Insurance (Continued)

The Governing Board is comprised of one member from each City and is responsible for the selection of management, and for the budgeting and financial management of CIPA. No determination has been made as to each participant's proportionate share of the fund equity as of June 30, 2021. Upon termination of CIPA, and after settlement of all claims, any excess or deficit will be divided among the cities in proportion to the amount of their contributions.

Liabilities associated with the self-insurance program area are accrued when incurred in the internal service funds (using the accrual basis of accounting). The amount accrued represents estimates of amounts to be paid for reported claims and incurred-but-not-yet-reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2021 is dependent on future developments, based upon information from the City Attorney, the City's claims administrators and others involved with the administration of programs, City management believes the accrual is adequate to cover such losses. Settled claims have not exceeded commercial coverage during the last three years. There have been no significant reductions in insurance coverage from the prior year.

All City departments participate in the self-insurance program. Payments made to the Liability Insurance and Workers' Compensation Internal Service Funds are based on estimates of amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. At June 30, 2020, the Liability Insurance Fund and the Workers' Compensation Fund had reserves for catastrophic losses of $2,413,627 and $624,520, respectively, which are reported as net position in these funds. The claims liabilities of $599,524 and $1,701,810 reported in the Liability Insurance and Workers' Compensation Funds, respectively, at June 30, 2021, are based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that the liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the claims liability amounts during the fiscal years ended June 30, 2020 and June 30, 2021 are as follows:

	Liability Insurance	Workers' Compensation	Total
Balance at July 1, 2019	$ 459,083	$ 1,596,600	$ 2,055,683
Current year claims	264,056	138,430	402,486
Changes in estimates	(130,593)	(586,167)	(716,760)
Claims payments	(264,056)	(138,430)	(402,486)
Balance at June 30, 2020	$ 328,490	$ 1,010,433	$ 1,338,923
Balance at July 1, 2020	$ 328,490	$ 1,010,433	$ 1,338,923
Current year claims	316,659	134,697	451,356
Changes in estimates	271,034	691,377	962,411
Claims payments	(316,659)	(134,697)	(451,356)
Balance at June 30, 2021	$ 599,524	$ 1,701,810	$ 2,301,334

(15) Self Insurance (Continued)

Copies of CIPA's annual financial statements may be obtained from its offices located at 366 San Miguel Drive, Suite 312, Newport Beach, CA 92660.

(16) Classification of Net Position

Net Position

The City's Net Position at June 30, 2021 is summarized as follows:

	Government Wide Statement of Net Position		
	Governmental Activities	Business-type Activities	Totals
Net Investment in Capital Assets	$ 166,272,625	$ 19,322,767	$ 185,595,392
Restricted for:			
Public Safety	1,233,921	-	1,233,921
Public Works-Street Maintenance and Improvements	4,887,706	-	4,887,706
Public Works-Street Lighting	5,727,940	-	5,727,940
Public Works-Local Drainage Improvements	831,570	-	831,570
Public Works-Community Develop. Block Grant	360,481	-	360,481
Public Works-Other	177,095	-	177,095
Total - Public Works	11,984,792	-	11,984,792
Sanitary Sewer System	-	5,253,793	5,253,793
Recreation	3,955,015	-	3,955,015
Recreation-Open Space Improvements	152,529	-	152,529
Recreation-Facility and Service Enhancements	1,002	-	1,002
Total-Recreation	4,108,546	-	4,108,546
Other-Pension Trust	17,913,583	-	17,913,583
Other-Promotional Activities	28,944	-	28,944
Other-Low and Moderate Income Housing	1,584,332	-	1,584,332
Other-Cable Television Equipment	628,125	-	628,125
Other-Community Development Block Grant	26,173	-	26,173
Other-Office of Traffic Safety Grant	21,232	-	21,232
Other-Department of Justice Grant	2,905	-	2,905
Total-Other	2,291,711	-	2,291,711
Unrestricted	88,119,499	-	88,119,499
Total Net Position	$ 291,924,677	$24,576,560	$ 316,501,237

(16) Classification of Net Position (Continued)

Net Investment in Capital Assets – This net position amount represents capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to acquisition, construction, or improvement of the assets.

Restricted for Public Safety – These funds are restricted for law enforcement purposes, supplementing but not supplanting other public safety funding.

Restricted for Public Works – Street Maintenance and Improvements – This restriction represents amounts received from State and Local governments and developers that are required to be used for the construction and maintenance of streets within the City.

Restricted for Public Works – Street Lighting – This restriction represents property tax amounts assessed for expenditures for streetlights, traffic signal maintenance and construction.

Restricted for Public Works – Local Drainage Improvements – These amounts received from developers are restricted for expenditures for master planned drainage projects.

Restricted for Public Works – Community Development Block Grant – These amounts are restricted for residential street resurfacing improvements.

Restricted for Public Works – Other Purposes – These amounts are restricted to support a variety of grant funded and special programs as designated by law, the grant terms, or administrative regulations.

Restricted for Sanitary Sewer System – These amounts received from system users are restricted for maintenance and capital expenditures for the City's sanitary sewer system.

Restricted for Recreation – This restriction represents amounts required to be used for future Recreation and Park District operating and capital activities.

Restricted for Recreation - Open Space Improvements – This restriction represents amounts received from developers that are required to be used for Recreation and Park District open space use.

Restricted for Recreation – Facility and Service Enhancements – This restriction represents amounts received from grants or other funding that are required to be used for the support of Recreation and Park District facilities, programs and services.

Restricted for Other – Pension Trust – This restriction represent the balance of the Pension Trust, a tax-exempt, irrevocable pension trust designed to pre-fund retirement plan obligations.

Restricted for Other - Promotional Activities – This restriction represents amounts contributed to the City by developers for the promotion of the City.

Restricted for Other - Low and Moderate Income Housing – This restriction represents amounts received to the City from the Agency upon dissolution that are required to be used for the rehabilitation and/or replacement of low and moderate income housing within the City.

Restricted for Other - Cable Television Equipment – These amounts are restricted to provide enhancements to the City's equipment used for video PEG access services as designated by the terms of the cable franchise transfer agreement.

Restricted for Other – Community Development Block Grant – This restriction represents federal grant funds to be used for housing loans.

(16) Classification of Net Position (Continued)

Restricted for Other – Office of Traffic Safety Grant – This restriction represents federal grant funds to be used to prevent serious injuries and deaths resulting from vehicle crashes on California highways.

Restricted for Other – Department of Justice Grant – This restriction represents federal grant funds to be used for the purchase of bulletproof vests for public safety personnel. .

(17) Classifications of Fund Balances

The City has adopted the provisions of GASB Statement No. 54, "Fund Balance and Governmental Fund Type Definitions". GASB 54 establishes fund balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements conform to the new classification and are summarized as follows.

	General Fund	Recreation and Park District Fund	Streets Fund	City Capital Projects Fund	Nonmajor Governmental Funds	Totals
Nonspendable						
Prepaids	$ 79,380	$ 33,301	$ -	$ 37,000	$ -	$ 149,681
Inventory	-	699	-	-	-	699
Notes Receivable	94,791	-	-	-	-	94,791
Advances from Other Funds	226,304	-	-	5,844,695	-	6,070,999
Total Nonspendable	400,475	34,000	-	5,881,695	-	6,316,170
Restricted						
Notes Receivable	-	-	-	-	108,025	108,025
Community Promotion	28,944	-	-	-	-	28,944
Open Space	-	152,529	-	-	-	152,529
Youth League Renovations	-	84,632	-	-	-	84,632
Senior Center Enhancements	-	30,077	-	-	-	30,077
Facility and Service Enhancements	-	1,002	-	-	-	1,002
Recreation	-	3,840,306	-	-	-	3,840,306
Streets	-	-	4,887,706	-	-	4,887,706
Local Drainage	-	-	-	-	831,570	831,570
Landscape Maintenance	-	-	-	-	171,957	171,957
Street Lighting	-	-	-	-	5,727,940	5,727,940
Cable Television Equipment	-	-	-	-	628,125	628,125
Police	-	-	-	-	1,233,921	1,233,921
Low and Moderate Income Housing	-	-	-	-	1,476,307	1,476,307
Total Restricted	28,944	4,108,546	4,887,706	-	10,177,845	19,203,041
Committed						
Stabilization Agreement	8,277,669	-	-	-	-	8,277,669
Captial Improvements	-	-	-	12,824,144	-	12,824,144
Total Committed	8,277,669	-	-	12,824,144	-	21,101,813
Assigned						
Future Capital Improvements	4,031,609	2,200,000	-	68,279,670	-	74,511,279
Investment in Pension Trust	2,000,000	-	-	-	-	2,000,000
Business Relocation Stabilization	2,500,000	-	-	-	-	2,500,000
Budget Stabilization	4,100,000	-	-	-	-	4,100,000
Storm Drainage	1,080,420	-	-	-	-	1,080,420
Carryover Appropriations	1,713,545	-	-	-	-	1,713,545
Total Assigned	15,425,574	2,200,000	-	68,279,670	-	85,905,244
Unassigned	1,060,000	-	-	-	(226,304)	833,696
Total Fund Balances	$ 25,192,662	$ 6,342,546	$ 4,887,706	$ 86,985,509	$ 9,951,541	$ 133,359,964

(17) Classifications of Fund Balances (Continued)

The stabilization agreement amount of $8,277,669 presented as committed fund balance in the General Fund has been formally approved by the City Council and is for unforeseen situations (such as a temporary revenue interruption due to business activity or disaster). The amount is equal to 25% of the General Fund's original annual operating budget for the upcoming fiscal year and may only be used should annual estimated revenues decrease by a minimum of 10 percent or annual expenditures are estimated to increase by over 10 percent. In addition to these variances in revenues or expenditures, it is further established that in order for these fund balance amounts to be expended such variances must create a situation in which the City's ability to provide basic services (as defined by the City Council) is threatened. Further, City Council authorization is required for use of this amount.

(18) Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City is a defendant in various other lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

(19) Joint Venture

On December 23, 1996, the West Cities Communications Center Joint Powers Authority (JPA) was created under a joint exercise of powers agreement. It was formed to consolidate law enforcement communications for the cities of Cypress, Los Alamitos and Seal Beach. The governing board consists of one member appointed from each participating agency. The approval of budget and assumption of financial obligations must be approved by all members. The participant contributions are City of Cypress 45.3%, City of Los Alamitos 24.4% and the City of Seal Beach 30.3%.

The purpose of the JPA is to save the participants some individual expense through the sharing of communication obligations. The JPA intends to utilize the personnel and resources of the member agencies to provide financial, legal, personnel, risk management and other services as needed. The City of Cypress provides the JPA with financial and human resources services. The City has no equity interest in the JPA and does not receive a share of the operating results. Accordingly, the assets and liabilities of the JPA are shown in the City's Custodial Fund. Separate audited financial statements of the West Cities Communications Center Joint Powers Authority are available by contacting the City of Cypress, P.O. Box 609, Cypress, CA 90630.

(20) Successor Agency

The Cypress Redevelopment Agency (Agency) was activated in May 1979 by the City and dissolved as of February 1, 2012. The primary purpose of the Agency was to eliminate blighted areas within the City by encouraging development of residential, commercial, industrial, recreational and public facilities. The City's Council members acted as the Agency directors and City staff acted as the Agency's staff. The City and Agency were financially interdependent. The City made loans to the Agency to use on redevelopment projects and property tax revenues of the Agency were used to repay the loans. The fiscal year-end was June 30, the same as the City. As a result of legislation that dissolved all redevelopment agencies in the State, all assets and liabilities of the former Agency were transferred to either the City of Cypress or the Successor Agency to the City of Cypress Redevelopment Agency on February 1, 2012.

The non-housing assets and liabilities of the dissolved Redevelopment Agency were transferred to the Successor Agency to the Dissolved Cypress Redevelopment Agency on February 1, 2012 as a result of the dissolution of the former Redevelopment Agency. The City is acting in a fiduciary capacity for these non-housing assets and liabilities. All outstanding liabilities of the Successor Agency were satisfied during the previous fiscal year, 2019-20, and therefore the Successor Agency has no outstanding liabilities as of June 30, 2021.

Notes Receivable

The following is a summary of notes receivable transactions for Successor Agency activities for the fiscal year ended June 30, 2021:

					Classification	
Description	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More than One Year
Other Notes	$ 418,495	$ 9,597	$ -	$ 428,092	$ -	$ 428,092
Total	$ 418,495	$ 9,597	$ -	$ 428,092	$ -	$ 428,092

The Redevelopment Agency had a promissory note from National Church Residences of Cypress, California for payment of offsite improvements and construction costs relating to the Cypress Sunrise Apartments. Upon dissolution of the Agency on February 1, 2012, the note was transferred to the Successor Agency. The promissory note was initially issued for up to $192,455 in September 1987 and due to mature February 1, 2029. On September 24, 1987, an amount of $120,384 was issued based on actual required assistance followed by a payment of $16,573 (September 29, 1987) leaving a net principal outstanding of $103,761. The note is not payable, in whole or in part, either to principal or interest, prior to February 1, 2029. The interest rate on the note is 9.25% per annum and is not compounded. The outstanding interest accrued on the note though June 30, 2021 is $324,331. The total combined principal and interest outstanding on the note at June 30, 2021 is $428,092.

Upon maturity and repayment of the note, the amount received will be remitted to the County of Orange for distribution to the affected taxing entities. At that time, the Successor Agency can be dissolved.

(21) Economic Assistance Agreement – Tax Abatement

On November 27, 2017 the City Council adopted Ordinance No. 1171, approving a Third Amendment to a development agreement with a commercial landlord located in the City. The purpose of the amendment is to provide a sales tax reimbursement to the landlord in exchange for attracting and retaining a tenant who can provide significant employment opportunities to Cypress residents and increase sales tax revenue to the City.

To be eligible for a sales tax reimbursement the landlord was required to enter into a lease with a qualified tenant who could reasonably be expected to generate gross sales tax revenue to the City of at least $10 million over any 10-year period during the term of the lease.

Effective January 1, 2018, the City pays a monthly sales tax reimbursement payment to the landlord, who in turn credits the amount toward the tenant's lease. The payment amount is based on annual sales tax generated by the tenant as follows:

Annual Sales Tax Generated	Annual Reimbursement Payment to Landlord
$0 - $699,999	$0
$700,000 - $799,999	$360,000
$800,000 and up	$450,000

If the sales tax generated falls below the $700,000 minimum annual threshold, the reimbursement payments are suspended until sales tax meets or exceeds the minimum annual threshold. The agreement also includes periodic cumulative review periods to ensure the City receives sufficient sales tax revenue to meet predefined minimum thresholds over defined time periods. If the sales tax received during these review periods does not meet the minimum threshold, the tenant is required to pay the City the amount of the shortfall in accordance with the following schedule:

Cumulative Review Period	Minimum Cumulative Threshold
January 1, 2018 - June 30, 2019	$1,500,000
July 1, 2019 - June 30, 2024	$5,000,000
July 1, 2024 - June 30, 2029	$5,000,000

During the fiscal year ended June 30, 2021, the landlord received $450,000 in economic assistance under this Third Amendment.

(22) Other Required Fund Disclosures

The Employees' Benefit Internal Service Fund had a deficit net position of ($31,713,582) at June 30, 2021 primarily due to the net pension liability associated with the City's CalPERS pension plans. The City has made all required annual contributions toward this long-term liability, and has committed to set-aside additional monies in the form of a trust to reduce or offset the liability.

The AB 2766 Special Revenue Fund had a deficit fund balance of ($226,304) at June 30, 2021 due to the purchase of a compressed natural gas sewer cleaning truck. The General Fund advanced $490,874 to the AB 2766 Fund for the purchase. The AB 2766 Fund will repay the advance with annual payments from the AB 2766 revenues, which are to be used to reduce air pollution from motor vehicles. The remaining balance of the advance at June 30, 2021 was ($226,304).

(23) Prior Period Adjustments

The City implemented GASB Statement No. 84 – Fiduciary Activities during fiscal year 2020-21. The City previously reported the activities of the Cypress Business and Professional Center and the West Cities Communication Center Joint Powers Authority as Agency Funds. As a result of the implementation, those funds are now categorized as Custodial Funds. Accounting changes adopted to conform to the provisions of this statement were applied retroactively, resulting in a prior period adjustment of $624,217. The beginning net position of the Custodial Funds has been restated to include this adjustment.

(24) Special Item

On November 23, 2020, the City sold 13.33 acres of land located at the northwest corner of Winners Circle and Katella to SP Acquisition, LLC for a gross sales price of $15,250,000. The land was previously held for resale in the City Capital Projects Fund at a cost basis of $12,712,962. Transaction costs associated with the sale totaled $483,866, therefore, the City realized a gain of $2,053,172.

REQUIRED SUPPLEMENTARY INFORMATION

(1) Budgets and Budgetary Accounting

A. Budgetary Control and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements: After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes a summary of the proposed expenditures and financial resources of the City, as well as historical data for the preceding two fiscal periods. Prior to July 1, the budget is legally enacted through passage of an adopting resolution. All of the Governmental Funds have legally adopted budgets.

The City Manager is authorized to transfer budgeted amounts as follows: (1) Appropriations budgeted within a department or activity and capital outlay, may be transferred between accounts within the department; (2) Transfers of appropriations between departments and funds, and additional appropriation of fund balances may be made only by authority of the City Council. For budgeting purposes, the general fund is composed of several departments with budgetary control at the department level, while all other budgeted funds are considered a single department with budgetary control at the fund level. Formal budgetary integration is employed as a management control device during the fiscal year for governmental fund types. The budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. No budgetary comparisons are presented for the Internal Service and Fiduciary funds.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and the Capital Projects Fund. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

Since unexpended and encumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year, they are not included in reported expenditures and the authorization for expenditure must be reestablished through inclusion in the subsequent year's appropriation.

C. Budgetary Comparison Schedules

The following are the budget comparison schedules for the General Fund, the Recreation and Park District Special Revenue Fund, and the Streets Special Revenue Fund.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 25,494,600	$ 25,494,600	$ 28,546,341	$ 3,051,741
Licenses and permits	590,310	829,310	884,938	55,628
Fines and forfeitures	115,000	115,000	257,141	142,141
From use of property	628,768	628,768	(547,569)	(1,176,337)
From other agencies	566,484	899,273	240,412	(658,861)
Charges for services	2,975,570	3,444,070	3,481,808	37,738
Other revenue	57,500	57,500	419,100	361,600
TOTAL REVENUES	30,428,232	31,468,521	33,282,171	1,813,650
EXPENDITURES:				
Current:				
General government - Legislative	738,195	817,062	681,094	135,968
General government - Administration	1,832,207	3,926,213	2,559,201	1,367,012
General government - Finance	2,030,770	2,070,814	2,051,119	19,695
Community development - Planning	1,402,362	1,843,023	1,114,181	728,842
Community development - Building	624,270	851,970	737,927	114,043
Public safety - Police	18,943,334	19,194,823	17,222,083	1,972,740
Public works - Engineering	1,552,667	1,750,679	1,560,942	189,737
Public works - Maintenance	4,691,612	4,856,312	4,308,405	547,907
TOTAL EXPENDITURES	31,815,417	35,310,896	30,234,952	5,075,944
EXCESS OF REVENUES OVER EXPENDITURES	(1,387,185)	(3,842,375)	3,047,219	6,889,594
OTHER FINANCING SOURCES (USES):				
Transfers in	860,825	985,851	1,323,260	337,409
Transfers out	(1,577,019)	(2,248,467)	(2,221,607)	26,860
TOTAL OTHER FINANCING SOURCES (USES)	(716,194)	(1,262,616)	(898,347)	364,269
NET CHANGE IN FUND BALANCE	$ (2,103,379)	$ (5,104,991)	2,148,872	$ 7,253,863
FUND BALANCE - BEGINNING OF YEAR			23,043,790	
FUND BALANCE - END OF YEAR			$ 25,192,662	

Budgetary Comparison Schedule, Recreation and Park District Special Revenue Fund

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 5,710,000	$ 5,710,000	$ 5,958,449	$ 248,449
From use of property	313,500	313,500	101,041	(212,459)
From other agencies	74,100	74,100	32,300	(41,800)
Charges for services	1,023,270	1,023,270	468,056	(555,214)
Other revenue	3,500	3,500	4,938	1,438
TOTAL REVENUES	7,124,370	7,124,370	6,564,784	(559,586)
EXPENDITURES:				
Current:				
Recreation	5,159,333	5,301,894	4,181,884	1,120,010
Capital outlay	14,957,000	15,524,957	6,894,042	8,630,915
TOTAL EXPENDITURES	20,116,333	20,826,851	11,075,926	9,750,925
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,991,963)	(13,702,481)	(4,511,142)	9,191,339
OTHER FINANCING SOURCES (USES):				
Transfers out	(873,205)	(873,205)	(1,094,928)	(221,723)
TOTAL OTHER FINANCING SOURCES (USES)	(873,205)	(873,205)	(1,094,928)	(221,723)
NET CHANGE IN FUND BALANCE	$ (13,865,168)	$ (14,575,686)	(5,606,070)	$ 8,969,616
FUND BALANCE - BEGINNING OF YEAR			11,948,616	
FUND BALANCE - END OF YEAR			$ 6,342,546	

Budgetary Comparison Schedule, Streets Special Revenue Fund

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 33,000	$ 33,000	$ 32,765	$ (235)
From other agencies	2,944,044	2,944,044	2,929,680	(14,364)
Charges for services	500	500	8,789	8,289
Other revenue	-	55,000	65,673	10,673
TOTAL REVENUES	2,977,544	3,032,544	3,036,907	4,363
EXPENDITURES:				
Current:				
Public works	1,985,000	2,836,030	2,228,221	607,809
Capital outlay	1,000,000	1,064,606	111,922	952,684
TOTAL EXPENDITURES	2,985,000	3,900,636	2,340,143	1,560,493
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,456)	(868,092)	696,764	1,564,856
OTHER FINANCING USES:				
Operating transfers in	350,000	350,000	6,395	(343,605)
Transfers out	(1,116,000)	(2,989,660)	(1,912,850)	1,076,810
TOTAL OTHER FINANCING USES	(766,000)	(2,639,660)	(1,906,455)	733,205
NET CHANGE IN FUND BALANCE	$ (773,456)	$ (3,507,752)	(1,209,691)	$ 2,298,061
FUND BALANCE - BEGINNING OF YEAR			6,097,397	
FUND BALANCE - END OF YEAR			$ 4,887,706	

(2) California Public Employees' Retirement System (CalPERS)

City of Cypress Miscellaneous Plan

Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years [1]

	2021	2020	2019
Plan's proportion of the net pension liability	0.53616%	0.52186%	0.50778%
Plan's proportionate share of the net pension liability	$ 22,615,628	$ 20,897,731	$ 19,136,711
Plan's Covered Payroll	$ 6,072,109	$ 6,385,921	$ 6,863,694
Plan's proportionate share of the net pension liability as a percentage of covered payroll	372.45%	327.25%	278.81%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.71%	75.87%	76.84%
Plan's proportionate share of aggregate employer contributions	$ 2,980,733	$ 2,722,708	$ 2,418,263

Notes to Schedule:
Benefit Changes: There were no changes to benefits.

Changes in Assumptions:
Fiscal year ended June 30, 2016:
Amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expense).
Fiscal year ended June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.
Fiscal year ended June 30, 2019:
Demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions – December 2017.

[1] The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multiple-employer plan, however, because the number of active members in the plan fell below 100, it is now administered as a cost-sharing multiple-employer plan, effective with the reporting for the fiscal year ended June 30, 2019.

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

City of Cypress Miscellaneous Plan (Continued)

Schedule of Changes in the Net Pension Liability and Related Ratios

Last Ten Fiscal Years [1]

	2018	2017	2016	2015
Total Pension Liability:				
Service cost	$ 1,241,908	$ 1,042,402	$ 983,336	$ 1,067,782
Interest on total pension liability	5,374,496	5,227,927	4,985,622	4,778,432
Differences between expected and actual experience	(726,719)	177,725	(249,155)	-
Changes in assumptions	4,509,183	-	(1,246,317)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(3,538,721)	(3,108,674)	(2,909,007)	(2,789,811)
Net Change in Total Pension Liability	6,860,147	3,339,380	1,564,479	3,056,403
Total Pension Liability - Beginning of Year	72,533,703	69,194,323	67,629,844	64,573,441
Total Pension Liability - End of Year (a)	$ 79,393,850	$ 72,533,703	$ 69,194,323	$ 67,629,844
Plan Fiduciary Net Position:				
Contributions - employer	$ 1,298,683	$ 1,242,386	$ 997,118	$ 859,007
Contributions - employee	552,260	622,404	529,141	529,155
Net investment income	6,191,774	274,070	1,253,565	8,456,694
Benefit payments	(3,538,721)	(3,108,674)	(2,909,007)	
Administrative expense	(81,255)	(34,153)	(63,073)	
Plan to plan resource movement	-	-	(406)	(2,789,811)
Net Change in Plan Fiduciary Net Position	4,422,741	(1,003,967)	(192,662)	7,055,045
Plan Fiduciary Net Position - Beginning of Year	55,035,012	56,038,979	56,231,641	49,176,596
Plan Fiduciary Net Position - End of Year (b)	$ 59,457,753	$ 55,035,012	$ 56,038,979	$ 56,231,641
Net Pension Liability - Ending (a)-(b)	$ 19,936,097	$ 17,498,691	$ 13,155,344	$ 11,398,203
Plan fiduciary net position as a percentage of the total pension liability	74.89%	75.88%	80.99%	83.15%
Covered Payroll	$ 6,994,962	$ 7,139,555	$ 6,539,007	$ 6,744,885
Net pension liability as percentage of covered payroll	285.01%	245.09%	201.18%	168.99%

Notes to Schedule:

Benefit Changes: There were no changes to benefits.

Changes in Assumptions:

Fiscal year ended June 30, 2016:

Amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expense).

Fiscal year ended June 30, 2018:

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

Fiscal year ended June 30, 2019:

Demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions – December 2017.

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

City of Cypress Miscellaneous Plan (Continued)

Schedule of Plan Contributions

Last Ten Fiscal Years [1]

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 2,230,654	$ 2,002,390	$ 1,729,721	$ 1,487,869	$ 1,298,683	$ 1,244,868	$ 1,001,586
Contributions in relation to the actuarially determined contributions	(2,230,654)	(2,002,390)	(1,729,721)	(1,487,869)	(1,298,683)	(1,244,868)	(1,001,586)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 6,135,709	$ 6,072,109	$ 6,385,921	$ 6,863,694	$ 6,994,942	$ 7,139,555	$ 6,539,007
Contributions as a percentage of covered payroll	36.36%	32.98%	27.09%	21.68%	18.57%	17.44%	15.32%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year ended June 30, 2015 was the first year of implementation.

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

City of Cypress Miscellaneous Plan (Continued)

SCHEDULE OF PLAN CONTRIBUTIONS

Last Ten Fiscal Years *

Notes to Schedule:

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:							
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 - 63 (2,0% at 55); 52 - 67 (2.0% at 62)
(5) Mortality assumption are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year ended June 30, 2015 was the first year of implementation.

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

City of Cypress Safety Plan

Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (*)

	2021	2020	2019	2018	2017	2016	2015
Plan's proportion of the net pension liability	0.45737%	0.44567%	0.43772%	0.42375%	0.42470%	0.41016%	0.39621%
Plan's proportionate share of the net pension liability	$ 30,471,506	$ 27,821,165	$ 25,683,654	$ 25,320,193	$ 21,996,187	$ 16,900,538	$ 14,861,787
Plan's Covered Payroll	$ 5,590,681	$ 5,953,364	$ 5,823,413	$ 5,539,232	$ 5,634,190	$ 5,200,954	$ 5,075,058
Plan's proportionate share of the net pension liability as a percentage of covered payroll	545.04%	467.32%	441.04%	457.11%	390.41%	324.95%	292.84%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	71.35%	72.54%	73.38%	72.73%	73.87%	79.00%	80.99%
Plan's proportionate share of aggregate employer contributions	$ 3,927,236	$ 3,222,885	$ 2,986,119	$ 2,331,004	$ 2,149,038	$ 2,163,119	$ 1,792,684

*Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year ended June 30, 2015 was the first year of implementation.

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

City of Cypress Safety Plan (Continued)

Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years (*)

Notes to Schedule:

Benefit Changes: There were no changes to benefits.

Changes in Assumptions:

Fiscal year ended June 30, 2016:

Amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expense).

Fiscal year ended June 30, 2018:

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

Fiscal year ended June 30, 2019:

Demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions – December 2017.

*Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year ended June 30, 2015 was the first year of implementation.

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

City of Cypress Safety Plan (Continued)

SCHEDULE OF CONTRIBUTIONS

Last Ten Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 3,130,711	$ 2,821,054	$ 2,546,099	$ 2,222,915	$ 1,967,405	$ 1,807,579	$ 1,503,960
Contributions in relation to the actuarially determined contributions	(3,130,711)	(2,821,054)	(2,546,099)	(2,222,915)	(1,967,405)	(1,807,579)	(1,503,960)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 5,651,021	$ 5,590,681	$ 5,953,364	$ 5,823,413	$ 5,539,232	$ 5,634,190	$ 5,200,954
Contributions as a percentage of covered payroll	55.40%	50.46%	42.77%	38.17%	35.52%	32.08%	28.92%

*Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year ended June 30, 2015 was the first year of implementation.

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

City of Cypress Safety Plan (Continued)

SCHEDULE OF CONTRIBUTIONS (Continued)

Last Ten Fiscal Years*

Notes to Schedule:

Valuation Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and Assumptions Used to Determine Contribution Rates:							
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market
Inflation	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	7.375% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed
(2) Depending on age, service, and type of employment
(3) Net of pension plan investment expense, including inflation
(4) 50 (3.0% at 50); 50 - 57 (2.7% at 57)
(5) Mortality assumption are based on mortality rates resuting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Historical information is required only for measurement periods for which GASB 68 is applicable. The fiscal year ended June 30, 2015 was the first year of implementation.

(3) Terminated Orange County Employees Retirement System Plan (OCERS)

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years [1]

	2021	2020	2019
Plan's proportion of the net pension liability	0.00400%	0.00500%	0.00700%
Plan's proportionate share of the net pension liability	$ 185,117	$ 262,415	$ 408,781
Plan's Covered Payroll	$ -	$ -	$ -
Plan's proportionate share of the net pension liability as a percentage of covered payroll	n/a	n/a	n/a
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	96.03%	94.23%	90.81%
Plan's proportionate share of aggregate employer contributions	n/a	n/a	n/a

Notes to Schedule:

[1] The Cypress Recreation and Park District (District) withdrew from OCERS in October 2000. At that time, OCERS did not have a policy addressing how the District's liability would be funded, nor was a liability recognized by the District. The District and OCERS entered into a Withdrawing Employer and Continuing Contribution Agreement on October 15, 2018, therefore fiscal year 2018-19 is the first year reporting the OCERS pension liability.

(3) Terminated Orange County Employees Retirement System Plan (OCERS) (Continued)

Schedule of Plan Contributions

Last Ten Fiscal Years [1]

	2021	2020	2019
Contractually required contribution (actuarially determined)	$ -	$ -	$ 739,966
Contributions in relation to the actuarially determined contributions	-	-	(739,966)
Contribution deficiency (excess)	$ -	$ -	$ -
Covered Payroll	$ -	$ -	$ -
Contributions as a percentage of covered payroll	n/a	n/a	n/a
Valuation Date	12/31/2018	12/31/2017	12/31/2016

Methods and Assumptions Used to Determine Contribution Rates:
In accordance with the Withdrawing Employer and Continuing Contribution Agreement between the Cypress Recreation and Park District (District) and OCERS, OCERS will recalculate the District's unfunded accrued actuarial liability commencing December 31, 2020, and every three years thereafter. Based on this recalculation, the District shall satisfy any new obligation required within three years of the recalculation date. The next UAAL payment is due on or before December 31, 2023.

In determining the net pension liability, the valuation value of assets (VVA) as of December 31, 2019 is rolled forward to December 31, 2020 for the actual contributions, benefit payments and return on the VVA during 2020. The VVA is then marked to the Plan's Fiduciary Net Position as of December 31, 2020. The total pension liability is obtained from internal valuation results by rolling forward the total pension liability from December 31, 2019.

(4) Post-Employment Health Care Benefits

Schedule of Changes in the Total OPEB Liability and Related Ratios
for the Measurement Period Ended June 30

Last Ten Fiscal Years [1]

	2021	2020	2019	2018
Total OPEB Liability:				
Service cost	$ 382,033	$ 370,906	$ 293,425	$ 304,903
Interest on the total OPEB liability	232,699	232,807	330,023	306,496
Actual and expected experience difference	428,577	(155,120)	63,400	10,351
Changes in assumptions	(593,595)	1,491,035	447,917	(324,881)
Changes in benefit terms	-	-	-	-
Benefit payments, including implicit subsidy	(460,068)	(394,969)	(397,959)	(329,123)
Net Change in Total OPEB Liability	(10,354)	1,544,659	736,806	(32,254)
Total OPEB Liability - Beginning of Year	10,617,458	9,072,799	8,335,993	8,368,247
Total OPEB Liability - End of Year (a)	$ 10,607,104	$ 10,617,458	$ 9,072,799	$ 8,335,993
Plan fiduciary net position as a percentage of the Total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 13,846,871	$ 14,180,802	$ 14,518,971	$ 14,482,504
Total OPEB liability as percentage of covered- employee payroll	76.60%	74.87%	62.49%	57.56%

Notes to Schedule:

Benefit Changes: None

Changes in Assumptions: The discount rate, which is based on the Bond Buyer 20-year bond General Obligation Index, decreased from 2.20% to 2.16%.

[1] Historical information is required only for measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

GASB 75 also requires the presentation of a 10-year schedule of contributions if an actuarially determined contribution is calculated. The City's plan is not funded by an OPEB trust, therefore an actuarially determined contribution is not calculated nor presented here.

Supplemental Schedules

CITY OF CYPRESS

Budgetary Comparison Schedules for Other Major Governmental Fund

June 30, 2021

Budgetary comparison schedules are presented as part of the basic financial statements for the General Fund and all Major Special Revenue Funds as provided for by GASB 34. The budgetary comparison schedules for the remaining Major Fund is presented to aid in additional analysis and is not a required part of the basic financial statements. The other Major Fund is as follows:

City Capital Projects – To account for construction of major transportation infrastructure and public facilities.

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CITY CAPITAL PROJECTS FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 750,000	$ 750,000	$ 443,888	$ (306,112)
From other agencies	-	225,000	-	(225,000)
TOTAL REVENUES	750,000	975,000	443,888	(531,112)
EXPENDITURES:				
Current:				
Public works	225,000	1,272,252	940,847	331,405
Capital outlay	2,295,000	10,003,859	4,642,503	5,361,356
TOTAL EXPENDITURES	2,520,000	11,276,111	5,583,350	5,692,761
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,770,000)	(10,301,111)	(5,139,462)	5,161,649
OTHER FINANCING SOURCES:				
Transfers in	2,737,000	7,790,660	6,363,157	(1,427,503)
TOTAL OTHER FINANCING SOURCES	2,737,000	7,790,660	6,363,157	(1,427,503)
NET CHANGE IN FUND BALANCE BEFORE SPECIAL ITEM	967,000	(2,510,451)	1,223,695	3,734,146
SPECIAL ITEM:				
Gain on sale of land held for resale (Note 24)	-	-	2,053,172	2,053,172
NET CHANGE IN FUND BALANCE	$ 967,000	$ (2,510,451)	3,276,867	$ 5,787,318
FUND BALANCE - BEGINNING OF YEAR			83,708,642	
FUND BALANCE - END OF YEAR			$ 86,985,509	

CITY OF CYPRESS

Nonmajor Governmental Funds

June 30, 2021

The combining statements for Nonmajor Governmental Funds represent a consolidation of the information for specific funds contained in the Supplementary Financial Statements. These statements, along with the budgetary comparison schedules, summarize the financial information contained in the other Special Revenue Funds.

Special Revenue Fund Descriptions

Special Revenue Funds are used to account for taxes and other revenues required to be set aside in accordance with law or administrative regulation for a specific purpose. A brief description of each of the City's Special Revenue Funds follows:

Pandemic Response – To account for the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act revenues received from county, state and federal sources in response to the COVID-19 pandemic.

Local Drainage – To account for developer receipts and expenditures for master planned drainage projects.

Stanton Channel Maintenance District – To account for a special assessment for maintenance of the Stanton Channel landscaped berm in the business park.

Lighting District – To account for property taxes assessed specifically for expenditures for city street lights, traffic signal maintenance and construction.

CATV PEG Grant - To account for monies received from the City's cable franchise transfer agreement that are restricted to use for costs associated with the City's video PEG access services.

AB 2766 – To account for receipts and expenditures of money funded under AB 2766 legislation for emission reduction.

Traffic Safety – To account for receipts of vehicle code violation fines and expenditures for traffic safety.

Supplemental Law Enforcement – To account for receipts and expenditures of money funded under AB 3229 legislation for law enforcement.

Narcotics Asset Seizure – To account for funds seized by the Police Department during narcotic investigations and allocated to the City.

Low and Moderate Housing Assets – To account for housing assets transferred to the City upon the dissolution of the Redevelopment Agency on February 1, 2012.

CITY OF CYPRESS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue Funds				
	Pandemic Response	Local Drainage	Stanton Channel Maintenance District	Lighting District	CATV Peg Grant
ASSETS					
Cash and investments	$ -	$ 831,023	$ 175,042	$ 5,788,094	$ 609,619
Receivables:					
Taxes	-	-	-	14,989	-
Interest	50	547	-	3,966	-
Notes, net of allowance	-	-	-	-	-
Accounts	14,919	-	-	10,138	18,506
Land Held for Resale	-	-	-	-	-
TOTAL ASSETS	$ 14,969	$ 831,570	$ 175,042	$ 5,817,187	$ 628,125
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable and other accrued liabilities	$ -	$ -	$ 3,085	$ 84,109	$ -
Unavailable revenues	14,919	-	-	5,138	-
Due to other funds	50	-	-	-	-
Advances to other funds	-	-	-	-	-
TOTAL LIABILITIES	14,969	-	3,085	89,247	-
FUND BALANCE:					
Restricted	-	831,570	171,957	5,727,940	628,125
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-	831,570	171,957	5,727,940	628,125
TOTAL LIABILITIES AND FUND BALANCES	$ 14,969	$ 831,570	$ 175,042	$ 5,817,187	$ 628,125

Special Revenue Funds (Continued)					
AB 2766	Traffic Safety	Supplemental Law Enforcement	Narcotics Asset Seizure	Low & Moderate Housing Assets	Total Nonmajor Governmental Funds
$ -	$ -	$ 6,195	$ 1,290,025	$ 54,571	$ 8,754,569
-	-	-	-	-	14,989
-	-	39	2,230	131	6,963
-	-	-	-	108,025	108,025
16,359	6,644	-	613	1,587	68,766
-	-	-	-	1,421,708	1,421,708
$ 16,359	$ 6,644	$ 6,234	$ 1,292,868	$ 1,586,022	$ 10,375,020
$ -	$ -	$ 6,234	$ 58,947	$ 1,690	$ 154,065
-	-	-	-	-	20,057
16,359	6,644	-	-	-	23,053
226,304	-	-	-	-	226,304
242,663	6,644	6,234	58,947	1,690	423,479
-	-	-	1,233,921	1,584,332	10,177,845
(226,304)	-	-	-	-	(226,304)
(226,304)	-	-	1,233,921	1,584,332	9,951,541
$ 16,359	$ 6,644	$ 6,234	$ 1,292,868	$ 1,586,022	$ 10,375,020

CITY OF CYPRESS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For the fiscal year ended June 30, 2021

	Special Revenue Funds				
	Pandemic Response	Local Drainage	Stanton Channel Maintenance District	Lighting District	CATV Peg Grant
REVENUES:					
Taxes	$ -	$ -	$ -	$ 1,363,781	$ 76,083
Fines and forfeitures	-	-	-	-	-
From use of property	505	4,656	-	32,448	-
From other agencies	675,035	-	-	5,302	-
Charges for services	-	7,372	85,739	-	-
Other revenue	611	-	-	13,885	-
TOTAL REVENUES	676,151	12,028	85,739	1,415,416	76,083
EXPENDITURES:					
Current:					
General government	194,355	-	-	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	57,805	960,206	-
Capital outlay	-	-	2,800	154,334	-
TOTAL EXPENDITURES	194,355	-	60,605	1,114,540	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	481,796	12,028	25,134	300,876	76,083
OTHER FINANCING USES:					
Transfers out	(481,796)	-	(9,091)	(173,576)	(4,497)
TOTAL OTHER FINANCING USES	(481,796)	-	(9,091)	(173,576)	(4,497)
NET CHANGE IN FUND BALANCES	-	12,028	16,043	127,300	71,586
FUND BALANCE - BEGINNING OF YEAR	-	819,542	155,914	5,600,640	556,539
FUND BALANCES - END OF YEAR	$ -	$ 831,570	$ 171,957	$ 5,727,940	$ 628,125

Special Revenue Funds (Continued)					
AB 2766	Traffic Safety	Supplemental Law Enforcement	Narcotics Asset Seizure	Low & Moderate Housing Assets	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 1,439,864
-	88,845	-	-	-	88,845
-	-	257	18,104	2,615	58,585
64,339	-	156,731	-	-	901,407
-	-	-	-	-	93,111
-	-	-	300,415	6,462	321,373
64,339	88,845	156,988	318,519	9,077	2,903,185
-	-	-	-	-	194,355
-	-	-	-	40,105	40,105
-	-	156,988	22,144	-	179,132
-	-	-	-	-	1,018,011
-	-	-	-	-	157,134
-	-	156,988	22,144	40,105	1,588,737
64,339	88,845	-	296,375	(31,028)	1,314,448
-	(88,845)	-	(2,151,229)	-	(2,909,034)
-	(88,845)	-	(2,151,229)	-	(2,909,034)
64,339	-	-	(1,854,854)	(31,028)	(1,594,586)
(290,643)	-	-	3,088,775	1,615,360	11,546,127
$ (226,304)	$ -	$ -	$ 1,233,921	$ 1,584,332	$ 9,951,541

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
PANDEMIC RESPONSE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ -	$ -	$ 505	$ 505
Charges for services	-	675,036	675,035	(1)
Other revenue	-	-	611	611
TOTAL REVENUES	-	675,036	676,151	1,115
EXPENDITURES:				
Current:				
General government	-	194,355	194,355	-
TOTAL EXPENDITURES	-	194,355	194,355	-
EXCESS OF REVENUES OVER EXPENDITURES	-	480,681	481,796	1,115
OTHER FINANCING USES:				
Transfers out	-	(125,103)	(481,796)	(356,693)
TOTAL OTHER FINANCING USES	-	(125,103)	(481,796)	(356,693)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ -	$ 355,578	-	$ (355,578)
FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			$ -	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LOCAL DRAINAGE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 9,000	$ 9,000	$ 4,656	$ (4,344)
Charges for services	5,000	5,000	7,372	2,372
TOTAL REVENUES	$ 14,000	$ 14,000	12,028	$ (1,972)
FUND BALANCE - BEGINNING OF YEAR			819,542	
FUND BALANCE - END OF YEAR			$ 831,570	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
STANTON CHANNEL MAINTENANCE DISTRICT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	$ 87,690	$ 87,690	$ 85,739	$ (1,951)
TOTAL REVENUES	87,690	87,690	85,739	(1,951)
EXPENDITURES:				
Current:				
Public works	52,010	63,600	57,805	5,795
Capital outlay	-	2,800	2,800	-
TOTAL EXPENDITURES	52,010	66,400	60,605	5,795
EXCESS OF REVENUES OVER EXPENDITURES	35,680	21,290	25,134	3,844
OTHER FINANCING USES:				
Transfers out	(7,802)	(8,222)	(9,091)	(869)
TOTAL OTHER FINANCING USES	(7,802)	(8,222)	(9,091)	(869)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ 27,878	$ 13,068	16,043	$ 2,975
FUND BALANCE - BEGINNING OF YEAR			155,914	
FUND BALANCE - END OF YEAR			$ 171,957	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
LIGHTING DISTRICT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,316,500	$ 1,316,500	$ 1,363,781	$ 47,281
From use of property	60,000	60,000	32,448	(27,552)
From other agencies	5,740	5,740	5,302	(438)
Other revenue	10,000	10,000	13,885	3,885
TOTAL REVENUES	1,392,240	1,392,240	1,415,416	23,176
EXPENDITURES:				
Current:				
Public works	920,154	1,097,204	960,206	136,998
Capital outlay	360,000	504,298	154,334	349,964
TOTAL EXPENDITURES	1,280,154	1,601,502	1,114,540	486,962
EXCESS OF REVENUES OVER EXPENDITURES	112,086	(209,262)	300,876	510,138
OTHER FINANCING USES:				
Transfers out	(542,023)	(593,668)	(173,576)	420,092
TOTAL OTHER FINANCING USES	(542,023)	(593,668)	(173,576)	420,092
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (429,937)	$ (802,930)	127,300	$ 930,230
FUND BALANCE - BEGINNING OF YEAR			5,600,640	
FUND BALANCE - END OF YEAR			$ 5,727,940	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
CABLE TV PEG GRANT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	$ 80,000	$ 80,000	$ 76,083	$ (3,917)
TOTAL REVENUES	80,000	80,000	76,083	(3,917)
OTHER FINANCING USES:				
Transfers out	-	(4,497)	(4,497)	-
TOTAL OTHER FINANCING USES	-	(4,497)	(4,497)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES	$ 80,000	$ 75,503	71,586	$ (3,917)
FUND BALANCE - BEGINNING OF YEAR			556,539	
FUND BALANCE - END OF YEAR			$ 628,125	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
AB 2766 SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From other agencies	$ 62,000	$ 62,000	$ 64,339	$ 2,339
TOTAL REVENUES	62,000	62,000	64,339	2,339
OTHER FINANCING USES:				
Transfers out	(62,000)	(62,000)	-	62,000
TOTAL OTHER FINANCING USES	(62,000)	(62,000)	-	62,000
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	$ -	$ -	64,339	$ 64,339
FUND BALANCE - BEGINNING OF YEAR			(290,643)	
FUND BALANCE - END OF YEAR			$ (226,304)	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
TRAFFIC SAFETY SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Fines and forfeitures	$ 120,000	$ 120,000	$ 88,845	$ (31,155)
TOTAL REVENUES	120,000	120,000	88,845	(31,155)
OTHER FINANCING USES:				
Transfers out	(120,000)	(120,000)	(88,845)	31,155
TOTAL OTHER FINANCING USES	(120,000)	(120,000)	(88,845)	31,155
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES	$ -	$ -	-	$ -
FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			$ -	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
SUPPLEMENTAL LAW ENFORCEMENT SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 300	$ 300	$ 257	$ (43)
From other agencies	120,124	156,688	156,731	43
TOTAL REVENUES	120,424	156,988	156,988	-
EXPENDITURES:				
Current:				
Public safety	120,424	156,988	156,988	-
TOTAL EXPENDITURES	120,424	156,988	156,988	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ -	-	$ -
FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			$ -	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NARCOTICS ASSET SEIZURE SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 14,500	$ 14,500	$ 18,104	$ 3,604
Other revenue	10,000	10,000	300,415	290,415
TOTAL REVENUES	24,500	24,500	318,519	294,019
EXPENDITURES:				
Current:				
Public safety	74,548	74,548	22,144	52,404
TOTAL EXPENDITURES	74,548	74,548	22,144	52,404
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(50,048)	(50,048)	296,375	346,423
OTHER FINANCING USES:				
Transfers out	-	(2,650,000)	(2,151,229)	498,771
TOTAL OTHER FINANCING USES	-	(2,650,000)	(2,151,229)	498,771
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (50,048)	$ (2,700,048)	(1,854,854)	$ 845,194
FUND BALANCE - BEGINNING OF YEAR			3,088,775	
FUND BALANCE - END OF YEAR			$ 1,233,921	

CITY OF CYPRESS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LOW AND MODERATE HOUSING ASSETS SPECIAL REVENUE FUND

For the fiscal year ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
From use of property	$ 3,000	$ 3,000	$ 2,615	$ (385)
Other revenue	6,480	6,480	6,462	(18)
TOTAL REVENUES	9,480	9,480	9,077	(403)
EXPENDITURES:				
Current:				
Community Development	39,657	39,657	40,105	448
TOTAL EXPENDITURES	39,657	39,657	40,105	448
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (30,177)	$ (30,177)	(31,028)	$ (851)
FUND BALANCE - BEGINNING OF YEAR			1,615,360	
FUND BALANCE - END OF YEAR			$ 1,584,332	

CITY OF CYPRESS

Internal Service Funds

June 30, 2021

The Internal Service Funds are used to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

Central Services – To account for the costs of the strategic technology plan, building maintenance, vehicle and equipment maintenance, print production, and accumulated equipment replacement funds.

Recreation District Central Services – To account for the costs of building maintenance, vehicle and equipment maintenance, and accumulated equipment replacement funds for the Recreation District.

Employees' Benefit – To account for employee fringe benefits.

Liability Insurance – To account for the cost of the City's public liability/risk management program.

Workers' Compensation Insurance – To account for the cost of the City's workers' compensation insurance program.

CITY OF CYPRESS

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2021

	Central Services	Recreation District Central Services
ASSETS		
CURRENT ASSETS:		
Cash and investments	$ 19,770,718	$ 785,587
Restricted cash and investments	-	-
Receivables:		
Interest	-	-
Accounts	97,886	-
Prepaid items	21,531	4,256
Inventory	1,697	-
TOTAL CURRENT ASSETS	19,891,832	789,843
NON-CURRENT ASSETS:		
Equipment (Net)	3,313,945	284,512
TOTAL NON-CURRENT ASSETS	3,313,945	284,512
TOTAL ASSETS	23,205,777	1,074,355
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from pension plans	-	-
Deferred amount from OPEB	-	-
Deferred amount from OCERS	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and other accrued liabilities	136,368	95,445
Claims payable	-	-
Compensated absences	-	-
TOTAL CURRENT LIABILITIES	136,368	95,445
LONG-TERM LIABILITIES:		
Claims payable	-	-
Retirees' health payable	-	-
Compensated absences	-	-
Net pension liability	-	-
TOTAL LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	136,368	95,445
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from pension plans	-	-
Deferred amount from OPEB	-	-
Deferred amount from OCERS	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION:		
Net invested in capital assets	3,313,945	284,512
Restricted:		
Pension trust	-	-
Unrestricted	19,755,464	694,398
TOTAL NET POSITION	$ 23,069,409	$ 978,910

Employees' Benefit	Liability Insurance	Workers' Compensation	Total
$ 6,210,899	$ 3,022,624	$ 2,334,912	$ 32,124,740
17,913,583	-	-	17,913,583
2,955	-	-	2,955
555,636	-	3,814	657,336
8,978	-	-	34,765
-	-	-	1,697
24,692,051	3,022,624	2,338,726	50,735,076
-	-	-	3,598,457
-	-	-	3,598,457
24,692,051	3,022,624	2,338,726	54,333,533
11,850,207	-	-	11,850,207
1,635,626	-	-	1,635,626
1,675,168	-	-	1,675,168
15,161,001	-	-	15,161,001
674,048	9,473	12,396	927,730
-	150,000	425,500	575,500
573,800	-	-	573,800
1,247,848	159,473	437,896	2,077,030
-	449,524	1,276,310	1,725,834
10,607,104	-	-	10,607,104
1,721,461	-	-	1,721,461
53,272,251	-	-	53,272,251
65,600,816	449,524	1,276,310	67,326,650
66,848,664	608,997	1,714,206	69,403,680
2,946,263	-	-	2,946,263
738,709	-	-	738,709
1,032,998	-	-	1,032,998
4,717,970	-	-	4,717,970
-	-	-	3,598,457
17,913,583	-	-	17,913,583
(49,627,165)	2,413,627	624,520	(26,139,156)
$ (31,713,582)	$ 2,413,627	$ 624,520	$ (4,627,116)

CITY OF CYPRESS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2021

	Central Services	Recreation District Central Services
OPERATING REVENUES:		
From other agencies	$ 97,617	$ -
Charges for services	3,912,569	34,050
Other revenue	3,346	-
TOTAL OPERATING REVENUES	4,013,532	34,050
OPERATING EXPENSES:		
Personnel services	1,330,296	-
Contractual services	409,787	8,549
Supplies and other services	995,698	-
Claim payments and changes in estimates	-	-
Depreciation	805,918	25,753
TOTAL OPERATING EXPENSES	3,541,699	34,302
OPERATING INCOME (LOSS)	471,833	(252)
NON-OPERATING REVENUES (EXPENSES):		
Interest income	-	-
Gain (loss) on disposal of equipment	1,655	(313)
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,655	(313)
INCOME (LOSS) BEFORE TRANSFERS	473,488	(565)
TRANSFERS:		
Transfers in	38,856	99,148
TOTAL TRANSFERS	38,856	99,148
CHANGE IN NET POSITION	512,344	98,583
NET POSITION - BEGINNING OF YEAR	22,557,065	880,327
NET POSITION - END OF YEAR	$ 23,069,409	$ 978,910

Employees' Benefit	Liability Insurance	Workers' Compensation	Total
$ -	$ -	$ -	$ 97,617
12,600,668	556,000	661,362	17,764,649
-	213,625	15,436	232,407
12,600,668	769,625	676,798	18,094,673
-	-	22,268	1,352,564
12,370,448	-	90,035	12,878,819
4,321,886	359,180	169,201	5,845,965
-	587,693	890,728	1,478,421
-	-	-	831,671
16,692,334	946,873	1,172,232	22,387,440
(4,091,666)	(177,248)	(495,434)	(4,292,767)
2,362,039	-	-	2,362,039
-	-	-	1,342
2,362,039	-	-	2,363,381
(1,729,627)	(177,248)	(495,434)	(1,929,386)
307,603	-	-	445,607
307,603	-	-	445,607
(1,422,024)	(177,248)	(495,434)	(1,483,779)
(30,291,558)	2,590,875	1,119,954	(3,143,337)
$ (31,713,582)	$ 2,413,627	$ 624,520	$ (4,627,116)

CITY OF CYPRESS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2021

	Central Services	Recreation District Central Services
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 3,969,873	$ 34,050
Cash payments to suppliers for goods and services	(1,441,011)	(39,785)
Cash payments to employees	(1,308,885)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,219,977	(5,735)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	38,856	99,148
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	38,856	99,148
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposal of capital assets	7,853	-
Acquisition of capital assets	(269,124)	(33,824)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(261,271)	(33,824)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-
INCREASE IN CASH AND CASH EQUIVALENTS	997,562	59,589
CASH AND INVESTMENTS - BEGINNING OF YEAR	18,773,156	725,998
CASH AND INVESTMENTS - END OF YEAR	$ 19,770,718	$ 785,587
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 471,833	$ (252)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	805,918	25,753
Changes in assets and liabilities:		
Accounts receivable decreased (increased)	(96,427)	(4,256)
Prepaid items decreased (increased)	30,610	-
Inventory decreased (increased)	10,061	-
(Gain)/loss on disposal of capital assets	(1,655)	312
Deferred outflows decreased (increased)	-	-
Accounts payable and other accrued liabilities increased (decreased)	(363)	68,153
Capital asset addition in accounts payable increased (decreased)	-	(95,445)
Insurance claims payable increased (decreased)	-	-
Accrued retirees' health payable increased (decreased)	-	-
Accrued leave payable increased (decreased)	-	-
Accrued pension liability increased (decreased)	-	-
Deferred inflows increased (decreased)	-	-
TOTAL ADJUSTMENTS	748,144	(5,483)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,219,977	$ (5,735)

Employees' Benefit	Liability Insurance	Workers' Compensation	Total
$ 12,779,532	$ 769,625	$ 706,058	$ 18,259,138
(12,212,232)	(751,366)	(458,587)	(14,902,981)
-	-	(10,672)	(1,319,557)
567,300	18,259	236,799	2,036,600
307,603	-	-	445,607
307,603	-	-	445,607
-	-	-	7,853
-	-	-	(302,948)
-	-	-	(295,095)
2,362,039	-	-	2,362,039
2,362,039	-	-	2,362,039
3,236,942	18,259	236,799	4,549,151
20,887,540	3,004,365	2,098,113	45,489,172
$ 24,124,482	$ 3,022,624	$ 2,334,912	$ 50,038,323
$ (4,091,666)	$ (177,248)	$ (495,434)	$ (4,292,767)
-	-	-	831,671
32,276	-	29,260	(39,147)
146,588	-	-	177,198
-	-	-	10,061
-	-	-	(1,343)
350,308	-	-	350,308
433,182	(75,527)	11,596	437,041
-	-	-	(95,445)
-	271,034	691,377	962,411
(10,354)	-	-	(10,354)
234,850	-	-	234,850
4,290,939	-	-	4,290,939
(818,823)	-	-	(818,823)
4,658,966	195,507	732,233	6,329,367
$ 567,300	$ 18,259	$ 236,799	$ 2,036,600

CITY OF CYPRESS

Fiduciary Funds

June 30, 2021

The Fiduciary Funds are used to report assets held in a trustee or custodial capacity for others and therefore cannot be used to support the City's own programs.

Custodial Funds – To account for assets that are held in a custodial relationship. The City's custodial funds include cash held with fiscal agents for non-city debt obligations, and amounts held on behalf of the West Cities Communication Center Joint Powers Authority.

CITY OF CYPRESS

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS

June 30, 2021

	Business and Professional Center Assessment District	West Cities Police Communications Center Joint Powers Authority	Total Custodial Funds
ASSETS			
Cash and cash equivalents	$ 204,708	$ 3,085,656	$ 3,290,364
Restricted cash and investments	160,103	1,668	161,771
Interest receivable	135	2,157	2,292
Accounts receivable	-	40,800	40,800
Prepaid items	-	108,661	108,661
TOTAL ASSETS	364,946	3,238,942	3,603,888
LIABILITIES			
Current liabilities			
Accounts payable and other accrued liabilities	-	152,406	152,406
Unearned revenue	-	35,719	35,719
Bonds payable	165,000	-	165,000
Accrued leave payable	-	68,645	68,645
Noncurrent liabilities			
Bonds payable	170,000	-	170,000
Accrued leave payable	-	205,934	205,934
Retirees' health payable	-	696,197	696,197
Due to other governments	-	1,236,973	1,236,973
TOTAL LIABILITIES	335,000	2,395,874	2,730,874
NET POSITION HELD IN TRUST			
Restricted for:			
Assessment district improvements	29,946	-	29,946
Member agencies	-	843,068	843,068
TOTAL NET POSITION HELD IN TRUST	$ 29,946	$ 843,068	$ 873,014

CITY OF CYPRESS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the fiscal year ended June 30, 2021

	Business and Professional Center Assessment District	West Cities Police Communications Center Joint Powers Authority	Total Custodial Funds
ADDITIONS:			
Member contributions	$ 63,933	$ 2,848,341	$ 2,912,274
Investment income	989	17,800	18,789
Other revenue	-	142,776	142,776
TOTAL ADDITIONS	64,922	3,008,917	3,073,839
DEDUCTIONS:			
Dispatch services	-	2,795,858	2,795,858
Debt service	23,512	-	23,512
Other expenses	5,672	-	5,672
TOTAL DEDUCTIONS	29,184	2,795,858	2,825,042
CHANGE IN NET POSITION	35,738	213,059	248,797
NET POSITION - BEGINNING OF YEAR, AS ORIGINALLY REPORTED	-	-	-
Restatement (Note 23)	(5,792)	630,009	624,217
NET POSITION - BEGINNING OF YEAR, AS RESTATED	(5,792)	630,009	624,217
NET POSITION - END OF YEAR	$ 29,946	$ 843,068	$ 873,014

Statistical Section

CITY OF CYPRESS

Statistical Section
Year ended June 30, 2021
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Sources: Unless otherwise noted, the information in these schedules was derived from the City's comprehensive annual financial reports for the relevant year.

Note: The City of Cypress did not have General Bonded Debt Outstanding or Pledged Revenue during the Fiscal Year Ended June 30, 2021.

CITY OF CYPRESS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

Schedule 1

	Fiscal Year			
	2021	2020	2019	2018
GOVERNMENTAL ACTIVITIES				
Net invested in capital assets	$ 166,272,625	$ 160,408,903	$ 162,147,445	$ 162,818,741
Restricted for:				
Debt service	-	-	-	522,200
Capital projects	-	-	-	-
Specific projects and programs	37,532,553	43,597,947	39,458,651	36,012,698
Total restricted	37,532,553	43,597,947	39,458,651	36,534,898
Unrestricted	88,119,499	85,931,038	82,530,908	75,803,724
Total governmental activities net position	$ 291,924,677	$ 289,937,888	$ 284,137,004	$ 275,157,363
BUSINESS-TYPE ACTIVITIES				
Net invested in capital assets	$ 19,322,767	$ 19,672,894	$ 19,764,241	$ 20,004,444
Restricted for:				
Specific projects and programs	5,253,793	3,871,515	2,820,977	1,463,331
Total business-type activities net position	$ 24,576,560	$ 23,544,409	$ 22,585,218	$ 21,467,775
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES				
Net invested in capital assets	$ 185,595,392	$ 180,081,797	$ 181,911,686	$ 182,823,185
Restricted for:				
Debt service	-	-	-	522,200
Capital projects	-	-	-	-
Specific projects and programs	42,786,346	47,469,462	42,279,628	37,476,029
Total restricted	42,786,346	47,469,462	42,279,628	37,998,229
Unrestricted	88,119,499	85,931,038	82,530,908	75,803,724
Total governmental and business-type activities net position	$ 316,501,237	$ 313,482,297	$ 306,722,222	$ 296,625,138

Notes: 1) Restricted net position amounts related to land held for resale in Governmental Activities have been reclassified to unrestricted net position as of June 30, 2013 to more properly reflect how the proceeds may be used by the City.

2017	2016	2015	2014	2013	2012
$ 161,714,951	$ 153,270,346	$ 154,805,926	$ 154,957,177	$ 154,793,254	$ 157,517,879
979,010	420,185	400,000	380,000	360,000	340,000
-	-	-	-	-	24,637,468
25,872,294	26,169,565	24,651,239	24,407,720	23,839,841	23,039,847
26,851,304	26,589,750	25,051,239	24,787,720	24,199,841	48,017,315
89,651,389	107,623,380	101,970,622	111,781,610	110,120,627	81,849,469
$ 278,217,644	$ 287,483,476	$ 281,827,787	$ 291,526,507	$ 289,113,722	$ 287,384,663
$ 19,788,397	$ 18,245,712	$ 15,801,861	$ 14,516,549	$ 13,330,876	$ 11,598,019
524,701	930,903	2,281,112	2,174,616	1,864,593	2,066,778
$ 20,313,098	$ 19,176,615	$ 18,082,973	$ 16,691,165	$ 15,195,469	$ 13,664,797
$ 181,503,348	$ 171,516,058	$ 170,607,787	$ 169,473,726	$ 168,124,130	$ 169,115,898
979,010	420,185	400,000	380,000	360,000	340,000
-	-	-	-	-	24,637,468
26,396,995	27,100,468	26,932,351	26,582,336	25,704,434	25,106,625
27,376,005	27,520,653	27,332,351	26,962,336	26,064,434	50,084,093
89,651,389	107,623,380	101,970,622	111,781,610	110,120,627	81,849,469
$ 298,530,742	$ 306,660,091	$ 299,910,760	$ 308,217,672	$ 304,309,191	$ 301,049,460

CITY OF CYPRESS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

Schedule 2

	Fiscal Year			
	2021	2020	2019	2018
EXPENSES - GOVERNMENTAL ACTIVITIES:				
General government	$ 6,295,641	$ 6,082,701	$ 4,683,324	$ 4,634,173
Community development	2,100,332	1,915,912	2,200,508	2,545,902
Public safety	19,428,392	19,357,512	17,423,654	17,185,826
Public works	13,865,043	11,597,788	10,800,313	13,608,594
Recreation	5,303,581	5,003,445	5,042,590	5,296,640
Interest on long-term debt	-	-	1,300	25,145
Total government activities expenses	46,992,989	43,957,358	40,151,689	43,296,280
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:				
Charges for services:				
General government	498,954	154,716	388,378	477,787
Community development	1,557,209	899,680	1,156,997	1,125,447
Public safety	406,077	268,225	324,497	221,319
Public works	770,403	741,487	740,542	723,444
Recreation	487,138	573,479	1,727,459	1,509,692
Operating grants and contributions	3,862,387	5,998,794	3,728,589	3,625,304
Capital grants and contributions	1,869,583	1,488,480	1,299,265	1,029,329
Total governmental activities program revenues	9,451,751	10,124,861	9,365,727	8,712,322
NET (EXPENSE/REVENUE) - GOVERNMENTAL ACTIVITIES	(37,541,238)	(33,832,497)	(30,785,962)	(34,583,958)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES:				
Taxes				
Property taxes, levied for general purpose	6,261,310	6,273,159	5,703,464	5,373,717
Property taxes, levied for recreation purposes	5,958,450	5,958,511	5,435,431	5,133,137
Property taxes, levied for lighting purposes	1,363,781	1,358,550	1,240,367	1,173,368
Property taxes, backfill of vehicle license fees	5,136,804	4,942,234	4,708,074	4,429,211
Tax increment for redevelopment activities	-	-	-	-
Sales tax	11,249,720	11,969,246	12,616,015	11,141,720
Transient occupancy tax	1,648,030	2,185,978	2,761,917	2,836,842
Franchise tax	1,753,459	1,727,101	1,686,218	1,660,665
Other taxes	1,820,366	1,742,289	1,750,241	1,728,281
Total taxes	35,191,920	36,157,068	35,901,727	33,476,941
Investment earnings	2,245,090	3,423,255	3,806,673	1,281,234
Contributed capital	-	-	-	1,460,026
Miscellaneous	37,845	53,058	57,203	55,078
Total governmental activities	37,474,855	39,633,381	39,765,603	36,273,279
SPECIAL ITEMS:				
Market value adjustment - land held for resale	-	-	-	-
Gain on sale of land held for resale	2,053,172	-	-	-
Total special items	2,053,172	-	-	-
EXTRAORDINARY ITEMS:				
Gain (Loss) on Dissolution of Redevelopment Agency	-	-	-	-
Gain on approval of repayment agreement	-	-	-	-
Loss on dissolution of interfund advance	-	-	-	-
Loss on disallowance of interest on advance to former Redevelopment Agency	-	-	-	-
Loss on re-entered loan settlement agreement	-	-	-	-
Total extraordinary items	-	-	-	-
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$ 1,986,789	$ 5,800,884	$ 8,979,641	$ 1,689,321
EXPENSES - BUSINESS-TYPE ACTIVITIES:				
Sewer	$ 888,283	$ 871,750	$ 897,761	$ 795,737
Total business-type activities expenses	888,283	871,750	897,761	795,737
PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES:				
Charges for services	1,861,974	1,733,202	1,721,787	1,829,427
Operating grants and contributions	37	39	98,050	43
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,862,011	1,733,241	1,819,837	1,829,470
NET (EXPENSE/REVENUE) - BUSINESS-TYPE ACTIVITIES	973,728	861,491	922,076	1,033,733
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION - BUSINESS TYPE ACTIVITIES:				
Taxes				
Property taxes, levied for sewer purposes	30,499	30,076	29,978	30,885
Total taxes	30,499	30,076	29,978	30,885
Investment earnings	25,145	66,013	162,156	84,346
Miscellaneous	2,779	1,611	3,233	5,713
Total business-type activities	58,423	97,700	195,367	120,944
CHANGE IN NET POSITION - BUSINESS-TYPE ACTIVITIES	$ 1,032,151	$ 959,191	$ 1,117,443	$ 1,154,677
CHANGE IN NET POSITION - TOTAL PRIMARY GOVERNMENT	$ 3,018,940	$ 6,760,075	$ 10,097,084	$ 2,843,998

2017	2016	2015	2014	2013	2012
$ 4,688,064	$ 4,186,025	$ 3,762,129	$ 4,037,449	$ 3,844,511	$ 3,857,195
2,092,444	2,045,322	1,792,626	1,717,272	1,658,699	3,320,115
15,793,707	14,193,759	13,823,314	14,119,456	14,079,824	13,587,310
11,949,123	11,467,198	11,818,556	11,971,891	11,554,300	13,566,497
5,077,877	4,659,025	4,675,847	4,857,577	4,664,614	4,682,406
48,597	70,731	89,610	107,166	123,439	835,794
39,649,812	36,622,060	35,962,082	36,810,811	35,925,387	39,849,317
517,051	247,368	155,590	98,802	46,683	80,389
957,395	1,038,354	767,379	663,525	604,456	505,215
217,567	190,861	229,721	223,771	284,904	279,847
773,597	820,048	854,062	832,916	836,641	851,917
1,489,518	1,499,750	1,160,898	1,389,596	1,303,395	1,323,717
4,550,919	4,474,668	3,549,872	3,648,027	3,822,397	3,691,857
1,462,551	693,977	856,247	1,315,906	1,071,101	2,500,542
9,968,598	8,965,026	7,573,769	8,172,543	7,969,577	9,233,484
(29,681,214)	(27,657,034)	(28,388,313)	(28,638,268)	(27,955,810)	(30,615,833)
4,838,954	4,634,994	4,735,392	4,589,439	4,847,103	4,344,609
4,598,132	4,420,347	4,450,954	4,224,593	4,778,959	4,066,201
1,055,329	1,015,521	1,013,028	962,631	1,086,568	919,917
4,241,925	4,061,360	3,835,515	3,678,802	3,560,389	3,493,682
-	-	-	-	-	2,291,317
11,346,462	12,435,166	11,891,754	11,846,002	10,827,664	11,361,495
2,711,306	2,558,974	2,209,939	1,980,228	1,926,322	2,098,309
1,607,621	1,728,236	1,724,232	1,650,481	1,629,706	1,616,534
1,745,849	1,647,782	1,678,288	1,617,097	1,656,695	1,642,429
32,145,578	32,502,380	31,539,102	30,549,273	30,313,406	31,834,493
694,455	748,457	344,668	439,186	218,964	300,116
-	-	-	-	-	-
69,209	61,886	65,861	62,594	348,499	32,293
32,909,242	33,312,723	31,949,631	31,051,053	30,880,869	32,166,902
-	-	(6,308,460)	-	-	-
-	-	-	-	-	-
-	-	(6,308,460)	-	-	-
-	-	-	-	-	19,125,525
-	-	25,323,775	-	-	-
-	-	-	-	-	(23,920,000)
-	-	-	-	(1,196,000)	-
(12,493,860)	-	-	-	-	-
(12,493,860)	-	25,323,775	-	(1,196,000)	(4,794,475)
$ (9,265,832)	$ 5,655,689	$ 22,576,633	$ 2,412,785	$ 1,729,059	$ (3,243,406)
$ 706,843	$ 757,503	$ 724,257	$ 740,444	$ 704,109	$ 675,977
706,843	757,503	724,257	740,444	704,109	675,977
1,768,183	1,714,658	2,025,759	2,197,154	2,131,506	1,869,452
46	66,716	46,387	55	55	58
-	-	-	4,990	3,055	6,727
1,768,229	1,781,374	2,072,146	2,202,199	2,134,616	1,876,237
1,061,386	1,023,871	1,347,889	1,461,755	1,430,507	1,200,260
24,060	27,651	14,232	10,879	73,185	10,866
24,060	27,651	14,232	10,879	73,185	10,866
48,316	34,865	26,886	23,062	26,980	30,498
2,721	7,255	2,801			
75,097	69,771	43,919	33,941	100,165	41,364
$ 1,136,483	$ 1,093,642	$ 1,391,808	$ 1,495,696	$ 1,530,672	$ 1,241,624
$ (8,129,349)	$ 6,749,331	$ 23,968,441	$ 3,908,481	$ 3,259,731	$ (2,001,782)

CITY OF CYPRESS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Schedule 3

	Fiscal Year			
	2021	2020	2019	2018
GENERAL FUND				
Nonspendable	$ 400,475	$ 4,106	$ 8,105	$ 54,299
Restricted	28,944	140,521	51,035	73,252
Committed	8,277,669	7,752,199	7,399,045	7,152,556
Assigned	15,425,574	14,086,964	13,827,127	8,018,278
Unassigned	1,060,000	1,060,000	1,060,000	860,000
Total General Fund	$ 25,192,662	$ 23,043,790	$ 22,345,312	$ 16,158,385
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	$ 5,915,695	$ 3,242	$ 28,946	$ 26,013
Restricted	19,174,097	27,679,541	27,277,048	26,328,454
Committed	12,824,144	11,600,900	9,332,740	10,568,404
Assigned	70,479,670	74,307,742	70,811,712	67,828,083
Unassigned	(226,304)	(290,643)	-	-
Total all other Governmental Funds	$ 108,167,302	$ 113,300,782	$ 107,450,446	$ 104,750,954

Notes: 1) Nonspendable fund balance amounts related to land held for resale in All Other Governmental Funds have been reclassified to assigned fund balance as of June 30, 2013 to more properly reflect how the proceeds may be used by the City.

2017	2016	2015	2014	2013	2012
$ 57,474	$ 8,759	$ 6,411	$ 9,387	$ 14,359	$ -
73,252	73,252	73,252	73,252	73,252	73,252
6,982,083	6,885,909	6,520,344	6,299,394	6,075,680	6,548,929
11,199,276	11,766,464	13,078,088	11,116,273	8,011,729	23,946,209
921,728	289,297	170,783	121,919	115,976	141,412
$ 19,233,813	$ 19,023,681	$ 19,848,878	$ 17,620,225	$ 14,290,996	$ 30,709,802
$ 71,608	$ 59,660	$ 56,300	$ 11,233	$ 10,602	$ 26,059,176
26,466,768	27,039,278	25,513,795	24,960,766	24,331,702	21,157,903
9,174,885	17,680,891	9,437,504	11,908,872	14,378,531	9,600,496
62,830,965	71,429,444	76,745,521	55,006,639	54,988,809	15,190,884
-	-	-	-	-	-
$ 98,544,226	$ 116,209,273	$ 111,753,120	$ 91,887,510	$ 93,709,644	$ 72,008,459

CITY OF CYPRESS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Schedule 4

	Fiscal Year			
	2021	2020	2019	2018
REVENUES:				
Taxes				
Property tax	$ 18,720,344	$ 18,532,454	$ 17,087,338	$ 16,109,436
Sales tax	11,579,445	12,252,711	12,332,551	11,141,720
Transient occupancy tax	1,648,030	2,185,978	2,761,917	2,836,842
Franchise tax	1,829,542	1,806,177	1,766,326	1,740,802
Other taxes	2,167,293	2,063,126	2,095,035	2,052,850
Licenses and permits	884,938	628,630	806,907	675,894
Fines and forfeitures	345,986	277,716	390,365	275,909
From use of property	88,710	3,511,171	3,890,564	1,660,035
From other agencies	4,103,799	5,300,369	3,878,871	3,856,558
Charges for services	4,051,764	3,293,571	4,317,800	4,700,201
Other revenues	811,084	652,143	673,986	701,596
Total Revenues	46,230,935	50,504,046	50,001,660	45,751,843
EXPENDITURES:				
General government	5,485,769	5,206,978	4,131,110	4,037,765
Community development	1,892,213	1,714,979	2,056,311	2,351,459
Public safety	17,401,215	17,225,985	16,174,228	15,762,018
Public works	10,056,426	7,732,879	7,394,724	10,081,750
Recreation	4,181,884	3,951,650	4,158,366	4,498,225
Capital outlay	11,805,601	4,495,945	4,251,602	2,275,198
Debt service				
Principal retired	-	-	475,000	445,000
Interest and charges	-	-	13,175	36,826
Total expenditures	50,823,108	40,328,416	38,654,516	39,488,241
Excess of revenues over (under) expenditures	(4,592,173)	10,175,630	11,347,144	6,263,602
OTHER FINANCING SOURCES (USES):				
Transfers in	7,692,812	8,335,896	6,468,442	9,020,684
Transfers out	(8,138,419)	(11,962,712)	(8,929,167)	(12,152,986)
Total other financing sources (uses)	(445,607)	(3,626,816)	(2,460,725)	(3,132,302)
Net change in fund balances before extraordinary items	(5,037,780)	6,548,814	8,886,419	3,131,300
SPECIAL ITEMS:				
Market value adjustment - land held for resale	-	-	-	-
Gain on sale of land held for resale	2,053,172	-	-	-
Total special items	2,053,172	-	-	-
EXTRAORDINARY ITEMS:				
Gain (loss) on dissolution of Redevelopment Agency	-	-	-	-
Gain on approval of repayment agreement	-	-	-	-
Loss on disallowance of interfund advance	-	-	-	-
Loss on disallowance of interest on advance to former Redevelopment Agency	-	-	-	-
Loss on re-entered loan settlement agreement	-	-	-	-
Total extraordinary items	-	-	-	-
Net change in fund balances	$ (2,984,608)	$ 6,548,814	$ 8,886,419	$ 3,131,300
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	1.4%	1.3%

2017	2016	2015	2014	2013	2012
$ 14,734,339	$ 14,132,221	$ 14,034,888	$ 13,455,467	$ 15,485,431	$ 15,115,726
11,451,407	12,540,112	11,681,865	11,846,003	10,827,665	11,361,494
2,711,306	2,558,974	2,209,939	1,980,228	1,926,322	2,098,309
1,665,820	1,774,268	1,770,259	1,693,524	1,671,897	1,653,857
2,061,297	1,957,223	1,986,873	1,909,589	1,899,759	1,864,700
700,437	700,510	455,781	381,992	380,256	293,642
289,271	239,845	254,997	270,593	336,389	316,412
1,027,004	1,044,996	594,030	659,310	478,573	507,151
3,113,673	3,021,416	3,178,481	3,886,307	3,438,718	4,741,322
4,397,340	4,376,424	3,963,964	4,244,710	4,125,461	4,045,603
1,585,339	1,401,191	788,618	695,557	1,226,084	1,067,188
43,737,233	43,747,180	40,919,695	41,023,280	41,796,555	43,065,404
4,380,176	4,147,614	3,555,118	3,802,168	3,570,736	3,515,586
2,070,995	2,160,255	1,772,835	1,776,411	1,646,044	2,947,396
15,508,454	14,861,961	13,905,373	14,073,067	13,868,047	13,099,957
9,541,509	9,630,040	9,625,309	9,789,620	9,183,658	11,010,797
4,612,076	4,450,788	4,305,974	4,452,120	4,206,914	4,112,982
11,813,186	2,295,678	4,386,607	5,079,667	2,328,613	5,851,169
420,000	400,000	380,000	360,000	340,000	325,000
59,622	80,131	98,350	115,266	130,749	842,457
48,406,018	38,026,467	38,029,566	39,448,319	35,274,761	41,705,344
(4,668,785)	5,720,713	2,890,129	1,574,961	6,521,794	1,360,060
8,189,632	7,466,801	7,991,193	5,725,391	25,579,555	13,613,644
(8,481,902)	(9,556,558)	(8,098,884)	(5,793,257)	(25,622,970)	(13,771,829)
(292,270)	(2,089,757)	(107,691)	(67,866)	(43,415)	(158,185)
(4,961,055)	3,630,956	2,782,438	1,507,095	6,478,379	1,201,875
-	-	(6,308,460)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,125,525
-	-	25,323,775	-	-	-
-	-	-	-	-	(23,920,000)
-	-	-	-	(1,196,000)	-
(12,493,860)	-	-	-	-	-
(12,493,860)	-	25,323,775	-	(1,196,000)	(4,794,475)
$ (17,454,915)	$ 3,630,956	$ 28,106,213	$ 1,507,095	$ 5,282,379	$ 1,201,875
1.3%	1.3%	1.4%	1.4%	1.4%	3.3%

CITY OF CYPRESS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Schedule 5

Fiscal Year Ended June 30,	Secured *	Public Utility *	Unsecured Valuation *	Total Taxable Assessed Value *	Total Direct Tax Rate
2021	$ 7,872,105	$ 2,268	$ 300,844	$ 8,175,217	1.0000
2020	$ 7,516,002	$ 2,268	$ 347,290	$ 7,865,560	1.0000
2019	$ 7,181,037	$ 2,268	$ 309,590	$ 7,492,895	1.0000
2018	$ 6,755,533	$ 595	$ 292,957	$ 7,049,085	1.0000
2017	$ 6,452,310	$ 792	$ 297,917	$ 6,751,019	1.0000
2016	$ 6,180,488	$ 792	$ 282,370	$ 6,463,650	1.0000
2015	$ 5,831,344	$ 1,371	$ 271,503	$ 6,104,218	1.0000
2014	$ 5,581,655	$ 1,371	$ 271,782	$ 5,854,808	1.0000
2013	$ 5,389,098	$ 1,371	$ 275,885	$ 5,666,354	1.0000
2012	$ 5,314,822	$ 1,371	$ 243,997	$ 5,560,190	1.0000

Source: Orange County Assessor's Office

Note: In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based on the assessed value of the property being taxes. Each year, the assessed value of propety may be increased by an inflation factor (up to 2%). However, property is re-assessed to its current value when a change of ownership occurs. Other factors that may cause re-assessment include new construction, tenant improvements and appeals of value by the owner.

The assessed value data shown above represents the only data currently available with respect to the actual market value of taxable property and are subject to the limitations described above.

* Amount in Thousands

CITY OF CYPRESS

DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN FISCAL YEARS

Schedule 6

	City Direct Rates			Overlapping Rates *	
Fiscal Year Ended June 30,	Basic Rate	General Obligation Debt Service	Total Direct	School Districts	Water District
2021	1.0000	-	1.0000	0.1049	0.0035
2020	1.0000	-	1.0000	0.0933	0.0035
2019	1.0000	-	1.0000	0.1002	0.0035
2018	1.0000	-	1.0000	0.0822	0.0035
2017	1.0000	-	1.0000	0.0950	0.0035
2016	1.0000	-	1.0000	0.1045	0.0035
2015	1.0000	-	1.0000	0.0642	0.0035
2014	1.0000	-	1.0000	0.0700	0.0035
2013	1.0000	-	1.0000	0.0731	0.0035
2012	1.0000	-	1.0000	0.0593	0.0037

Source: Orange County Assessor's Office

Note: The City's basic property tax rate may only be increased by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Cypress. Not all overlapping rates apply to all Cypress property owners.

CITY OF CYPRESS

PRINCIPAL PROPERTY TAX PAYERS

CURRENT YEAR AND NINE YEARS AGO

Schedule 7

	2021			2012		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Warland Investments	$ 246,293,752	1	3.01%	200,236,654	1	3.64%
Cypress Corporate Center	81,801,889	2	1.00%	69,149,119	3	1.26%
G & IX Cypress Campus LP	77,892,667	3	0.95%	--		--
Katella Holder Street LLC	65916192	4	0.81%	--		--
GPD Cypress Investors LLC	57500000	5	0.70%	--		--
Los Alamitos Racecourse	52,145,073	6	0.64%	37,138,528	5	0.68%
Inland American Cypress Katella	51,012,197	7	0.62%	34,365,532	6	0.63%
Yamaha Motor Corp USA Inc	38,251,688	8	0.47%	34,273,108	7	0.62%
IHP Los Alamitos Owner LLC	34,804,072	9	0.43%	--		--
Cadigan Peppertree LLC	34,180,894	10	0.42%	--		--
Mitsubishi Motor Sales	--		--	79,073,214	2	1.44%
RREEF America REIT	--		--	59,477,858	4	1.08%
CRP-2 Holdings Cypress	--		--	34,174,833	8	0.62%
Costco Wholesale Group	--		--	25,172,370	9	0.46%
USA Build LLC	--		--	25,140,000	10	0.46%
Total	$ 739,798,424		9.05%	$ 598,201,216		10.89%

Source: California Municipal Statistics, Inc. and Orange County Assessor's Office

CITY OF CYPRESS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Schedule 8

		Collected within the Fiscal Year of the Levy			Total Collections to Date	
Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Delinquent Tax Collections	Amount	Percentage of Levy
2021	$ 22,876,805	$ 22,743,440	99.42%	$ 174,530	$ 22,917,970	100.18%
2020	$ 21,444,968	$ 21,202,595	98.87%	$ 90,515	$ 21,293,110	99.29%
2019	$ 20,072,714	$ 19,889,386	99.09%	$ 137,711	$ 20,027,097	99.77%
2018	$ 18,670,282	$ 18,516,004	99.17%	$ 89,692	$ 18,605,696	99.65%
2017	$ 17,883,255	$ 17,742,578	99.21%	$ 100,982	$ 17,843,560	99.78%
2016	$ 17,146,468	$ 16,994,275	99.11%	$ 144,980	$ 17,139,255	99.96%
2015	$ 16,102,137	$ 15,896,810	98.72%	$ 159,324	$ 16,056,134	99.71%
2014	$ 15,425,028	$ 15,239,350	98.80%	$ 299,068	$ 15,538,418	100.74%
2013	$ 14,687,798	$ 14,475,122	98.55%	$ 202,617	$ 14,677,739	99.93%
2012	$ 14,424,137	$ 14,107,672	97.81%	$ 245,320	$ 14,352,992	99.51%

Source: County of Orange Auditor-Controller

Notes: Includes General, Special Revenue and Debt Service Funds.
These amounts consist of "prior year" taxes (excluding penalties and interest) remitted in the subsequent fiscal year from Fiscal Year 2004-05 forward; the Orange County Auditor Controller's Office aggregates these payments and does not provide detail on allocations to particular years. Penalties and interest were not recorded separately prior to Fiscal Year 2004-05.

CITY OF CYPRESS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Schedule 9

	Governmental Activities		
Fiscal Year Ended June 30,	Lease Revenue Bonds	Percentage of Personal Income *	Per Capita **
2021	$ -	0.00%	$ -
2020	$ -	0.00%	$ -
2019	$ -	0.00%	$ -
2018	$ 475,000	0.03%	$ 10
2017	$ 920,000	0.06%	$ 19
2016	$ 1,340,000	0.08%	$ 27
2015	$ 1,740,000	0.11%	$ 36
2014	$ 2,120,000	0.14%	$ 43
2013	$ 2,480,000	0.16%	$ 51
2012	$ 2,820,000	0.18%	$ 58

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

* See Schedule 12 for personal income.

** See Schedule 12 for population data.

CITY OF CYPRESS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Schedule 10

Direct and Overlapping Tax and Assessment Debt:	Debt Outstanding	Estimated Percentage Applicable (1)	Sharing of Overlapping Debt
Metropolitan Water District	$ 26,830,000	0.250%	$ 67,075
North Orange County Joint Community College District	245,604,001	5.611%	13,780,840
Garden Grove Unified School District	463,236,550	3.484%	16,139,161
Los Alamitos USD School Facilities Improvement District No. 1	201,205,227	2.370%	4,768,564
Anaheim Union High School District	266,058,955	13.773%	36,644,300
Centralia School District	39,948,544	2.500%	998,714
Cypress School District	36,643,033	85.297%	31,255,408
Savanna School District	40,732,918	12.970%	5,283,059
City of Cypress 1915 Act Bonds	335,000	100.000%	335,000
Total Direct and Overlapping Tax and Assessment Debt			$ 109,272,121
Direct and Overlapping General Fund Debt:			
Orange County General Fund Obligations	$ 381,885,000	1.247%	$ 4,762,106
Orange County Pension Obligations	485,318,204	1.247%	6,051,918
Orange County Board of Education Certificates of Participation	12,310,000	1.247%	153,506
North O.C. Regional Occupational Program Certificates of Part.	8,590,000	5.043%	433,194
Anaheim Union High School District Certificates of Participation	31,605,000	13.773%	4,352,957
Los Alamitos Unified School District Certificates of Participation	36,529,430	2.129%	777,712
Cypress School District Certificates of Participation	4,469,000	85.297%	3,811,923
City of Cypress General Fund Obligations	-	100.000%	-
Total Gross Direct and Overlapping Tax and Assessment Debt			$ 20,343,316
Overlapping Tax Increment Debt (Successor Agency):	$ 2,550,000	7.344%	187,272
Total Direct Debt			$ -
Total Overlapping Debt			$ 129,802,709
Combined Total Debt			$ 129,802,709 (2)

Source: California Municipal Statistics, Inc.

(1) The percentage of overlapping debt applicable to the City is estmated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the City divided by the District's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

CITY OF CYPRESS

LEGAL DEBT MARGIN INFORMATION

Schedule 11
(In thousands)

	Fiscal Year			
	2021	2020	2019	2018
LEGAL DEBT MARGIN CALCULATION:				
Assessed valuation	$ 8,175,217	$ 7,865,560	$ 7,492,895	$ 7,049,085
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	$ 2,043,804	$ 1,966,390	$ 1,873,224	$ 1,762,271
Debt limit percentage	15%	15%	15%	15%
Debt limit	306,571	294,959	280,984	264,341
Total Net Debt Applicable to Limit	-	-	-	-
Legal debt margin	$ 306,571	$ 294,959	$ 280,984	$ 264,341
Total Net Debt Applicable to Limit as a percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%

Note: The Government Code of the State of Califonia provides for a legal debt limit of 15 percent of gross assessed valuation. However, this provision was enacted when assess valuation was based upon 25 percent of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time the legal debt margin was enacted.

2017	2016	2015	2014	2013	2012
$ 6,751,019	$ 6,463,650	$ 6,104,218	$ 5,854,808	$ 5,666,354	$ 5,560,190
25%	25%	25%	25%	25%	25%
$ 1,687,755	$ 1,615,913	$ 1,526,055	$ 1,463,702	$ 1,416,589	$ 1,390,048
15%	15%	15%	15%	15%	15%
253,163	242,387	228,908	219,555	212,488	208,507
-	-	-	-	-	-
$ 253,163	$ 242,387	$ 228,908	$ 219,555	$ 212,488	$ 208,507
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

CITY OF CYPRESS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Schedule 12

Fiscal Year Ended June 30,	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment **	Unemployment Rate
2021	48,531	$ 1,957,777	$ 40,341	41.8 *	3,540	9.5%
2020	49,272	$ 1,841,471	$ 37,374	41.7 *	3,813	15.4%
2019	49,833	$ 1,790,699	$ 35,934	41.7 *	3,923	2.4%
2018	49,978	$ 1,713,796	$ 34,291	41.9 *	3,957	3.4%
2017	49,655	$ 1,645,120	$ 33,131	41.7 *	3,969	2.4%
2016	49,535	$ 1,642,473	$ 33,019	41.1 *	3,942	3.0%
2015	48,874	$ 1,568,904	$ 32,101	40.6 *	3,990	3.8%
2014	48,886	$ 1,553,597	$ 31,780	40.4 *	3,916	5.3%
2013	48,547	$ 1,562,340	$ 32,182	39.9 *	3,879	6.0%
2012	48,273	$ 1,530,013	$ 31,695	39.8 *	3,916	9.2%

Source: MuniServices, LLC/an Avenu Insights & Analytics Company, California Dept of Finance, U.S. Census Bureau, California Department of Education, and Employment Development Department

* Amount is estimated based on latest available information.

** Includes Cypress Elementary enrollment only. Cypress residents enrolled in middle and high schools are enrolled through the Anaheim Union High School District and the enrollment breakdown by individual city is not available.

CITY OF CYPRESS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Schedule 13

	2021			2012		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Amazon	1,300	1	5.35%	--		--
UnitedHealth Group	1,117	2	4.60%	2,311	1	8.37%
Siemens Corporation	760	3	3.13%	700	3	2.54%
Cypress School District	594	4	2.44%	--		--
Cypress College	468	5	1.93%	824	2	2.99%
Costco - Cypress	406	6	1.67%	261	8	0.95%
Safran Cabin (frmly C&D Zodiac)	350	7	1.44%	--		--
Hybrid Apparel	312	8	1.28%	--		--
Yamaha Motors Corporation	308	9	1.27%	380	5	1.38%
Christie Digital Systs USA	279	10	1.15%	405	4	1.47%
Mitsubishi Motor Sales	--		--	350	6	1.27%
Vans	--		--	300	7	1.09%
Manhattan Beachwear	--		--	228	9	0.83%
Target - Cypress	--		--	160	10	0.58%
Total	5,894		24.26%	5,919		21.47%

Source: MuniServices, LLC/an Avenu Insights & Analytics Company, City Planning Department and State of California Employment Development Department

CITY OF CYPRESS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Schedule 14

	Fiscal Years as of June 30									
Function/Program	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government										
Administrative	5.3	5.3	5.3	5.3	6.0	6.0	6.0	8.9	8.9	9.9
Finance	14.2	14.2	14.2	14.2	15.0	15.0	15.0	13.0	13.0	13.0
Community Development	5.5	5.5	5.5	6.5	7.5	7.5	8.0	8.0	9.0	10.0
Police										
Officers	58.0	58.0	57.0	57.0	57.0	57.0	57.0	55.0	55.0	55.0
Civilians	23.8	22.8	22.8	22.8	23.4	24.4	24.4	23.9	23.4	23.4
Public Works										
Engineering	9.0	9.0	8.5	10.5	10.1	10.1	10.0	10.0	10.0	11.0
Maintenance	19.5	20.1	20.1	26.4	27.0	27.0	28.6	27.7	30.7	32.7
Parks and Recreation	28.8	29.2	30.0	28.2	28.4	28.4	28.8	28.8	28.8	28.5
Total	164.1	164.1	163.4	170.9	174.4	175.4	177.8	175.3	178.8	183.5

Source: City of Cypress adopted budget.

CITY OF CYPRESS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Schedule 15

Function/Program	Fiscal Years as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Physical arrests	778	834	1,232	1,091	1,130	856	856	913	1,237	1,123
Parking violations	8,675	4,436	6,264	5,287	3,660	4,587	4,818	3,752	5,999	3,738
Traffic violations	2,368	2,353	3,754	4,260	3,290	2,878	1,830	2,626	3,445	2,860
Public Works - Maintenance										
Potholes repaired	235	108	59	13	109	53	56	72	213	200
Parks and Recreation										
Athletic field permits issued	2,698	4,812	6,783	7,197	8,383	7,975	8,786	9,175	10,541	9,731
Class participants	3,738	6,370	13,319	13,823	10,739	12,110	11,796	13,233	13,308	13,380
Facility rentals	10	653	895	1,127	1,225	1,334	1,255	1,460	1,559	1,255

Source: Various City Departments

CITY OF CYPRESS

CAPITAL ASSETS STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Schedule 16

Function/Program	Fiscal Years as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	19	19	19	19	19	19	19	19	19	19
Public Works - Maintenance										
Streets (miles)	111	111	111	111	111	111	111	111	111	111
Streetlights	302	302	302	302	303	303	303	303	303	303
Traffic signals	61	61	61	61	60	60	57	57	57	57
Parks and Recreation										
Acreage	93	93	93	93	85	82	82	82	82	82
Playgrounds	19	19	19	19	19	18	18	18	18	18
Baseball/softball diamonds	9	9	9	8	8	8	8	8	8	8
Soccer/football fields	2	2	1	1	1	1	1	1	1	1
Pickleball fields	6	-	-	-	-	-	-	-	-	-
Community centers	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments

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*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cypress, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 20, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Lance, Soll & Lunghard, LLP

Brea, California
December 20, 2021

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **10.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Audit Letter to the City Council for the Fiscal Year Ended June 30, 2021**

RECOMMENDATION

Receive and file the Audit Letter from Lance, Soll and Lunghard LLP to the City Council for the Fiscal Year ended June 30, 2021.

SUMMARY

The City's auditors have completed the annual audit and the results of the audit were favorable. In addition to receiving a "clean" audit opinion, the auditors did not encounter any items of concern which need to be reported to the City Council or management.

DISCUSSION

Audit Letter

Auditing standards require auditors to issue an Audit Letter to communicate any significant findings, disagreements with management, and difficulties performing the audit. This Audit Letter must be issued to the City Council even if no problems are identified.

The attached Audit Letter was issued by Lance, Soll and Lunghard LLP (LSL) in conjunction with its audit work performed on the City, including the Cypress Recreation and Park District, for the fiscal year ended June 30, 2021. Accompanying the Audit Letter is the City's Management Representation Letter which summarizes management's responsibilities for providing the information necessary to conduct the audit and prepare the financial statements. LSL did not encounter any significant issues or other matters that need to be communicated to the City Council or management.

Audit Report on Internal Control Matters

Auditing standards also provide guidance to the auditors regarding how internal control-related matters should be communicated to management and the City Council.

During the annual audit, the auditors review and observe the City's internal controls and operations to determine if there are any deficiencies. If any internal control related matters are noted, an Audit Report detailing these noted deficiencies must be provided to the City Council.

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No deficiencies in the internal control structure, or any other matters deemed to be reportable to the governing board and management, were identified by LSL during the course of their audit. Therefore, no Audit Report was required to be issued for the fiscal year ended June 30, 2021.

BUDGET IMPACT

The Audit Letter and Audit Report on Internal Control Matters (if required) are included as part of the cost of the annual audit and sufficient amounts have been included in the budget to pay for the audit.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Audit Letter for the FYE 6/30/21

Management Representation Letter for the FYE 6/30/21

December 20, 2021

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cypress, California (the City) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 20, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings and Other Issues

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in the notes to the financial statements As described in Note 23 to the financial statements, the city changed accounting policies related to fiduciary fund accounting by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, Fiduciary Activities, in the year ended June 30, 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances, Governmental Funds and the Statement of Changes in Fiduciary Net Position. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimates of its net pension liability and total other post-employment benefits liability based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and total other post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Significant Unusual Transactions

Management is responsible for the policies and practices used to account for significant unusual transactions. No significant unusual transactions have occurred during fiscal year 2020-2021.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

New auditing standards were implemented in fiscal year 2020-2021 related to Statement of Auditing Standards 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, through Statement of Auditing Standards 140, *Supplementary Information in Relation to the Financial Statements as a Whole*. These standards updated the form and content of the financial statement auditor's report. The purpose of the change was to present an easier format for users to understand the results of the audit and management's responsibilities.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues Discussed with Management

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the City and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules for the general fund and recreation and park district special revenue fund, and streets special revenue fund, the schedules of plan contributions, the schedules of proportionate share of the net pension liability, and the schedule of changes in total OPEB liability and related ratios which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements, individual fund statement and budgetary schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2020-2021 audit:

GASB Statement No. 84, *Fiduciary Activities.*

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61.*

GASB Statement No. 98, *Annual Comprehensive Financial Report.*

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

Fiscal year 2022

GASB Statement No. 87, *Leases.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

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

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations.*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement.*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

Restriction on Use

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

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

CITY of CYPRESS

5275 Orange Avenue, Cypress, California 90630

Phone 714-229-6700 www.cypressca.org

December 20, 2021

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 North Brea Boulevard, Suite 203
Brea, CA 92821-4056

This representation letter is provided in connection with your audit(s) of the financial statements of the City of Cypress, which comprise the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the disclosures (collectively, the "financial statements"), for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 20, 2021, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 2, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Paulo Morales, Mayor

Anne Hertz, Mayor Pro Tem **Frances Marquez, Ph.D.**, Council Member

Scott Minikus, Council Member **Jon E. Peat**, Council Member

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.

9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

10) Guarantees, whether written or oral, under which the City is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

11) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the City from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.

12) All material transactions have been recorded in the accounting records and are reflected in the financial statements and the schedule of expenditures of federal awards.

13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

14) We have no knowledge of any fraud or suspected fraud that affects the City and involves:

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

15) We have no knowledge of any allegations of fraud or suspected fraud affecting the City's financial statements communicated by employees, former employees, regulators, or others.

16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

18) We have disclosed to you the names of the City's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.

21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.

22) The City has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

24) We have appropriately disclosed all information for conduit debt obligations in accordance with GASB Statement No. 91.

25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.

26) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

27) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

28) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

30) The financial statements include all fiduciary activities required by GASB Statement No. 84.

31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended. All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

33) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

34) Provisions for uncollectible receivables have been properly identified and recorded.

35) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

36) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

37) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

38) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

39) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

40) We have appropriately disclosed the City's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

41) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

42) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

43) With respect to the combining statements, individual fund statements, supporting schedules and statistical data.

    a) We acknowledge our responsibility for presenting the combining statements, in accordance with accounting principles generally accepted in the United States of America, and we believe the combining statements, individual fund statements, supporting schedules and statistical data, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining statements, individual fund statements, supporting schedules and statistical data have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the combining statements, individual fund statements, supporting schedules and statistical data is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____ Signature: _____

Title: City Manager Title: Director of Finance and Administrative Services

Summary of Audit Differences

Name of Governmental Unit: City of Cypress

Date of Combined Balance Sheet: June 30, 2021

Opinion Unit, Fund Type or Fund: All Funds

Unadjusted Audit Differences	Cause	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
None noted.		$ -
Cumulative effect (before effect of prior year differences)		-
Effect of unadjusted audit difference - prior year		-
Cumulative effect (after effect of prior year differences)		$ -

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **11.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Report on the City's Appropriations Limit for the Fiscal Year Ended June 30, 2021**

RECOMMENDATION

Receive and file the attached Independent Accountants' Report on Agreed-Upon Procedures Applied to the City's Appropriations Limit Worksheet for the Fiscal Year ended June 30, 2021.

DISCUSSION

All governments in California are required to have specific review procedures performed by independent accountants on the annual Appropriation Limit. Attached is a copy of the Independent Accountants' Report of Agreed-Upon Procedures Applied to the Appropriations Limit Worksheet for the Fiscal Year ended June 30, 2021, prepared by the City's independent accountants, Lance, Soll and Lunghard LLP (LSL). LSL did not note any exceptions during the course of performing the agreed-upon procedures.

Under Article XIIIB of the California Constitution, appropriations limitations are based on the City's 1978-79 actual appropriations adjusted annually by a formula utilizing the percentage growth in California Per Capita Income and either the growth in the City's or the County's population.

The City used the population growth in the County of Orange to calculate the FY 2020-21 appropriation limitation of $84,907,506. The total appropriations subject to the limitation for FY 2020-21 were $25,665,666, which was $59,241,840 (69.8%) below the calculated appropriation limit.

BUDGET IMPACT

The review of the Appropriation Limit is included in the overall cost of the City's annual audit and sufficient amounts are included in the budget to pay for the audit.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Report on the City's Appropriation Limit for the FYE 6/30/21

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

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

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 (or other alternative computation) of the City of Cypress, California (the City), for the year ended June 30, 2021. These procedures, which were agreed to by the City of Cypress and the League of California Cities (as presented in the publication entitled Agreed-Upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution), were performed solely to assist the City of Cypress in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City of Cypress's management is responsible for the Appropriations Limit Worksheet No. 6 (or other alternative computation).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheets No. 1 through No. 7 (or other alternative computations) and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet No. 6, we multiplied line A, last year's limit, by line D, ratio of change, and agreed the resulting amount to line E, this year's limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet No. 6 to the other worksheets described in No. 1 above.

   Finding: No exceptions were noted as a result of our procedures.

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

   Finding: No exceptions were noted as a result of our procedures.

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

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines.

This report is intended solely for the use of the City of Cypress, California and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lunghard, LLP

Brea, California
July 12, 2021

CITY OF CYPRESS
2020-2021
APPROPRIATIONS LIMIT CALCULATION

A.	2019-2020 APPROPRIATIONS LIMIT:	$ 81,366,142	
B.	2020-2021 CHANGE IN CALIFORNIA PER CAPITA PERSONAL INCOME:		3.73%
C.	2020-2021 CHANGE IN POPULATION:		0.60%
D.	RATIO OF CHANGE (1.0373 X 1.0060):	x 1.04352380	
E.	2020-2021 APPROPRIATIONS LIMIT: ($ 81,366,142 X 1.04352380)	$ 84,907,506	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **12.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Cypress Recreation and Park District's Financial Statements and Auditors' Report for the Fiscal Year Ended June 30, 2021**

RECOMMENDATION

Receive and file the District's Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2021.

DISCUSSION

The Director of Finance is required to annually submit a complete set of financial statements for the Cypress Recreation and Park District (District) to the Board of Directors. The State also requires the District undergo an annual financial audit. Attached is the District's Basic Financial Statements and Independent Auditors' Report for the Fiscal Year ended June 30, 2021. The report has been prepared, and an audit opinion issued, by the firm of Lance, Soll and Lunghard LLP (LSL). The District has received an unqualified, or "clean", opinion from LSL for the audit period.

The report presents the activity of the District for the fiscal year. In accordance with the requirements of the Governmental Accounting Standards Board, the report presents a Management's Discussion and Analysis (MD&A) and the basic financial statements for the District. The basic financial statements contain two types of statements: 1) the government-wide financial statements, and 2) the fund financial statements. The government-wide financial statements present the District's information on a full accrual basis which attempts to provide a long-term view of the District's financial position. The fund financial statements are presented on a modified accrual basis which focuses on a short-term view of the District's current and available financial resources. When both sets of financial statements are reviewed in conjunction with the notes to the basic financial statements, a complete picture of the District's financial condition is developed for the reader of the report.

BUDGET IMPACT

The cost of the audit includes the preparation of the financial statements and sufficient amounts are included in the District's budget to pay for these services.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Cypress Recreation and Park District Basic Financial Statements and Independent Auditors' Report for the FYE 6/30/21

CYPRESS RECREATION AND PARK DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Focused on YOU

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cypress Recreation and Park District (the District), a component unit of the City of Cypress, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Cypress Recreation and Park District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the date of the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate tin the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. According, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund, the schedule of changes in net pension liability and related ratios – defined benefit plan, the schedule of contributions – defined benefit plan, the schedule of proportionate share of the net pension liability – OCERS – defined benefit plan, the schedule of contributions – OCERS- defined benefit plan, and the schedule of change in the total OPEB liability and related ratios on pages 5-8 and 63-71 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information

because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are 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 December 20, 2021, 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.

Lance, Soll & Lunghard, LLP

Brea California
December 20, 2021

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The discussion and analysis of the Cypress Recreation and Park District's (District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements, as well as the prior year's report ending June 30, 2020, to enhance their understanding of the District's financial performance.

The financial section of this report has been prepared to show the results of the financial administration, financial condition, and operations of the District. The combined financial statements in this report have been audited by the firm of Lance, Soll and Lunghard LLP, whose opinion is included.

BASIS OF ACCOUNTING AND FUND GROUPINGS

The government-wide financial statements are presented on an "*economic resources*" measurement focus and, accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are reflected in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. The government-wide financial statements also are structured to reflect the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are presented on a spending or "current financial resources" measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. The governmental fund statements are also presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay for expenditures of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, are recorded only when payment is due. The District maintains funds in accordance with generally accepted accounting principles set forth by the GASB and other rule-making entities.

The District maintains two internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its central services and employee benefits. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the two internal service funds are provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found immediately following the basic governmental fund financial statements.

FINANCIAL DISCUSSION

In the governmental fund financial statements, the District reported a deficiency in revenues and other financing sources over expenditures and other financing uses of $184,772. At the end of the current fiscal year, the nonspendable fund balance of the District was $34,000, the restricted fund balance was $268,240 (compared to $526,302 at the beginning of the year), the committed fund balance was $2,684,680 (compared to $2,532,600 at the beginning of the year), the assigned fund balance was $8,955,928 (compared to $8,655,928 at the beginning of the year), while total fund balance was $12,187,242 (compared to $11,948,618 at the beginning of the year). The total fund balance that is not restricted, committed or nonspendable (comprised of assigned and unassigned fund balance amounts) represents 183.0 percent (compared with 179.7 percent from the previous year) of the fund's total current expenditures. Since the bulk of the District's operations are funded with annual property tax revenues, a portion of the assigned fund balance is needed to meet cash flow shortages between property tax receipts. The majority of the remaining assigned fund balance amounts are available to cover potential contingency needs of the District, offset retiree pension liabilities and pay for future facility and park infrastructure improvement projects.

For the fiscal year ended June 30, 2021, the District's balance of cash and cash equivalents was $14,823,556, an increase of $1,865,473 from the prior fiscal year. Total receivables at the end of the fiscal year were $147,047, which is a decrease of $12,907 from the prior year total of $134,140.

Summary of Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 2021 and 2020

	2021	2020	Change
Revenues			
Taxes	$ 5,958,451	$ 5,958,510	$ (59)
From other agencies	32,300	54,498	(22,198)
Charges for services	468,056	462,268	5,788
From use of property	101,042	414,657	(313,615)
Other revenue	4,938	3,649	1,289
Total Revenues	6,564,787	6,893,582	(328,795)
Expenditures			
Parks and recreation	4,181,888	3,945,307	236,581
Contribution to City for infrastructure set-aside	845,780	1,000,570	(154,790)
Capital outlay	6,894,042	3,457,210	3,436,832
Total Expenditures	11,921,710	8,403,087	3,518,623
Other Financing Uses			
Special item - proceeds from the issuance of notes from the City of Cypress	5,421,299	423,396	4,997,903
Transfers out	(249,148)	(193,873)	(55,275)
Total Other Financing Uses	5,172,151	229,523	4,942,628
Increase (decrease) in fund balance	$ (184,772)	$ (1,279,982)	$ 1,095,210

Total Recreation and Park District revenues for the fiscal year ended June 30, 2021 decreased by $328,795 from the prior year. Individual changes during the past year to the District's major revenues are highlighted as follows:

- Property tax revenues, the District's largest revenue source, were basically unchanged from the prior year. Increases associated with the positive impacts to property tax revenues resulting from rising assessed values were offset by the amount of residual property tax paid to the District. After several years of increasing, these residual amounts declined in the last year as Successor Agency activities continued to wind down.
- Despite dealing with a variety of pandemic-related challenges in providing recreation programming, charges for services were basically unchanged when compared to the prior year. In March 2020, the COVID-19 pandemic halted traditional recreation programming for the remainder of the year causing sharp declines in revenues associated with this typically busy period of the year. While the easing of pandemic restrictions and the development of alternate programming caused revenues to bounce back over the past year, the activity levels remained well below a typical year. In addition, no park development fees were received in the prior fiscal year compared to $93,684 received during the fiscal year ended June 30, 2021. These fees vary year to year based on housing development activity within the City.
- Revenues from the use of property decreased due to significantly lower interest earnings caused by declines in the market interest rates earned on cash reserves. In addition, COVID-19 pandemic restrictions severely limited facility rentals throughout the fiscal year ended June 30, 2021.

Notable changes in expenditures and other financing sources during the year ended June 30, 2021 follow:

- Recreation expenditures increased just over $236,000 (6.0 percent) due to a partial rebound from pandemic-related declines in part-time personnel and payments to contract class instructors, as well as negotiated salary and benefit increases for full-time employees.
- Contribution to the City for infrastructure set-aside experienced declines associated with the decrease in residual property tax revenues discussed earlier. The District annually contributes all residual property tax amounts that were previously apportioned to the former Redevelopment Agency. This repayment was established when the State disallowed loans from the City to the former Redevelopment Agency which had been used to pay for several recreation capital projects (including the construction of the Senior Center and the remodel of the Community Center).
- Capital expenditures rose by $3,436,832 due primarily to breaking ground and spending $5.4 million on the construction of Lexington Park. When completed in FY 2021-22, this project will create two large sports fields and other amenities with a total cost of approximately $13 million. In addition to the investment in Lexington Park, $600,000 was expended for ADA compliant playground resurfacing at seven parks.
- A special item is reported to record the receipt of note proceeds from the City of Cypress which are authorized up to $13.7 million to pay for the design and construction of Lexington Park. Through June 30, 2021, note proceeds of $5,844,695 have been received by the District and expended on the park. These notes will be repaid using park development revenues generated in conjunction with the eventual development of the Los Alamitos Race Course property.

- Transfers out were $55,275 more than the prior year and are comprised of two recurring transfers, including a $150,000 annual transfer to the employees' benefits internal service fund to help offset any unfunded pension liability owed to the Orange County Employees Retirement System (OCERS). This liability represents monies owed on behalf of vested District employees who earned OCERS pension benefits prior to 2000 when all employees were enrolled in CalPERS. In addition, annual transfers occur to pay for new capital outlay items purchased in the District's Central Services Internal Service Fund.

District General Fund Budgetary Highlights

Net increases between the original appropriations budget and the final amended budget totaled $710,518. These budget increases are primarily related to the annual carryover of appropriations to the new fiscal year for encumbrances and purchases not completed in the prior fiscal year, with the majority of these carryovers related to a variety of capital improvements. These projects include the design of Lexington Park, playground resurfacing and city-wide enhancements at various parks.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the District's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Cypress, Finance Department, 5275 Orange Avenue, Cypress, California 90630.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government
	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	$ 16,759,359
Receivables:	
Accounts	109,690
Taxes	65,508
Accrued interest	10,173
Prepaid costs	38,116
Inventories	699
Total Current Assets	**16,983,545**
Noncurrent Assets:	
Capital assets:	
Non-depreciable assets	17,641,313
Depreciable assets, net	12,620,333
Total Capital Assets	**30,261,646**
Total Assets	**47,245,191**
Deferred Outflows of Resources	
Deferred amounts from pension plans	2,329,397
Deferred amounts from OPEB	104,033
Total Deferred Outflows of Resources	**2,433,430**
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	2,826,752
Unearned revenue	138,888
Accrued leave payable	30,300
Deposits payable	950
Total Current Liabilities	**2,996,890**
Noncurrent Liabilities:	
Notes payable to the City of Cypress	5,844,695
Accrued leave payable	90,939
Total OPEB liability	674,656
Net pension liability	3,270,826
Total Noncurrent Liabilities	**9,881,116**
Total Liabilities	**12,878,006**
Deferred Inflows of Resources	
Deferred amounts from pension plans	1,244,267
Deferred amounts from OPEB	46,984
Total Deferred Inflows of Resources	**1,291,251**
Net Position	
Investment in capital assets	30,261,646
Restricted	268,240
Unrestricted	4,979,478
Total Net Position	**$ 35,509,364**

See Notes to Financial Statements

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Primary government:				
Governmental activities:				
Recreation	$ 5,705,634	$ 468,056	$ 32,300	$ (5,205,278)
Total governmental activities	**$ 5,705,634**	**$ 468,056**	**$ 32,300**	**(5,205,278)**
General revenues:				
Property taxes				5,958,451
Investment income				101,042
Other revenue				4,938
Total general revenues				**6,064,431**
Change in net position				859,153
Net position at beginning of year				34,650,211
Net position at end of year				**$ 35,509,364**

See Notes to Financial Statements

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

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CYPRESS RECREATION AND PARK DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2021

	General Fund
Assets	
Cash and cash equivalents	$ 14,823,556
Receivables:	
Accounts	71,366
Taxes	65,508
Interest	10,173
Prepaid costs	33,301
Inventories	699
Total Assets	**$ 15,004,603**
Liabilities and Fund Balance	
Liabilities	
Accounts payable and accrued liabilities	$ 2,677,523
Unearned revenues	138,888
Deposits payable	950
Total Liabilities	**2,817,361**
Fund Balance	
Nonspendable	34,000
Restricted	268,240
Committed	2,684,680
Assigned	8,955,928
Unassigned	244,394
Total Fund Balance	**12,187,242**
Total Liabilities and Fund Balance	**$ 15,004,603**

See Notes to Financial Statements

CYPRESS RECREATION AND PARK DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balance - total governmental fund		$ 12,187,242
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not current financial resources and therefore are not reported in the Governmenal Fund Balance Sheet. This amount does not inlcude the internal service funds amounts of $284,514:		
Non-depreciable	$ 17,641,313	
Depreciable, net	12,335,819	29,977,132
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position.		(810,315)
Long-term advances from the City of Cypress		(5,844,695)
Net Position of Governmental Activities		**$ 35,509,364**

See Notes to Financial Statements

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund
Revenues	
Taxes	$ 5,958,451
From other agencies	32,300
Charges for services	468,056
From use of property	101,042
Other revenue	4,938
Total Revenues	**6,564,787**
Expenditures	
Current:	
Parks and recreation	4,181,888
Contribution to City for infrastucture set-aside	845,780
Capital outlay	6,894,042
Total Expenditures	**11,921,710**
Excess of Expenditures Over Revenues	(5,356,923)
Other Financing Uses	
Special item - Issuance of Notes Payable (See Note 13)	5,421,299
Transfers out	(249,148)
Total Other Financing Uses	**5,172,151**
Net Change in Fund Balance	**(184,772)**
Fund Balance - Beginning of Year	11,948,618
Prior period adjustment (See Note 14)	423,396
Fund Balance - Beginning of Year (as adjusted)	12,372,014
Fund Balance - End of Year	**$ 12,187,242**

See Notes to Financial Statements

CYPRESS RECREATION AND PARK DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO FUND BALANCE OF THE GOVERNMENTAL FUND
JUNE 30, 2021
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balance - total governmental fund	$ (184,772)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlay	6,894,042
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current finacial resources. Therefore, depreciation expense is not reported as expenditures in the Governmental Fund. This amount does not include the depreciation expense for internal service funds in the amount of $25,753.	(661,744)
Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities.	232,926
Issuance of long-term notes payable to the City of Cypress are not reported as expenditures in the Governmetnal Fund	(5,421,299)
Change in Net Position of Governmental Activities	**$ 859,153**

See Notes to Financial Statements

PROPRIETARY FUND FINANCIAL STATEMENTS

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CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities- Internal Service Funds
Assets	
Current:	
Cash and cash equivalents	$ 1,935,803
Other receivables	
Accounts	38,324
Prepaid costs	4,815
Total Current Assets	**1,978,942**
Noncurrent:	
Capital assets - net of accumulated depreciation	284,514
Total Noncurrent Assets	**284,514**
Total Assets	**2,263,456**
Deferred Outflows of Resources:	
Deferred amounts from pension plans	2,329,397
Deferred amounts from OPEB	104,033
Total Deferred Outflows of Resources	**2,433,430**
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current:	
Accounts payable	149,229
Accrued compensated absences	30,300
Total Current Liabilities	**179,529**
Noncurrent:	
Accrued compensated absences	90,939
Total OPEB liability	674,656
Net pension liability	3,270,826
Total Noncurrent Liabilities	**4,036,421**
Total Liabilities	**4,215,950**
Deferred Inflows of Resources:	
Deferred amounts from pension plans	1,244,267
Deferred amounts from OPEB	46,984
Total Deferred Inflows of Resources	**1,291,251**
Net Position:	
Investment in capital assets	284,514
Unrestricted	(1,094,829)
Total Net Position	**$ (810,315)**

CYPRESS RECREATION AND PARK DISTRICT

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

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Charges for services	$ 1,025,498
Total Operating Revenues	**1,025,498**
Operating Expenses:	
Contractual services	740,290
Supplies and other services	275,365
Depreciation expense	25,753
Total Operating Expenses	**1,041,408**
Operating Income (Loss)	(15,910)
Nonoperating Revenues (Expenses):	
Gain (loss) on disposal of capital assets	(312)
Total Nonoperating Revenues (Expenses)	**(312)**
Income Before Transfers	(16,222)
Transfers in	249,148
Changes in Net Position	232,926
Net Position:	
Beginning of Year	(1,043,241)
End of Fiscal Year	**$ (810,315)**

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2021

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from user departments	$ 1,039,938
Payments to suppliers for goods and services	(937,578)
Net Cash Provided (Used) by Operating Activities	**102,360**
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	249,148
Net Cash Provided (Used) by Non-Capital Financing Activities	**249,148**
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(33,825)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(33,825)**
Net Increase (Decrease) in Cash and Cash Equivalents	**317,683**
Cash and Cash Equivalents at Beginning of Year	1,618,120
Cash and Cash Equivalents at End of Year	**$ 1,935,803**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (15,910)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:	
Depreciation	25,753
(Increase) decrease in accounts receivable	1,258
(Increase) decrease in prepaid expense	8,926
(Increase) decrease in deferred outflows amounts from OPEB	15,357
(Increase) decrease in deferred outflows amounts from pension plans	695,185
Increase (decrease) in accounts payable and accrued liabilities	(1,084)
Increase (decrease) in accrued leave payable	6,257
Increase (decrease) in total OPEB liability	(121,653)
Increase (decrease) in deferred inflows amounts from OPEB	24,878
Increase (decrease) in net pension liability	128,070
Increase (decrease) in deferred inflows amounts from pension plans	(664,677)
Total Adjustments	**118,270**
Net Cash Provided (Used) by Operating Activities	**$ 102,360**
Non-Cash Investing, Capital, and Financing Activities:	
Gain/(Loss) on disposition of capital assets	$ (312)
Capital asset acquisitions in accounts payable	95,132

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NOTES TO BASIC FINANCIAL STATEMENTS

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Note 1: Summary of Significant Accounting Policies

a. Description of Reporting Entity

The Cypress Recreation and Park District (the "District") was formed in 1949 to provide park and recreational facilities for the area now known as the Cities of Cypress and La Palma and adjacent unincorporated areas plus small portions of the adjacent Cities of Los Alamitos, Buena Park and Anaheim. The District was under the control of the Orange County Board of Supervisors until 1971, when the Cities of Cypress and La Palma withdrew from the District. On June 29, 1971, the District was reestablished as a subsidiary district of the City of Cypress ("City"), effective July 1, 1971.

The Cypress Recreation and Community Services Foundation (the “Foundation”) was created in 2019 to support and enhance safe, attractive, and high quality recreation facilities, programs, and services in the City of Cypress. The Foundation is organized and operates under section 501(c)(3) of the Internal Revenue Code as a charitable organization. The members of the Cypress City Council act as the Board of Directors for the Foundation. The Foundation is managed by employees of the City and operates under the District, and the Foundation’s financial activities are included in the District’s basic financial statements. The City, District and Foundation all have a fiscal year-end of June 30.

The Governmental Accounting Standards Board ("GASB") defines the reporting entity as the primary government and those component units for which the primary government is, or has the potential to be, financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's Board and either (a) the primary government has the ability to impose its will or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Since the City Council of the City also serves as the Board of Directors of the District, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the District. Accordingly, in applying the criteria of GASB, the financial statements of the District are included in the City's Annual Comprehensive Financial Report. The District has the same fiscal year as the City. The Annual Comprehensive Financial Report of the City can be obtained from the Finance Department of the City.

b. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the District. Fiduciary Activities of the District are not included in these statements.

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, capital assets, long-term liabilities, and deferred inflows of resources, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the District are reported in two categories:

Charges for services
Operating grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

Transfers in/out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property taxes, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related liability is incurred.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary Fund Financial Statements

Internal service funds are used to account for the financing of goods or services provided by one department of the District to other departments or agencies of the District on a cost-reimbursement basis. The District uses internal service funds for employees' benefits and central services (which includes print shop, information systems, phone and equipment maintenance, building and grounds maintenance, fleet maintenance, and for accumulating and expending monies for capital equipment acquisition and replacement).

Proprietary funds are accounted for using the "economic resources" measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on the statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

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

The District's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column, within the recreation function, when presented in the government-wide financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

c. New Accounting Pronouncements

GASB Current Year Standards

- GASB Statement No. 84 – "*Fiduciary Activities*"
- GASB Statement No. 90 – "*Majority Equity Interests an amendment of GASB Statement No. 14 and No, 61*"
- GASB Statement No. 98 – *"Annual Comprehensive Financial Report"*

Pending Accounting Pronouncements

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

- GASB Statement No. 87 – "*Leases*", becomes effective for fiscal years beginning after June 15, 2021.
- GASB Statement No. 89 – "*Accounting for Interest Cost Incurred before the End of a Construction Period*", effective for periods beginning after December 15, 2021.
- GASB Statement No. 91 – "*Conduit Debt Obligations*", becomes effective for fiscal years beginning after December 15, 2021.
- GASB Statement No. 94 – "*Public-Private and Public-Public Partnerships and Availability Payments Arrangement*", becomes effective for fiscal years beginning after June 15, 2022.
- GASB Statement No. 96 – "*Subscription-Based Information Technology Arrangements*", becomes effective for fiscal years beginning after June 15, 2022.

d. Capital Assets

Capital assets, which include land, machinery and equipment (vehicles, computers, etc.), and buildings and improvements, are reported in the Government-Wide Financial Statements. Capital assets are defined by the District as all land and buildings, vehicles, computers, and equipment with an initial individual cost of more than $1,000; and improvements with costs of more than $10,000 with a useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the estimated useful life of the assets as follows:

Building and improvements	10 to 40 years
Vehicles, computers, and equipment	3 to 10 years

Note 1: Summary of Significant Accounting Policies (Continued)

e. Cash, Cash Equivalents, and Investments

The District's cash and investments are pooled with the City to maximize the yield.

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Investments are reported in the accompanying balance sheet at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value represented by the external pool.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. The investment in LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF.

For purposes of the statement of cash flows, all pooled cash and investments in the proprietary fund type are considered to be short-term and, accordingly, are classified as cash and cash equivalents.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks are provided in the following areas:

> Interest Rate Risk
> Credit Risk
- Overall
- Custodial Credit Risk
- Concentrations of Credit Risk
> Foreign Currency Risk
> Fair Value Measurements

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

Note 1: Summary of Significant Accounting Policies (Continued)

f. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has the following items that qualify for reporting in this category:

Deferred outflow related to pensions or other post-employment benefits (OPEB) equal to employer contributions made after the measurement date, which are recognized as a reduction to the net pension liability or total OPEB liability, respectfully.

Deferred outflow related to pensions or OPEB are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with the pension and OPEB plans, except for deferred outflows relating to the net difference between projected and actual earnings on plan investments, which is amortized straight line over 5 years.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District reported two items in this category.

The first item is a deferred inflow related to pensions. For CalPERS pensions, the deferred inflow is the result of differences in expected and actual experience, changes in actuarial assumptions, adjustments due to changes in proportions, and differences between employer's contributions, the proportionate share of contributions, and differences between projected and actual earnings. The changes in projected and actual investment earnings are recognized over five years, beginning with the year in which they occur. The remaining items are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions. For CalPERS pensions, the remaining service life as determined for the June 30, 2020 measurement date is 3.8 years.

Note 1: Summary of Significant Accounting Policies (Continued)

The deferred inflow related to the OCERS pension plan is the net difference between projected and actual earnings on pension plan investments, which will be recognized over a period of five years, beginning with the year in which they occur.

The second item is a deferred inflow related to other postemployment benefits. The deferred inflow is the result of changes in actuarial assumptions. This amount is amortized over a closed period equal to the average expected remaining active and inactive service lives as of the June 30, 2021 measurement date, which is 3.8 years.

g. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds or developer fees) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied (if eligible).

h. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund.

Since unexpended and encumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year, they are not included in reported expenditures and the authorization for expenditure must be re-established through inclusion in the subsequent year's appropriation.

i. Net Position

In the Government-Wide Financial Statements, net position may be classified in the following categories:

Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "investment in capital assets" or "restricted net position" as defined above.

Note 1: Summary of Significant Accounting Policies (Continued)

j. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The Board of Directors, comprised of the Cypress City Council members, is considered the highest authority for the District.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Director of Finance for that purpose.

Unassigned - This category is for any balances that have no restrictions placed upon them.

k. Spending Policy

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the District's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

> Nonspendable
> Restricted
> Committed
> Assigned
> Unassigned

l. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the City's California Public Employees' Retirement

Note 1: Summary of Significant Accounting Policies (Continued)

System ("CalPERS") Miscellaneous plans ("Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames are used:

Valuation Date:	June 30, 2019
Measurement Date:	June 30, 2020
Measurement Period:	July 1, 2019 to June 30, 2020

m. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and the OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

n. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Note 2: Cash and Cash Equivalents

The District's cash and investments are pooled with the City. The District does not own specifically identifiable securities in the City's pool. Investment income earned on pooled cash and investments is allocated quarterly to the various funds based on the average cash balance in each fund. At June 30, 2021, the cash and investments balance of the District was as follows:

	Government-Wide Statement of Net Position Governmental Activities
Cash and cash equivalents	$ 16,759,359
	$ 16,759,359

Authorized Investments

Under provision of the City's annually adopted investment policy, and in accordance with Section 53601 of the California Government Code, the City may deposit and invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills and Notes	5 years	None	N/A
Federal Agency Issues	5 years	None	None
Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies	1 year	25%	N/A
Bankers' Acceptances	180 days	25%	10%
Negotiable Certificates of Deposit	5 years	25%	10%
Commercial Paper	270 days	25%	10%
Local Agency Investment Fund	None	$75 million*	N/A
Investment Trust of California (CalTRUST)	None	$50 million*	N/A
Money Market Mutual Funds	None	20%	10%
Medium-term Notes	5 years	25%	10%

* Limit is per entity.

N/A - Not Applicable

Note 2: Cash and Cash Equivalents (Continued)

Deposits and Risks

The California Government Code requires California banks and savings and loans associations to secure a City's deposit by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a total value of 150% of the City's total deposits.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. At June 30, 2021, approximately 100% of the City's entire pooled cash and cash equivalents had a maturity of less than one year with an average life of the portfolio being slightly more than 3 days.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's practice to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's and Moody's Investors Service. The California Local Agency Investment Fund ("LAIF") is not rated, but has a separate investment policy governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments.

External Investment Pool

The City is a voluntary participant in LAIF, which is an external investment pool regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California through which local governments may pool investments. The City and the District each may invest up to $75,000,000 in the fund. Investments in LAIF are considered highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The City values its investments in LAIF at a fair market value provided by LAIF. At June 30, 2021, the factor used was 1.00008297. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. At June 30, 2021, the City invested in LAIF, which had invested 0.44% of the pool's funds in structured notes and asset-backed securities.

The City also participates in the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees comprised of experienced local agency finance professionals, members of the governing body, or officers or personnel of public agency CalTrust members. TheCity reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. There is no legal minimum or maximum investment in CalTrust, however, the City has set a policy limit of $50,000,000.

Note 2: Cash and Cash Equivalents (Continued)

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The District's investment in the City investment pool is not subject to the fair value hierarchy.

Note 3: Capital Assets

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

	Balance at June 30, 2020	Additions	Deletions	Balance at June 30, 2021
Capital assets, not being depreciated:				
Land	$ 9,201,564	$ -	$ -	$ 9,201,564
Construction in progress	2,037,618	6,402,131	-	8,439,749
Total Capital Assets Not being Depreciated	11,239,182	6,402,131	-	17,641,313
Capital assets, being depreciated:				
Buildings and improvements	22,576,435	491,911	-	23,068,346
Internal Service - Equipment	617,964	128,957	9,000	737,921
Total Capital Assets, being Depreciated	23,194,399	620,868	9,000	23,806,267
Less accumulated depreciation for:				
Buildings and improvements	10,070,783	661,744	-	10,732,527
Internal Service - Equipment	436,342	25,753	8,688	453,407
Total Accumulated Depreciation	10,507,125	687,497	8,688	11,185,934
Total Capital Assets, Being Depreciated, Net	12,687,274	(66,629)	312	12,620,333
Capital Assets, Net	$ 23,926,456	$ 6,335,502	$ 312	$ 30,261,646

Depreciation expense for capital assets for the year ended June 30, 2021, is comprised of the following:

Governmental funds	$ 661,744
Internal service funds	25,753
Total depreciation expense	$ 687,497

Depreciation expense of $661,744 is allocated to recreation activities on the statement of activities.

Note 4: Property Taxes

Property taxes include assessments on both secured and unsecured property. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (the "County") bills and collects the property taxes and remits them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables, defined as being received within 60 days after year-end.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The District receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period, adjusted by state mandated transfers to the Educational Revenue Augmentation Fund in fiscal years 1992-93 and 1993-94.

Note 5: Accrued Leave Payable

The Employees' Benefits Internal Service Fund pays accrued leave for all permanent employees. The accrued leave payable represents the estimated liability for all vacation, compensatory time, and 50% of the sick leave, as noted below, for all employees of the reporting entity. The Employees' Benefits Fund is reimbursed through payroll charges to other funds based on benefits earned during the fiscal year.

Accrued leave payable at June 30, 2021, consisted of $30,300 in short-term and $90,939 in long-term liabilities.

Permanent employees may accumulate sick leave with no limitation as to the number of hours of accumulation. However, the accumulation of vacation leave is generally limited to two times their annual accrual. Employees who are terminated for any reason are paid for 100% of their accumulated vacation pay. Employees, terminated for any reason, with 5 years or more of service and having 60 days or more of accumulated sick leave (equal to 480 hours) will be paid for 50% of their accumulated sick leave. Employees, terminated for any reason, with 5 years or more of service and having between 240 hours and 480 hours will be paid for 50% of their accumulated leave for their hours only in excess of 240 hours. All other terminated employees will not be paid for their accumulated sick leave.

Note 6: Interfund Transactions

Transfers In	Transfers Out	Amount
Internal Service Funds	General Fund	$ 249,148

The transfer to the Internal Service Fund provides resources for the initial purchase of capital outlay items in the Central Services Fund and for future pensions costs in the Employees' Benefit Internal Service Fund.

Note 7: Classification of Net Position and Fund Balance

Government-Wide Financial Statements

At June 30, 2021, classifications of net position were as follows:

Investment in capital assets	$ 30,261,646
Restricted net position:	
Open Space	152,529
Senior Center Enhancements	30,077
Youth League renovations	84,632
Facility & Service Enhancements	1,002
Total restricted net position	268,240
Unrestricted net position	4,979,478
Total Net Position	$ 35,509,364

Restricted for Open Space – These restrictions represent funds received from developers for open space use.

Restricted for Senior Center Enhancements – These restrictions represent funds required for the use of improvements to the City Senior Center.

Restricted for Youth League Renovations – This restriction represents amounts required to be used for future renovations of youth league facilities.

Restricted for Facility & Service Enhancements – This restriction represents funds donated to the Cypress Recreation and Community Services Foundation to support and enhance safe, attractive, and high quality recreation facilities, programs, and services within the City.

Note 7: Classification of Net Position and Fund Balance (Continued)

Fund Financial Statements

Classifications of fund balances are based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements fund balances are summarized as follows:

	General Fund
Nonspendable	
Prepaid items	$ 33,301
Inventory	699
Total nonspendable	**34,000**
Restricted	
Open space	152,529
Senior center enhancements	30,077
Youth League renovations	84,632
Facility & Service Enhancements	1,002
Total restricted	**268,240**
Committed	
Future capital improvements	2,200,000
Other Park Improvements	484,680
Total restricted	**2,684,680**
Assigned	
OCERS retirement (unfunded)	150,000
Cash flow	2,000,000
Art in public places	5,928
Infrastructure/Amenities	5,800,000
Contingency	1,000,000
Total assigned	**8,955,928**
Unassigned	**244,394**
Total Fund Balances	**$ 12,187,242**

Note 8: Pension Plans

As of June 30, 2021, the District had the following net pension liabilities and related deferred inflows and outflows of resources:

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
CalPERS Miscellaneous Plan	$ 3,085,709	$ 654,229	$ 211,269
Orange County Employees Retirement System Plan (OCERS)	185,117	1,675,168	1,032,998
Total	$ 3,270,826	$ 2,329,397	$ 1,244,267

Note 8: Pension Plans (Continued)

CalPERS

a. General Information about the Pension Plans

Plan Descriptions

The District participates in the City's Miscellaneous Employee Defined Benefit Pension Plans (the "Miscellaneous Plans") and the District's share of the net pension liability is reported as a cost-sharing plan in these financial statements.

All qualified permanent and probationary employees are eligible to participate in the City's 2% at 55 (Tier I) and 2% at 62 (PEPRA) Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

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

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% - 2.500%
Required employee contribution rates	6.906%	7.250%
Required employer contribution rates	11.192%	11.192%
Employer payment of unfunded liability	$ 1,597,613	$ 6,572

Note 8: Pension Plans (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

b. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15 Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality rate table *	Derived using CalPERS' membership data for all funds

*The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

c. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Note 8: Pension Plans (Continued)

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Estate	13.00	3.75	4.96
Liquidity	1.00	0.00	-0.92

(1) An expected inflation of 2.00% used for this period.
(2) An expected inflation of 2.92% used for this period.

d. Change of Assumptions

No changes of assumptions were noted.

e. Changes in the Net Pension Liability

The District is a portion of the City's Miscellaneous Plan. See the City of Cypress Cost-Sharing Employer Miscellaneous Plan for changes in the net pension liability.

Note 8: Pension Plans (Continued)

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

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

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 4,707,659
Current Discount Rate	7.15%
Net Pension Liability	$ 3,085,709
1% Increase	8.15%
Net Pension Liability	$ 1,745,543

g. Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For year ended June 30, 2021, the District incurred a pension expense of $490,250.

As of June 30, 2021, the following were the reported deferred outflows of resources and deferred inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 302,304	$ -
Differences between actual and expected experience	159,016	-
Change in assumptions	-	(22,009)
Change in District's proportion and differences between the District's contributions and the District's proportionate share of contributions	-	(189,260)
Net differences between projected and actual	91,666	-
Differences in Proportions	101,243	-
Total	$ 654,229	$ (211,269)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date, $302,304, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Ending June 30,	Amount
2022	$ (6,328)
2023	49,593
2024	53,424
2025	43,967
	$ 140,656

Note 8: Pension Plans (Continued)

Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (OCERS)

a. General Information about the Pension Plans

Plan Description: The Cypress Recreation and Park District (District) participated in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer defined benefit pension plan, for employees' service prior to October 12, 2000.

OCERS was established in 1945, under the provisions of the County Employees Retirement Law of 1937. OCERS is governed by a ten-member Board of Retirement comprised of nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors and five members elected by the members of the pension system – two by the general members, two by the safety members (one voting and one alternate), and one by the retired members. The County of Orange Treasurer-Tax Collector, who is elected by the voters registered in the County, serves as an ex-officio member. The OCERS Board of Retirement is responsible for establishing policies governing the administration of the retirement plan, making disability determinations, assuring benefit payments, establishing investment policies, and monitoring execution of its policies.

OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans administered by OCERS.

The report can be obtained online at www.ocers.org, or from its executive office at 2223 Wellington Avenue, Santa Ana, California 92701.

Benefits Provided: OCERS provides retirement, disability, and death benefits to safety and general members. Safety membership includes those members serving in active law enforcement, fire suppression, and probation officers. General membership applies to all other occupations, including all eligible District employees. Plan retirement benefits are tiered based upon date of OCERS membership. Members employed prior to September 21, 1979 are designated as Tier I members and will have their highest one-year average salary used to determine their retirement allowance. Tier II members, hired on or after September 21, 1979 will have their highest three-year average salary used to determine their retirement allowance. Member rate groups are determined by the employer, bargaining unit, and benefit plan. The benefit plan represents the benefits formula and tier that will be used in calculating a retirement benefit.

Employees Covered: The plan was closed to new members as of October 12, 2000. After that date, all existing and new District employees were enrolled in the CalPERS Miscellaneous Plan. At December 31, 2020, the following employees were covered by the benefit terms of the OCERS Plan:

Retired members or beneficiaries currently receiving benefits	22
Vested terminated members entitled to, but not yet receiving benefits	5
Active members	0
	27

Note 8: Pension Plans (Continued)

Contributions: The participating entities in OCERS share proportionately in all risks and costs, including benefit costs. The District's discontinuance of the OCERS plan precludes the District from sharing the risks and costs of the plan in the same manner as actively participating entities, but the District remains liable for its share of pension liabilities. To ensure the District pays its fair share of the costs associated with its eligible employees, OCERS and the District entered into a Withdrawing Employer and Continuing Contribution Agreement (Agreement) on October 15, 2018.

Per the terms of the Agreement, the District paid OCERS $740,000 on October 16, 2018 to satisfy the estimated net pension liability as of December 31, 2016 and interest accrued on that liability through October 16, 2018. Beginning December 31, 2020 and at least every three years thereafter, OCERS will recalculate the then current unfunded actuarial accrued liability attributable to the District. For purposes of the recalculation, the District's employees are treated as a closed group and the District's assets and liabilities will be segregated from the remaining assets of the retirement system. Based on the recalculation, in the event there is any new pension liability, the District shall satisfy the obligation to OCERS within three years following the effective date of the recalculation, including accrued interest. If the recalculation determines there is a surplus attributable to the District, it shall remain with OCERS as a credit against future pension liabilities.

b. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources

As of December 31, 2020, the District reported a net pension liability for the OCERS plan of $185,117. The net pension liability was measured as of December 31, 2020, and 2019. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2019 and 2018, respectively.

The District's net pension liability as of December 31, 2019 and 2020 was as follows:

	OCERS
Net pension liability - December 31, 2019	$ 262,415
Net pension liability - December 31, 2020	185,117
Change - Increase (Decrease)	$ (77,298)

Actuarial Assumptions: The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	June 30, 2021, rolled forward on an actuarial basis
Actuarial Experience Study	Three-year period ended December 31, 2019 and dated August 6, 2020.
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation	2.50%
Salary increases	General: 4.00% to 11.00%, varies by service, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.
Discount Rate	7.00%

Note 8: Pension Plans (Continued)

Mortality Assumptions: The underlying mortality assumptions used in the actuarial valuation were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Pub-2010 General Health Retiree Amount-Weighted Above Median Table, projected generationally with the two-dimensional MP-2019 projections scale, with age adjustments, and adjusted separately for healthy and disabled members.

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and 2019.

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2020 and 2019 actuarial valuations. This information will change every three years based on the actuarial experience study.

Note 8: Pension Plans (Continued)

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA - Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	**100.00%**	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the OCERS plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Net Pension Liability		
	Discount Rate	
1% Decrease	Current Rate	1% Increase
6.00%	7.00%	8.00%
$ 1,528,495	$ 185,117	$ (909,942)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately-issued OCERS financial reports.

Note 8: Pension Plans (Continued)

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

For the year ended June 30, 2021, the District recognized pension expense of ($29,368) in the OCERS Plan. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,628,200	$ -
Net difference between projected and actual earnings on plan investments	-	(1,020,653)
Changes of assumptions	46,968	(12,345)
Total	**$ 1,675,168**	**$ (1,032,998)**

The amounts reported as deferred inflows, net of the remaining deferred outflows, will be recognized as pension expense as follows:

June 30,	Amount
2022	(57,059)
2023	743,400
2024	(54,174)
2025	(6,482)
Thereafter	16,485
	$ 642,170

d. Payable to the Pension Plan

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

Note 9: Retirees' Health Benefits

a. General Information about the OPEB Plan

Plan Description - The District provides medical benefits to eligible retirees through the CalPERS healthcare program (PEMHCA) as a part of the City's plan. The District pays the PEMHCA minimum amount ($139 per month in 2020 and $146 per month in 2021) for all eligible retirees who choose to continue with their coverage through PEMHCA. All eligible employees become participants in PEMHCA on their date of hire. A portion of the liability attributable to the District, based on the percent of payroll of District employees, has been recorded on the financial statements of the District.

All District employees are members of the City's Retiree Health Savings Plan (the "RHS") in which the District contributes monthly amounts on behalf of the employee to an account in the employee's name. These monthly contributions are $75 per month or $185 per month for full-time employees based on employee association.

Note 9: Retirees' Health Benefits (Continued)

As of June 30, 2021, the date of the most recent actuarial valuation, the District's plan has 12 active employees.

	PEMHCA Minimum	RHS
Active Employees	11	14
Eligible Retiress - Enrolled	1	N/A
Eligible Retiress - Not Enrolled	0	N/A

Funding Policy - The contribution for PEMHCA are established and amended by CalPERS. The District pays the monthly contribution for all employees and retirees. The contribution requirements for the supplemental post-employment health care plan are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. The contribution requirements for the RHS are established and amended by the District. The required contribution is based on pay-as-you-go financing requirements. The payments of the benefits are recognized as expenditures when the payments are made.

b. Total OPEB Liability

The District's Total OPEB Liability of $674,656 was based on an actuarial valuation as of June 30, 2021, a measurement date of June 30, 2021, and a discount rate of 2.16%.

c. Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Amortization Valuation Method/Period	20-year amortization (as a level percent of pay)
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	2.75%, average, including inflation
Discount rate	
As of 6/30/18:	3.90%, net of investment expense, including inflation
As of 6/30/19:	3.50%, net of investment expense, including inflation
As of 6/30/20:	2.20%, net of investment expense, including inflation
As of 6/30/21:	2.16%, net of investment expense, including inflation
Healthcare cost-trend rates	4.50%
Retirement Age	The District offers the same plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.
Mortality	Mortality rates were based on the 2017 CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS.

Note 9: Retirees' Health Benefits (Continued)

d. Discount Rate

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

e. Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2020*	$ 675,314
Changes recognized for the measurement period:	
Service Cost	24,299
Interest	14,801
Difference between expected and actual experience	12,835
Changes of assumptions	(37,755)
Benefit payments, including implicit subsidy	(14,838)
Net Changes	(658)
Balance at June 30, 2021	$ 674,656

*The city contracted with a new actuary for fiscal year ended June 30, 2021. As a result of the new assumptions used in the current year valuation, the District's liability was broken out from the city's liability. In previous years, the District received a straight 7.5% allocation. Under the new assumptions, the beginning OPEB liability was changed to $675,314 from $796,309 or a $120,995 adjustment on the valuation report.

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	Discount Rate - 1% (1.16%)	Current Discount Rate (2.16%)	Discount Rate +1% (3.16%)
Total OPEB Liability	$ 766,248	$ 674,656	$ 600,079

Note 9: Retirees' Health Benefits (Continued)

g. Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.0% grading down to 3.0%) or one percentage point higher (4.0% grading up to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Current Healthcare Cost Trent Rates (4.00%)	1% Increase (5.00%)
Total OPEB Liability	$ 587,310	$ 674,656	$ 785,414

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense/(revenue) of ($81,418). As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$ 26,296	$ 6,577
Changes of assumptions	77,737	40,407
Total	**$ 104,033**	**$ 46,984**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Net Amount
2022	24,477	(9,518)	14,959
2023	24,477	(9,518)	14,959
2024	24,382	(6,528)	17,854
2025	19,663	(6,139)	13,524
2026	3,245	(4,495)	(1,250)
Thereafter	7,789	(10,786)	(2,997)
Total	$ 104,033	$ (46,984)	$ 57,049

Note 10: Commitments and Contingencies

The District is a defendant in certain other legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District's financial position.

As of June 30, 2021, in the opinion of District management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the District.

Note 11: Risk Management

At June 30, 2021, the District was covered under the City's Risk Management program. The City was self-insured for workers' compensation and general liability. The self-insured portion for workers' compensation and general liability is limited to the first $300,000 and $150,000 respectively, of liability per occurrence. Coverage in excess of these amounts is maintained in layers to a maximum of $42,000,000 for general liability and the statutory limit for workers compensation (of which $3,000,000 per occurrence is for each employee accident or disease) through the California Insurance Pool Authority (CIPA).

CIPA is a consortium of 13 cities in Southern California, established to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration. Member agencies make payments based on underwriting estimates.

Each agency may be assessed the difference between funds available and the $42,000,000 annual aggregate in proportion to their annual premiums.

The Governing Board is comprised of one member from each City and is responsible for the selection of management and for the budgeting and financial management of CIPA. No determination has been made as to each participant's proportionate share of the fund equity as of June 30, 2021. Upon termination of CIPA, and after settlement of all claims, any excess or deficit will be divided among the cities in proportion to the amount of their contributions.

Note 12: Deficit Net Position

The Employees' Benefits Internal Service Funds had a deficit of $1,789,227 as of June 30, 2021, due to the net pension liability associated with the District's CalPERS pension plan and the retirees' health liability (see further details at Note 9). The District has made all required annual contributions toward this long-term liability, and the City has committed to set-aside additional monies in the form of a trust to reduce or offset the liability. It is expected the deficit will be eliminated over the next several years as required payments to CalPERS increase.

Note 13: Special Item: Long-term notes payable from the City of Cypress

The District has entered into promissory notes with the City of Cypress to borrow funds from the City for the design and construction of Lexington Park. It is anticipated the repayment of the notes will use available park development revenues from the future development of the Los Alamitos Race Course. The first note for design was issued on January 28, 2019 for a maximum amount of $900,000 with an initial due date of June 30, 2024. The second note for the construction phase was issued on February 8, 2021 for a maximum amount of $12,800,000 with an initial due date of June 30, 2025. The initial terms of the promissory notes are approximately 5 years, with the understanding that the notes will be renewed and repayment deferred until sufficient park development receipts are available. The promissory notes provide that the District will pay annual interest to the City at the California Local Agency Investment Fund (LAIF) rate. All interest has been paid through June 30, 2021. The balance of the advances at June 30, 2021 are $5,844,695. Additional notes up to the authorized limit are expected in the coming year.

Note 14: Prior Period Adjustment

During the fiscal year ended June 30, 2021, the District properly identified advances in the form of promissory notes from the City of Cypress as long-term notes payable. As a result, the District removed the advance from the Governmental Fund level statements and will record the advance as a long-term liability on the Government-Wide financial statements only. To record this change, the current year contribution from the City to increase the advance payable was recorded as a special item on the Statement of Revenues, Expenditures, and Changes in Fund Balance for $5,421,299. In addition, a prior period adjustment is shown in the General Fund for the prior year balance outstanding at June 30, 2020 of $423,396.

Note 15: Subsequent Events

Management has evaluated subsequent events through December 20, 2021, the date the financial statements were available for issuance. No events were identified that would require recognition or disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CYPRESS RECREATION AND PARK DISTRICT

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2021	2020	2019
Proportion of the Net Pension Liability	0.07315%	0.07193%	0.06815%
Proportionate Share of the Net Pension Liability	$ 3,085,709	$ 2,880,341	$ 2,568,468
Covered-Employee Payroll	$ 842,114	$ 782,395	$ 921,221
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	27.29%	27.16%	35.87%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.71%	75.87%	76.84%
Plan's proportionate share of aggregate employer contributions	$ 842,114	$ 782,395	$ 921,221

Notes to Schedule:

Benefit Changes: There were no changes to benefits

Changes of Assumptions:

Fiscal year ended June 30, 2016:
Amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expense).

Fiscal year ended June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

Fiscal year ended June 30, 2019:
Demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions – December 2017.

(1) The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multiple-employer plan, however, because the number of active members in the plan fell below 100, it is now administered as a cost-sharing multiple-employer plan, effective with the reporting for the fiscal year ended June 30, 2019.

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CYPRESS RECREATION AND PARK DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	$ 196,966	$ 381,914	$ 88,500	$ 96,100
Interest	852,392	1,915,403	448,707	430,059
Difference Between expected and Actual Experience	(115,257)	65,115	(22,424)	-
Changes in Assumptions	715,153	-	(112,169)	-
Benefit Payments, Including Refunds of employee Contributions	(561,239)	(1,138,953)	(261,811)	(251,083)
Net Change in Total Pension Liability	**1,088,015**	**1,223,479**	**140,803**	**275,076**
Total Pension Liability - Beginning	**7,450,968**	**6,227,489**	**6,086,686**	**5,811,610**
Total Pension Liability - Ending (a)	**$ 8,538,983**	**$ 7,450,968**	**$ 6,227,489**	**$ 6,086,686**
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	$ 205,970	$ 455,184	$ 89,741	$ 77,311
Contribution - Employee	87,588	228,036	47,623	47,624
Net Investment Income	982,011	100,413	112,821	761,102
Benefit Payments, Including Refunds of Employee Contributions	(561,239)	(1,138,953)	(261,811)	(251,083)
Administrative Expense	(12,886)	(12,512)	(5,714)	-
Net Change in Fiduciary Net Position	**701,444**	**(367,832)**	**(17,340)**	**634,954**
Plan Fiduciary Net Position - Beginning	**4,675,676**	**5,043,508**	**5,060,848**	**4,425,894**
Plan Fiduciary Net Position - Ending (b)	**$ 5,377,120**	**$ 4,675,676**	**$ 5,043,508**	**$ 5,060,848**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 3,161,863**	**$ 2,775,292**	**$ 1,183,981**	**$ 1,025,838**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**62.97%**	**62.75%**	**80.99%**	**83.15%**
Covered Payroll	**$ 1,032,930**	**$ 642,560**	**$ 588,511**	**$ 607,040**
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**306.11%**	**431.91%**	**201.18%**	**168.99%**

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown. The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multiple-employer plan, however, because the number of active members in the plan fell below 100, it is now administered as a cost-sharing multiple-employer plan, effective with the reporting for the fiscal year ended June 30, 2019.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

CYPRESS RECREATION AND PARK DISTRICT

SCHEDULE OF CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS (1)

	2021	2020	2019	2018
Miscellaneous Plan				
Actuarially Determined Contribution	$ 302,304	$ 273,209	$ 238,408	$ 199,697
Contribution in Relation to the Actuarially Determined Contribution	(302,304)	(273,209)	(238,408)	(199,697)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 844,200	$ 842,114	$ 782,395	$ 921,221
Contributions as a Percentage of Covered Payroll	35.81%	32.44%	30.47%	21.68%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

Note to Schedule:

Valuation Date:	June 30, 2018
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	Level percentage of payroll, closed
Asset valuation method	Direct rate smoothing
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.15% (net of pension plan investment and administrative expenses, includes inflation)
Retirement age	All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report

2017	2016	2015
$ 205,971	$ 185,768	$ 153,046
(205,971)	(185,768)	(153,046)
$ -	$ -	$ -
$ 1,032,930	$ 642,560	$ 588,511
19.94%	28.91%	26.01%

CYPRESS RECREATION AND PARK DISTRICT

OCERS RETIREMENT PLAN - A COST-SHARING, MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2021	2020	2019
OCERS:			
Proportion of the Net Pension Liability	0.00500%	0.00500%	0.00700%
Proportionate Share of the Net Pension Liability	$ 185,117	$ 262,415	$ 408,781
Covered Payroll	$ -	$ -	$ -
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	0.00000%	0.00000%	0.00000%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.23%	94.23%	90.81%

Notes to Schedule:

(1) The Cypress Recreation and Park District (the District) withdrew from OCERS in October 2000. At that time, OCERS did not have a policy addressing how the District's liability would be funded, nor was a liability recognized by the District. The District and OCERS entered into a Withdrawing Employer and Continuing Contribution Agreement on October 15, 2018, therefore fiscal year 2018-19 is the first year reporting the OCERS pension liability.

CYPRESS RECREATION AND PARK DISTRICT

OCERS RETIREMENT PLAN - A COST-SHARING, MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2021	2020	2019
OCERS:			
Actuarially Determined Contribution	$ -	$ -	$ 739,966
Contribution in Relation to the Actuarially Determined Contributions	-	-	(739,966)
Contribution Deficiency (Excess)	$ -	$ -	$ -
Covered Payroll	$ -	$ -	$ -
Contributions as a Percentage of Covered Payroll	0.00000%	0.00000%	0.00000%

(1) The Cypress Recreation and Park District (the District) withdrew from OCERS in October 2000. At that time, OCERS did not have a policy addressing how the District's liability would be funded, nor was a liability recognized by the District. The District and OCERS entered into a Withdrawing Employer and Continuing Contribution Agreement on October 15, 2018, therefore fiscal year 2018-19 is the first reporting the OCERS pension liability.

Note to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation Date	Actuarially determined contribution rates are calculated based on the December 31,
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of payroll for total unfunded actuarial accrued liability
Remaining amortization period	Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15 year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.
Asset valuation method	The Actuarial Value of Assets is determined by recognizing any difference between the actual and the expected market return over a five-year period. The Valuation of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation rate	2.50%
Real across-the-board salary increase	0.50%
Projected salary increase	General: 4.00% to 11.00% and Safety: 4.60% to 15.00%, vary by service, including
Cost of living adjustments	2.75% of retirement income
Other assumptions	Same as those used in the December 31, 2019 funding actuarial valuation

CYPRESS RECREATION AND PARK DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 24,299	$ 27,817	$ 22,006	$ 22,868
Interest on the total OPEB liability	14,801	17,461	24,752	22,987
Actual and expected experience difference	12,835	(11,634)	4,755	776
Changes in assumptions	(37,755)	111,828	33,594	(24,366)
Benefit payments	(14,838)	(29,623)	(29,847)	(24,684)
Net change in total OPEB liability	**(658)**	**115,849**	**55,260**	**(2,419)**
Total OPEB liability - beginning (2)	**675,314**	**680,460**	**625,200**	**627,619**
Total OPEB liability - ending	**$ 674,656**	**$ 796,309**	**$ 680,460**	**$ 625,200**
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 1,023,903	$ 983,633	$ 882,824	$ 1,110,496
Net OPEB liability as a percentage of covered-employee payroll	65.89%	80.96%	77.08%	56.30%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) For the fiscal year ended June 30, 2021, the District began using a new actuarial. The new actuarial used new assumptions and revalued the ending OPEB Liability that is used for fiscal year ended June 30, 2021 beginning OPEB Liability.

Notes to Schedule: None

Changes in assumptions: Change in discount rate from 3.50% as of June 30, 2019 to 2.20% as of June 30, 2020.

CYPRESS RECREATION AND PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budget Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Budgetary Fund Balance, July 1	**$ 11,948,618**	**$ 11,948,618**	**$ 11,948,618**	**$ -**
Revenues:				
Taxes	5,710,000	5,710,000	5,958,451	248,451
From other agencies	74,100	74,100	32,300	(41,800)
Charges for services	1,023,270	1,023,270	468,056	(555,214)
Investment and rental income	313,500	313,500	101,042	(212,458)
Other revenue	3,500	3,500	4,938	1,438
Contribution from City of Cypress for facility improvements	200,000	361,978	-	(361,978)
Total Revenues	7,324,370	7,486,348	6,564,787	(921,561)
Expenditures:				
Current:				
Recreation	5,159,333	5,301,894	4,181,888	1,120,006
Contribution to City for infrastructure	612,000	612,000	845,780	(233,780)
Capital outlay	14,957,000	15,524,957	6,894,042	8,630,915
Total Expenditures:	20,728,333	21,438,851	11,921,710	9,517,141
Excess of Revenues Over (Under) Expenditures	(13,403,963)	(13,952,503)	(5,356,923)	8,595,580
Other Financing Uses:				
Special item - Issuance of Notes Payable (See Note 13)	-	-	5,421,299	5,421,299
Transfers out	(261,205)	(261,205)	(249,148)	12,057
Total Other Financing Uses	(261,205)	(261,205)	5,172,151	5,433,356
Prior period adjustment (See Note 14)	-	-	423,396	423,396
Net Change in Fund Balance	(13,665,168)	(14,213,708)	238,624	14,452,332
Budgetary Fund Balance, June 30	**$ (1,716,550)**	**$ (2,265,090)**	**$ 12,187,242**	**$ 14,452,332**

See Notes to Required Supplementary Information

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Note 1: Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District follows the City procedures in establishing the budgetary data reflected in the financial statements: After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing on the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. Prior to June 1, the City Manager submits to the City Council (acting as the ex-officio Board of Directors of the District) a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes a summary of the proposed expenditures and financial resources of the District, as well as historical data for the preceding two fiscal periods. Prior year operating appropriations lapse unless they are re-appropriated through City Council approval. Encumbered appropriations from the previous year are not included in the adopted budget for the current year. Prior to July 1, the budget is legally enacted through passage of an adopting resolution.

The City Manager is authorized to transfer budgeted amounts within a department or activity and capital outlay may be transferred between accounts within a department. Transfers of appropriations between departments or activities and funds, and additional appropriations of fund balances, may be made only if authorized by the Board of Directors. Formal budgetary integration is employed as a management control device during the fiscal year for governmental fund types. The District maintains legally adopted budgets for all governmental funds. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts presented are as originally adopted or as amended (if applicable) by the Board of Directors.

Note 2: Pension Required Supplementary Information

The pension liability is 13.55% of the City of Cypress Agent-Multiple Employer Plan. The schedule of change to the net pension liability and related ratios can be obtained in the comprehensive annual financial report of the City of Cypress. The Cypress Recreation and Park District has provided the contribution schedules which the District was actuarially required to contribute.

Note 3: Other Post-Employment Benefits Required Supplementary Information

The other post-employment benefits obligation is combined with the benefits of the City of Cypress.

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SUPPLEMENTARY INFORMATION

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INTERNAL SERVICE FUNDS

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

	Central Services	Employees' Benefit	Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 785,587	$ 1,150,216	$ 1,935,803
Other receivables			
Accounts	-	38,324	38,324
Prepaid costs	4,256	559	4,815
Total Current Assets	**789,843**	**1,189,099**	**1,978,942**
Noncurrent Assets			
Capital assets:			
Depreciable, net	284,514	-	284,514
Total Noncurrent Assets	**284,514**	**-**	**284,514**
Total Assets	**1,074,357**	**1,189,099**	**2,263,456**
Deferred Outflows of Resources			
Deferred amounts from pension plans	-	2,329,397	2,329,397
Deferred amounts from OPEB	-	104,033	104,033
Total Deferred Outflows of Resources	**-**	**2,433,430**	**2,433,430**
Liabilities, Deferred Inflows of Resources, and Net Position			
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	95,445	53,784	149,229
Accrued compensated absences	-	30,300	30,300
Total Current Liabilities	**95,445**	**84,084**	**179,529**
Noncurrent Liabilities			
Accrued compensated absences	-	90,939	90,939
Total OPEB liability	-	674,656	674,656
Net pension liability	-	3,270,826	3,270,826
Total Noncurrent Liabilities	-	4,036,421	4,036,421
Total Liabilities	**95,445**	**4,120,505**	**4,215,950**
Deferred Inflows of Resources			
Deferred amounts from pension plans	-	1,244,267	1,244,267
Deferred amounts from OPEB	-	46,984	46,984
Total Deferred Inflows of Resources	**-**	**1,291,251**	**1,291,251**
Net Position			
Investment in capital assets	284,514	-	284,514
Unrestricted	694,398	(1,789,227)	(1,094,829)
Total Net Position	**$ 978,912**	**$ (1,789,227)**	**$ (810,315)**

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Central Services	Employees' Benefit	Totals
Operating Revenues			
Charges for services	$ 34,050	$ 991,448	$ 1,025,498
Total Operating Revenues	**34,050**	**991,448**	**1,025,498**
Operating Expenses			
Contractual services	8,548	731,742	740,290
Supplies and other services	-	275,365	275,365
Depreciation expense	25,753	-	25,753
Total Operating Expenses	**34,301**	**1,007,107**	**1,041,408**
Operating Income	(251)	(15,659)	(15,910)
Gain (loss) on disposal of capital assets	(312)	-	(312)
Total Nonoperating Revenues (Expenses)	**(312)**	**-**	**(312)**
Income Before Transfers	(563)	(15,659)	(16,222)
Transfers in	99,148	150,000	249,148
Changes in Net Position	98,585	134,341	232,926
Net Position at Beginning of Year	880,327	(1,923,568)	(1,043,241)
Net Position at End of Year	**$ 978,912**	**$ (1,789,227)**	**$ (810,315)**

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Central Services	Employees' Benefit	Totals
Cash Flows from Operating Activities:			
Receipts from user departments	$ 34,050	$ 1,005,888	$ 1,039,938
Payments to suppliers for goods and services	(39,784)	(897,794)	(937,578)
Net Cash Provided (Used) by Operating Activities	**(5,734)**	**108,094**	**102,360**
Cash Flows from Noncapital Financing Activities:			
Transfers in	99,148	150,000	249,148
Net Cash Provided (Used) by Non-Capital Financing Activities	**99,148**	**150,000**	**249,148**
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(33,825)	-	(33,825)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(33,825)**	**-**	**(33,825)**
Net Increase (Decrease) in Cash and Cash Equivalents	59,589	258,094	317,683
Cash and Cash Equivalents - Beginning of Year	725,998	892,122	1,618,120
Cash and Cash Equivalents - End of year	**$ 785,587**	**$ 1,150,216**	**$ 1,935,803**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	$ (251)	$ (15,659)	$ (15,910)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:			
Depreciation	25,753	-	25,753
(Increase) decrease in other receivables	-	1,258	1,258
(Increase) decrease in prepaid expense	(4,256)	13,182	8,926
(Increase) decrease in deferred outflows amounts from retiree health benefits	-	15,357	15,357
(Increase) decrease in deferred outflows amounts from pension plans	-	695,185	695,185
Increase (decrease) in accounts payable and acrrued liabilities	(26,980)	25,896	(1,084)
Increase (decrease) in accrued leave payable	-	6,257	6,257
Increase (decrease) in total retiree health benefits	-	(121,653)	(121,653)
Increase (decrease) in deferred inflows amounts from retiree health benefits	-	24,878	24,878
Increase (decrease) in net pension liability	-	128,070	128,070
Increase (decrease) in deferred inflows amounts from pension plans	-	(664,677)	(664,677)
Total Adjustments	**(5,483)**	**123,753**	**118,270**
Net Cash Provided (Used) by Operating Activities	**$ (5,734)**	**$ 108,094**	**$ 102,360**
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on disposition of capital assets	$ (312)	$ -	$ (312)
Capital asset acquisitions in accounts payable	95,132	-	95,132

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*

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cypress Recreation and Park District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Lance, Soll & Lunghard, LLP

Brea, California
December 20, 2021

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **13.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Audit Letter to the District Board for the Fiscal Year Ended June 30, 2021**

RECOMMENDATION

Receive and file the Audit Letter from Lance, Soll and Lunghard LLP to the Cypress Recreation and Park District Board of Directors for the Fiscal Year ended June 30, 2021.

SUMMARY

The District's auditors have completed the annual audit and the results of the audit were favorable. In addition to receiving a "clean" audit opinion, the auditors did not encounter any items of concern which need to be reported to the Board of Directors or management.

DISCUSSION

Audit Letter

Auditing standards require auditors to issue an Audit Letter to communicate any significant findings, disagreements with management, and difficulties performing the audit. This Audit Letter is issued to the Board of Directors even if no problems are identified.

The attached Audit Letter was issued by Lance, Soll and Lunghard LLP (LSL) in conjunction with its audit work performed on the Cypress Recreation and Park District for the fiscal year ended June 30, 2021. Accompanying the Audit Letter is the District's Management Representation Letter which summarizes management's responsibilities for providing the information necessary to conduct the audit and prepare the financial statements. LSL did not encounter any significant issues or other matters that need to be communicated to the Board of Directors or management.

Audit Report on Internal Control Matters

Auditing standards also provide guidance to the auditors regarding how internal control-related matters should be communicated to management and the Board of Directors.

During the annual audit, the auditors review and observe the District's internal controls and operations to determine if there are any deficiencies. If any internal control related matters are noted, an Audit Report detailing these noted deficiencies would be provided to the Board of Directors.

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No deficiencies in the internal control structure, or any other matters deemed to be reportable to the governing board and management, were identified by LSL during the course of their audit. Therefore, no Audit Report was required to be issued for the fiscal year ended June 30, 2021.

BUDGET IMPACT

The Audit Letter and Audit Report on Internal Control Matters (if required) are included as part of the cost of the annual audit and sufficient amounts have been included in the District's budget to pay for the audit.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

CRPD Audit Letter for the FYE 6/30/21

CRPD Management Representation Letter for the FYE 6/30/21

December 20, 2021

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cypress Recreation and Park District (the District) for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 20, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings and Other Issues

Qualitative Aspects of Significant Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2020-2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimates of its net pension liability and other post-employment benefits liability based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and other post-employment benefits liability in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Significant Unusual Transactions

Management is responsible for the policies and practices used to account for significant unusual transactions. No significant unusual transactions have occurred during fiscal year 2020-2021.

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

New auditing standards were implemented in fiscal year 2020-2021 related to Statement of Auditing Standards 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, through Statement of Auditing Standards 140, *Supplementary Information in Relation to the Financial Statements as a Whole*. These standards updated the form and content of the financial statement auditor's report. The purpose of the change was to present an easier format for users to understand the results of the audit and management's responsibilities.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 20, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues Discussed with Management

We generally discuss a variety of matters, including the significant events or transactions that occurred during the year, business conditions affecting the District and business plans and strategies that may affect the risks of material misstatements, the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule for the General Fund, the schedule of changes in net pension liability and related ratios – defined benefit plan, the schedules of contributions, the schedule of proportionate share of the net pension liability – OCERS – defined benefit plan, and the schedule of change in the total OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining statements which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

New Accounting Standards

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2020-2021 audit:

GASB Statement No. 84, *Fiduciary Activities.*

GASB Statement No. 90, *Majority Equity Interests - an Amendment of GASB Statement Nos. 14 and 61.*

GASB Statement No. 98, *Annual Comprehensive Financial Report*

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2022

GASB Statement No. 87, *Leases.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

Fiscal year 2023

GASB Statement No. 91, *Conduit Debt Obligations.*

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangement.*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.*

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

Restriction on Use

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

Very truly yours,

Lance, Soll & Lunghard, LLP

Brea, California

CITY of CYPRESS

5275 Orange Avenue, Cypress, California 90630

Phone 714-229-6700 www.cypressca.org

December 20, 2021

Lance, Soll & Lunghard, LLP
Certified Public Accountants
203 North Brea Boulevard, Suite 203
Brea, CA 92821-4056

This representation letter is provided in connection with your audit of the financial statements of the Cypress Recreation and Parks District (the District), which comprise the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of December 20, 2021, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 27, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.

2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility for 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

Paulo Morales, Mayor

Anne Hertz, Mayor Pro Tem **Frances Marquez, Ph.D.**, Council Member

Scott Minikus, Council Member **Jon E. Peat**, Council Member

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9) Guarantees, whether written or oral, under which the District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) We have provided you with:

    a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, and other matters and all audit or relevant monitoring reports, if any, received from funding sources.

    b) Additional information that you have requested from us for the purpose of the audit.

    c) Unrestricted access to persons within the District from whom you determined it necessary to obtain audit evidence.

    d) Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the District and involves:

    - Management,
    - Employees who have significant roles in internal control, or
    - Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the District's financial statements communicated by employees, former employees, regulators, or others.

15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the names of the District's related parties and all the related party relationships and transactions, including any side agreements.

Government-specific

18) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

19) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

20) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.

21) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

25) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and disclosures.

26) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

27) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

28) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.

29) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

30) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (non-spendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

31) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.

32) Provisions for uncollectible receivables have been properly identified and recorded.

33) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

34) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

35) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

36) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

37) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.

38) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

39) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

40) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

41) With respect to the combining and individual nonmajor fund financial statements.

a) We acknowledge our responsibility for presenting the combining and individual nonmajor fund financial statements. in accordance with accounting principles generally accepted in the United States of America, and we believe the combining and individual nonmajor fund financial statements., including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining and individual nonmajor fund financial statements. have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

b) If the combining and individual nonmajor fund financial statements.is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: _____ Signature: _____

Title: City Manager Title: Director of Finance and Administrative Services

Summary of Audit Differences

Name of Governmental Unit: Cypress Recreation and Parks District

Date of Combined Balance Sheet: June 30, 2021

Opinion Unit, Fund Type or Fund: All Funds

Unadjusted Audit Differences	Cause	Current Year Over (Under) Revenues and Expenditures/Expenses and Changes in Fund Balance/Equity
None noted		$ -
Cumulative effect (before effect of prior year differences)		-
Effect of unadjusted audit difference - prior year		-
Cumulative effect (after effect of prior year differences)		$ -

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **14.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Independent Accountants' Report on the Cypress Recreation and Park District's Appropriations Limit for the Fiscal Year Ended June 30, 2021**

RECOMMENDATION

Receive and file the attached Independent Accountants' Report on Agreed-Upon Procedures Applied to the Appropriations Limit Worksheet for the Fiscal Year ended June 30, 2021.

DISCUSSION

All governments within California are required to have specific review procedures performed by independent accountants on the calculated annual Appropriation Limit. Attached is a copy of the Independent Accountants' Report of Agreed-Upon Procedures Applied to the Cypress Recreation and Park District's (District's) Appropriations Limit Worksheet for the Fiscal Year ended June 30, 2021, prepared by the District's independent accountants, Lance, Soll and Lunghard LLP (LSL). LSL did not note any exceptions during the course of performing the agreed-upon procedures.

Under Article XIIIB of the California Constitution, appropriations limitations are based on the District's 1978-79 actual appropriations adjusted annually by a formula utilizing the percentage growth in California Per Capita Income and either the growth in the City's or the County's population.

The District used the population growth in the County of Orange to calculate the FY 2020-21 appropriation limitation of $9,447,317. The total appropriations subject to the limitation for FY 2020-21 were $5,859,468, which was $3,587,849 (38.2%) below the calculated appropriation limit.

BUDGET IMPACT

The review of the Appropriations Limit is included in the overall cost of the District's annual audit and sufficient amounts are available in the budget to pay for the audit.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Report on the CRPD's Appropriation Limit for the FYE 6/30/21

INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

To the Board of Directors
Cypress Recreation and Park District

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet No. 6 (or other alternative computation) of the Cypress Recreation and Park District, California (the District), for the year ended June 30, 2021. These procedures, which were agreed to by the Cypress Recreation and Park District and the League of California Cities (as presented in the publication entitled Agreed-Upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution), were performed solely to assist the Cypress Recreation and Park District in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The Cypress Recreation and Park District's management is responsible for the Appropriations Limit Worksheet No. 6 (or other alternative computation).

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed Worksheets No. 1 through No. 7 (or other alternative computations) and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council of the City of Cypress, Ex Officio Governing Board of Directors of the Cypress Recreation and Park District. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

   Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet No. 6, we multiplied line A, last year's limit, by line D, ratio of change, and agreed the resulting amount to line E, this year's limit.

   Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet No. 6 to the other worksheets described in No. 1 above.

   Finding: No exceptions were noted as a result of our procedures.

To the Board of Directors
Cypress Recreation and Park District

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet No. 6 to the prior year appropriations limit adopted by the City Council of the City of Cypress, Ex Officio Governing Board of Directors of the Cypress Recreation and Park District for the prior year.

   Finding: No exceptions were noted as a result of our procedures.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet No. 6. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled Article XIIIB Appropriations Limitation Uniform Guidelines.

This report is intended solely for the use of the Cypress Recreation and Park District, California and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Lance, Soll & Lunghard, LLP

Brea, California
July 12, 2021

CYPRESS RECREATION AND PARK DISTRICT
2020-2021
APPROPRIATIONS LIMIT CALCULATION

A.	2019-2020 APPROPRIATIONS LIMIT:	$ 9,053,284	
B.	2020-2021 CHANGE IN CALIFORNIA PER CAPITA PERSONAL INCOME:		3.73%
C.	2020-2021 CHANGE IN POPULATION:		0.60%
D.	RATIO OF CHANGE (1.0373 X 1.0060):	x 1.04352380	
E.	2020-2021 APPROPRIATIONS LIMIT: ($9,053,284 X 1.04352380)	$ 9,447,317	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **15.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Receive and File the Investment Report for the Month Ended November 30, 2021**

RECOMMENDATION

Receive and file the attached investment report.

DISCUSSION

California Government Code Section 53607 and Cypress Municipal Code Section 2-18(f) requires the submission of a monthly investment report to the City Council. As of November 30, 2021, the City had $171.5 million (current market value) in cash and investments and the interest return (yield) on the public funds investments was 0.24%. As required by government code, all investments are in conformity with the City's investment policy and sufficient cash flows are available to meet the next six months of estimated expenditures.

The attached Summary of Cash and Investments presents the investments held by the City of Cypress as of November 30, 2021. The Investment Report consists of the following five summaries:

1. Summary of Cash and Investments - Provides the total portfolio of the City.
2. Changes in Cash and Investments - Provides a two-month cash flow analysis by fund type. These separate fund types allow for restricted monies to be segregated and tracked separately. The total ending amount agrees to the current market value shown in the Summary of Cash and Investments.
3. Investments at Market Value by Maturity Date - Provides a list of investments by maturity date, and an indication of the liquidity (ability to turn into cash) of the investments. The California Government Code restricts the type of investments eligible for public funds. The City’s Investment Policy further defines permitted investments. These restrictions in investment types and the terms of allowable investments result in limited yields on City investments.
4. Interfund Investments - Shows the amount of loans between City funds. There are two loans outstanding from the Infrastructure Reserve Fund to the Cypress Recreation and Park District General Fund. Both relating to Lexington Park, the first loan is for an

amount not to exceed $900,000 as reimbursement for preliminary design costs incurred and the second loan is for an amount not to exceed $12,800,000 as reimbursement for construction costs incurred.

5. Summary of Cash and Investments Held by Fiscal Agent and In Trust - Shows the investments held by fiscal agents for the benefit of bondholders of City-issued debt as well as investments held in trust by the Public Agency Retirement Services (PARS) for offsetting unfunded pension liabilities. The amounts held by fiscal agents are restricted to making future debt service payments and the pension trust amounts can only be used for future pension obligations. The legal restrictions on the allowable investment types are less restrictive than those in the City's portfolio, which provides the potential for higher yields to be earned on investments held by fiscal agents and in the pension trust.

As mentioned previously, the City had $171.5 million (current market value) in cash and investments at November 30, 2021. The investments included Federal Agencies Debt ($6.9 million) and Investment Pools ($160.9 million). The City's bank accounts held $3.7 million on November 30, 2021.

The majority of the investment portfolio is with the State Investment Pool (Local Agency Investment Fund or LAIF) in which the State's investment experts provide a diversified investment pool for local agencies to invest. By using the combined size of the participating cities and agencies, the State Pool can provide better yield, liquidity and investment knowledge than otherwise would be available to a single entity. The City has also invested in CalTRUST, which is a joint powers authority (JPA) investment pool option for public agencies. Expanding the pooled investment options provides flexibility and liquidity until market yields increase.

The amount of cash in the City's checking accounts fluctuates based on the maturity of investments, daily cash receipts, and when vendors and employees are paid. The daily balances maintained in the checking accounts provide credits which offset monthly bank charges. In addition to the Federal Depository Insurance Corporation (FDIC) which insures the first $250,000, excess checking deposits are secured by banks, government, or mortgage securities valued between 110% and 150% of the deposits.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Investment Report for the Month Ended November 30, 2021

City of Cypress

Summary of Cash and Investments

As of November 30, 2021

	Type	Description	Bank/Agent	Investment Date	Maturity Date	Interest Rate	Carrying Value	Current Market Value (2)
(1)	Ckg	General Operating Account	Bank of the West		11/1/2021	-	$ 3,690,090.03	$ 3,690,090.03
	Pool	Local Agency Investment Fund	State Treasurer		11/1/2021	0.203	71,000,000.00	70,991,029.93
	Pool	Local Agency Investment Fund	State Treasurer		11/1/2021	0.203	66,000,000.00	65,991,661.63
	Pool	CalTRUST Short Term Fund	CSAC Finance		11/1/2021	0.120	2,004,645.81	2,004,645.81
	Pool	CalTRUST Medium Term Fund	CSAC Finance		11/1/2021	0.360	21,918,943.50	21,918,943.50
	FFCB	Federal Farm Credit Bank	Bank of the West	3/22/2021	3/17/2025	0.700	4,000,000.00	3,961,240.00
	FHLB	Federal Home Loan Bank	Bank of the West	5/27/2021	5/27/2025	0.750	3,000,000.00	2,966,940.00
	Ckg	Worker's Comp Account	Bank of the West		11/1/2021	-	25,000.00	25,000.00
	Ckg	Liability Account	California Bank & Trust		11/1/2021	-	8,500.00	8,500.00
							$ 171,647,179.34	$ 171,558,050.90

Average Weighted Yield to Maturity: 0.24%
Average Weighted Days to Maturity: 22.49

(1) Negative cash balance (if any) shown due to checks being issued at month end, transfer to cover checks not made until early in the following month.
(2) Current market value of securities with maturities in excess of 12 months (if any) are provided by third-party safekeeping agents.

I certify that this report reflects all Government Agency pooled investments and is in conformity with the Investment Policy of the City of Cypress. A copy of this Investment Policy is available at the Office of the Finance Director.
The Investment Program herein shown provides sufficient cash flow liquidity to meet six months estimated expenditures.

Signed: _____
Finance Director

City of Cypress

Changes in Cash/Investments

		9/30/2021	+RECEIPTS	(DISBURSEMENTS)	10/31/2021	+RECEIPTS	(DISBURSEMENTS)	11/30/2021
GENERAL								
111/114	GENERAL FUND/GENERAL FUND-GRANTS	$ 20,814,278	$ 2,759,008	$ (3,200,013)	$ 20,373,273	$ 1,768,692	$ (2,399,687)	$ 19,742,278
SPECIAL REVENUE								
115	PANDEMIC RELIEF	5,861,638	35,466	(14,919)	5,882,185	-	-	5,882,185
212	CRPD-GENERAL FUND	13,040,797	135,153	(1,674,822)	11,501,128	2,100,575	(1,393,158)	12,208,545
213	CRPD-PARK DEVELOPMENT	152,534	608,124	-	760,658	-	-	760,658
221	TRAFFIC SAFETY	16,107	5,585	-	21,692	7,310	-	29,002
230	STREETS	5,303,396	202,381	(63,559)	5,442,218	662,423	(78,722)	6,025,919
251	LIGHTING DISTRICT #2	5,609,630	7,797	(208,353)	5,409,074	202,712	(86,620)	5,525,166
261	STORM DRAIN	1,360,051	29,571	(62,786)	1,326,836	28,120	(37,100)	1,317,856
262	PLANNED LOCAL DRAINAGE FACILITY	831,571	678	-	832,249	-	-	832,249
271	CORP CNTR MAINT DISTRICT #1	163,585	-	(9,333)	154,252	7,271	(3,509)	158,014
280	ASSET SEIZURE	1,288,393	1,963	(109)	1,290,247	1,532	(3,168)	1,288,611
291	CABLE TV FRANCHISE AGREEMENT	628,125	1,539	-	629,664	17,393	-	647,057
301	SUPPLEMENTAL LAW ENFORCEMENT	42,503	4	(10,448)	32,059	26,425	(10,307)	48,177
321	SEWER FUND	5,577,852	184,232	(30,425)	5,731,659	156,893	(16,287)	5,872,265
471	LOW AND MODERATE HSG ASSET	51,407	353	(4,102)	47,659	1,500	(5,325)	43,834
CAPITAL PROJECTS								
415	CITY CAPITAL PROJECTS	16,281,712	-	(393,766)	15,887,946	-	(684,629)	15,203,317
416	INFRASTRUCTURE RESERVE	62,359,543	65,783	(65,951)	62,359,375	-	(1,174,933)	61,184,442
TRUST AND AGENCY								
462	SUCCESSOR AGENCY TO RDA	224,573	183	-	224,755	-	-	224,755
600	TRUST AND AGENCY	1,403,107	171,128	(93,852)	1,480,383	17,829	(6,584)	1,491,628
611	BUSINESS ASSESSMENT DISTRICT	29,149	72	-	29,221	-	-	29,221
612	CFD #1 ASSESSMENT DISTRICT	153,575	-	-	153,575	-	-	153,575
620	REC & COMM SERVICES FOUNDATION	1,003	1	-	1,004	-	-	1,004
INTERNAL SERVICE								
710	CENTRAL SERVICES	3,317,450	231,661	(174,984)	3,374,127	231,568	(277,279)	3,328,416
720	CAPITAL REPLACEMENT	14,955,150	67,773	(11,479)	15,011,444	87,394	(1,303)	15,097,535
730	TECHNOLOGY IMPROVEMENT	2,370,001	-	-	2,370,001	-	-	2,370,001
750	EMPLOYEE BENEFITS	2,793,649	972,663	(861,590)	2,904,722	957,833	(508,760)	3,353,795
760	LIABILITY SELF INSURANCE	2,668,512	48,553	(4,428)	2,712,637	48,553	(3,750)	2,757,440
770	WORKERS COMP SELF INSURANCE	2,306,769	54,230	(53,412)	2,307,587	52,913	(29,785)	2,330,715
OTHER								
811/812	WESTCOMM JPA	3,367,696	872,355	(417,633)	3,822,418	69,534	(241,561)	3,650,391
		$ 172,973,756	$ 6,456,256	$ (7,355,964)	$ 172,074,048	$ 6,446,470	$ (6,962,467)	$ 171,558,051

City of Cypress

INVESTMENTS AT MARKET VALUE BY MATURITY DATE

As of November 30, 2021

Investments	1 day to 180 days	181 days to 1 year	1 year to 2 years	2 years to 3 years	3 years to 4 years	4 years to 5 years	5+ years	Totals	Percent
CASH	3,723,590							3,723,590	2.17%
FFCB					3,961,240			3,961,240	2.31%
FHLB					2,966,940			2,966,940	1.73%
JPA POOL	23,923,589							23,923,589	13.94%
STATE POOL	136,982,692							136,982,692	79.85%
Totals	164,629,871	0	0	0	6,928,180	0	0	171,558,051	100.00%
Percent	95.96%	0.00%	0.00%	0.00%	4.04%	0.00%	0.00%	100.00%	

CITY OF CYPRESS
INTERFUND INVESTMENTS

As of November 30, 2021

Note No.	Note Outstanding To	Note Outstanding From	Issue Date	Maturity Date	Interest Rate	Authorized Amount	Note Principal Outstanding
1	CRPD	City	01/28/19	06/30/24	LAIF	$ 900,000	$ 426,409
2	CRPD	City	02/08/21	06/30/25	LAIF	12,800,000	9,557,382
Total Interfund Investments							$ 9,983,791

The City Infrastructure Reserve Fund has issued two promissory notes to the Cypress Recreation and Park District General Fund relating to Lexington Park. Note 1 was issued to pay for the preliminary park design and Note 2 was issued to pay for park construction. Repayment of both notes by the Cypress Recreation and Park District will be made from future park development fees received from the development of the Los Alamitos Race Course property.

City of Cypress
Summary of Cash and Investments Held In Trust and By Fiscal Agent

As of November 30, 2021

Fund	Type	Issuer	Maturity Date	One Year Return *	Cost Amount	Current Market Value
PARS Public Agencies Post-Employment Benefits Trust						
Trustee: Public Agency Retirement Services (PARS)						
Section 115 Trust	Pension Trust	Various	Open	8.25%	$ 14,140,000.00	$ 18,052,059.79
			Total		$ 14,140,000.00	$ 18,052,059.79
Cypress Business and Professional Center Assessment District No. 1 - 1998 Improvement Bonds						
Trustee: U.S. Bank Corporate Trust Services						
Redemption Fund	Money Market	First American	Open	n/a	$ 5.25	$ 5.25
Reserve Fund	Money Market	First American	Open	n/a	$ 160,097.42	$ 160,097.42
			Total		$ 160,102.67	$ 160,102.67

* 12-month period ending with the current month.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **16.**

FROM: Peter Grant, City Manager

DATE: 01/10/2022

SUBJECT: **Receive and File the Strategic Plan Six-Month Objectives Update**

RECOMMENDATION

Receive and file the strategic plan six-month objectives update.

DISCUSSION

The Strategic Plan establishes major goals and objectives for the City. It provides the principle guidance for the preparation of the budget and a plan for implementation and accountability. The Strategic Plan is among the City Council's most effective tools to improve services and preserve Cypress' high quality of life.

The City Council updated the Strategic Plan in September 2021, including a review of the existing plan, development of new six-month objectives, and a discussion of the City's strengths and accomplishments during the past six months. The attached matrices report the progress on the six-month objectives as of January 10, 2022.

When the City Council originally adopted these six-month objectives, it recognized the plan was ambitious and may need adjustment. An objective to assess and respond to the California Voting Rights Act (CVRA) challenge has been added as an ongoing objective and the update includes several adjustments to accommodate the CVRA objective and account for available staff resources.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Six-Month Objectives

C I T Y O F C Y P R E S S

SIX-MONTH STRATEGIC OBJECTIVES

September 14, 2021 – March 1, 2022

THREE-YEAR GOAL: **MAINTAIN INFRASTRUCTURE AND FACILITIES**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the February 28, 2022 City Council Meeting	Public Works Director	Recommend a solar energy power purchase agreement to the City Council for action.			X	Working to address if project is still viable
2. By January 1, 2022	Police Chief, working with the Public Works Director	Reopen the Police Station and hold a community celebration/open house.			X	Police Station open. Due to delays in delivery of furnishings, celebration planned with open house in May
3. By March 1, 2022	Recreation and Community Services Director, working with the Public Works Director and youth sports groups	Celebrate the grand opening of Lexington Park.		X		
4. At the February 14, 2022 City Council meeting	Public Works Director, working with the Recreation and Community Services Director	Recommend a contract for the design of Arnold Cypress Park to the City Council for action.			X	

C I T Y O F C Y P R E S S

SIX-MONTH STRATEGIC OBJECTIVES

September 14, 2021 – March 1, 2022

THREE-YEAR GOAL: **MAINTAIN FINANCIAL STABILITY AND PROMOTE ECONOMIC ACTIVITY**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the October 11, 2021 City Council meeting	Planning Director	Recommend the 2021-29 Housing Element to the City Council for action and submission to the State's certification program.	X			
2. By November 1, 2021	Finance Director	Present an Information Systems Disaster Recovery and Business Continuity Plan to the City Manager.	X			
3. At the January 10, 2022 City Council meeting	Finance Director	Recommend a State and Local Fiscal Recovery Funds Plan for Cypress' $11.2 million allocation from the American Rescue Plan Act (ARPA) to the City Council for action.	X			
4. FUTURE	Planning Director	Recommend creating an advisory committee and hiring a consultant team to modernize and integrate Business Park Specific Plans to the City Council for action.			X	Delayed due to pandemic, delayed to next planning period
5. At the February 28, 2022 City Council meeting	Planning Director	Recommend the 2021-29 Housing Element General Plan Amendment to the City Council for action.			X	Delayed due to the State review.

C I T Y O F C Y P R E S S

SIX-MONTH STRATEGIC OBJECTIVES

September 14, 2021 – March 1, 2022

THREE-YEAR GOAL: **ENHANCE AND MAINTAIN PUBLIC SAFETY**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the December 13, 2021 City Council meeting	Planning Director, working with the Police Chief and the City Attorney	Recommend an update of the Emergency Shelter ordinance to the City Council for action.	X			
2. At February 28, 2022 Council Meeting	Police Chief	Recommend a contract for an audit of the Police Department's evidence policies, practices and inventory to the City Council for action.			X	
3. FUTURE	Police Chief	Conduct an orientation and training for city staff at the new Emergency Operations Center.			X	Delayed due to pandemic, delayed to next planning period
4. At the February 28, 2022 City Council meeting	Police Chief	Present options to supplement mental health/social worker resources for responding to homelessness and non-violent public safety calls to the City Council for direction.			X	
5. FUTURE	Police Chief	Update the Police Department strategic plan and present the new plan to the City Council.			X	Strategic Plan facilitator agreement will be presented to the City Council at its February 14, 2022 meeting

C I T Y O F C Y P R E S S

SIX-MONTH STRATEGIC OBJECTIVES

September 14, 2021 – March 1, 2022

THREE-YEAR GOAL: **ENHANCE RECREATION FACILITIES AND PROGRAMS**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the November 8, 2021 City Council Meeting	Recreation and Community Services Director	Present the redesigned (hard copy) Recreation and Community Services Activity Guide to the City Council.	X			
2. At the January 10, 2022 City Council Meeting	Recreation and Community Services Director	Recommend Lexington Park field allocation and operating policies to the City Council for action.			X	
3. By February 28, 2022	Recreation and Community Services Director	Present the Recreation and Community Services Commission's review of the 2021 Concerts on the Green to the City Manager.			X	
4. By March 1, 2022	Recreation and Community Services Director	Present a review of Celebrate Cypress events and options to improve communication, coordination, and event execution among event partners to the City Council for direction.		X		
~~Future Objective~~	~~Recreation and Community Services Director, working with the RCS Commission, and the Veterans Recognition subcommittee~~	~~Present options for additional memorials at Veterans Park to the City Council for direction.~~				Removed for insufficient staff resources

C I T Y O F C Y P R E S S

SIX-MONTH STRATEGIC OBJECTIVES

September 14, 2021 – March 1, 2022

THREE-YEAR GOAL: **MAINTAIN HIGH QUALITY AND HIGH VALUE SERVICES FOR THE COMMUNITY**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the January 10 City Council meeting	City Clerk	Recommend an update to the 2018 Community Survey to assess satisfaction with city services and public engagement to the City Council for action.			X	
2. At the November 22, 2021 City Council meeting	Public Works Director, working with Valley Vista Services	Present an organics recycling program that complies with State regulations to the City Council for action.	X			
3. At the February 28 City Council meeting	City Manager, working with a City Council subcommittee	Present a Community Leadership Program to educate and develop current and future community leaders to the City Council.			X	Program will model City of La Palma's and launch without subcommittee input because of insufficient staff resources
4. At the February 14, 2022 City Council workshop	City Manager, working with the Planning Director	Present options for developing strategies to increase affordable housing in Cypress to the City Council for direction.			X	Will be addressed as part of 2021-2029 Housing Element implementation because of insufficient staff resources
5. At the February 28, 2022 City Council meeting	Planning Director	Present the results of the Neighborhood Preservation Pilot Program Neighborhood Survey to the City Council for direction.		X		

6. On-going	City Manager and City Attorney, working with the City Council	Assess and respond to the California Voting Rights Act Challenge and potentially consider changes to the City's system for electing Council Members		X		

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **17.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/10/2022

SUBJECT: **Approve Register of Warrants, Transfers, and Wires Issued for the Period of November 27, 2021 through December 17, 2021**

RECOMMENDATION

Approve the attached payment register summarized below for the period of November 27, 2021 through December 17, 2021:

- Electronic Funds Transfers 10222 through 10339
- Warrants 58345 through 58433
- Payroll Transfers W1462 through W1464

DISCUSSION

Payments to vendors for goods and services received and/or rendered are initiated and approved by the requesting department in accordance with proper purchasing guidelines. Processing of these payments occurs centrally in the City's Finance Department with payments issued bi-weekly. A register listing of these payments is then presented to the City Council for approval. This register also includes any Electronic Funds Transfers (EFT), outgoing payroll transfers or wires issued since the previous register was presented to the City Council. Voided Payments (if any) are also included at the end of the register.

All payments are processed on the City's financial management software system. This system generates a payment batch register, sorted by warrant number (or EFT/Wire number), and presents the invoice amount and a description of the payment issued.

BUDGET IMPACT

Total warrants, transfers, and wires issued (net of any voided payments) during the period of November 27, 2021 through December 17, 2021 are $3,400,479.73.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Payment Register for the Period 11-27-21 through 12-17-21

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
10222	128744 - AYRES, RICHARD	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10223	102038 - BALDWIN, DARRELL	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10224	102087 - BISH, EDWARD	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10225	100101 - BRUCE, THOMAS M	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10226	1456 - CARTER, KEITH	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10227	129695 - COTE, ROBERT	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10228	128938 - COX, RODNEY	$ 108.30			
			Retiree Health Care Benefits 12/21	12/21	$ 108.30
10229	1119 - DEL RIO, DAVID	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10230	104003 - ESSEX, CLARE	$ 386.75			
			Retiree Health Care Benefits 12/21	12/21	$ 386.75
10231	128044 - FORNISS, DANIEL	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10232	129816 - FOSTER, SCOTT	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10233	109393 - IDOM, MIKE	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10234	100667 - LASSALLE, ISMAEL	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10235	123656 - MANUEL, DEAN	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10236	129700 - MCSHANE, CHRIS	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10237	128832 - MORALES, PAULO	$ 795.96			
			Reimb/Medical Premiums 12/21	12/21	$ 795.96
10238	129501 - MOUNT, ERIC	$ 150.00			
			Retiree Health Care Benefits 12/21	12/21	$ 150.00
10239	129608 - OLSON, JAMES	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10240	128784 - RAMSEY, KENNETH	$ 125.00			
			Retiree Health Care Benefits 12/21	12/21	$ 125.00
10241	119027 - RAMSEY, STEVE	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10242	195 - SHACKELFORD, DOREEN	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
10243	180 - SWIFT, JEFF	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10244	1024 - VALLEY VISTA SERVICES, INC	$ 147,646.51			
			Waste Disposal Fee 10/21	10/21	$ 147,646.51
10245	127 - VENESKI, PATRICK	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10246	105121 - VIGIL, FELIX	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10247	129666 - WALQUIST, BRIAN	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10248	40 - WARLAND INVESTMENTS COMPANY	$ 37,500.00			
			Development Assistance 12/21	12/21	$ 37,500.00
10249	112204 - WONG, JEFFREY	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10250	342 - WU, ALEX	$ 300.00			
			Retiree Health Care Benefits 12/21	12/21	$ 300.00
10251	100505 - CITY OF CYPRESS-WORKERS COMP	$ 2,177.48			
			W/C Claims/Prof Svcs/#24650-24669	Reimb 12/10/21	$ 2,177.48
10252	100505 - CITY OF CYPRESS-WORKERS COMP	$ 2,047.15			
			W/C Claims/Medical/#24650-24669	Reimb-A 12/10/21	$ 2,047.15
10253	100505 - CITY OF CYPRESS-WORKERS COMP	$ 5,719.28			
			W/C Claims/Perm Disability/#24650-24669	Reimb-B 12/10/21	$ 5,719.28
10254	2029 - DUONG, JUSTIN	$ 148.50			
			Refund/BP #13064	Rfd 12/10/21	$ 148.50
10255	2028 - MARQUINA, JAIME	$ 27.00			
			Refund/Plan Check #BS-21-481	Rfd 12/10/21	$ 27.00
10256	116005 - PERS/PUBLIC EMPLOYEES RETIREMENT SYS	$ 156,071.52			
			Med Insurance/City & Dist 12/21	16621515	$ 156,071.52
10257	116005 - PERS/PUBLIC EMPLOYEES RETIREMENT SYS	$ 12,682.40			
			Med Insurance/West Comm 12/21	16621739	$ 12,682.40
10258	1247 - HINDERLITER, DE LLAMAS AND ASSOCIATES/HdL	$ 1,650.00			
			Svc/Business License Admin 9/21	SEP21	$ 1,650.00
10259	1247 - HINDERLITER, DE LLAMAS AND ASSOCIATES/HdL	$ 1,335.00			
			Svc/Business License Admin 10/21	OCT21	$ 1,335.00
10260	1178 - UNION BANK	$ 40.68			
			Lunch Meeting(2)/PG & AV 10/14	0082 12/7/21	$ 40.68
10261	1178 - UNION BANK	$ 725.00			
			Reg/League of CA Cities City Managers Conference/PG 2/2-2/4	0082(A) 12/7/21	$ 725.00
10262	1178 - UNION BANK	$ 73.08			
			Lunch Meeting(2)/PG & Westminster City Mangaer 10/28	0082(B) 12/7/21	$ 73.08
10263	1178 - UNION BANK	$ 239.88			
			Sub/LinkedIn/PG 10/30/21-10/30/22	0082(C) 12/7/21	$ 239.88

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
10264	1178 - UNION BANK	$ 150.52			
			Meals(7)/Directors Team Building Breakfast 11/9	0082(D) 12/7/21	$ 150.52
10265	1178 - UNION BANK	$ 29.90			
			Food/Playground/Kids Night Out 10/15	0547 12/7/21	$ 29.90
10266	1178 - UNION BANK	$ 8.57			
			Supplies/2021 5K/10K Run 10/25	0547(A) 12/7/21	$ 8.57
10267	1178 - UNION BANK	$ 350.00			
			Reg/Triump Over Turmoil/AH 11/5	0635 12/7/21	$ 350.00
10268	1178 - UNION BANK	$ 66.54			
			Meals(8)/Chili's/Council Meeting 10/25	0635(A) 12/7/21	$ 66.54
10269	1178 - UNION BANK	$ 50.00			
			Dues/Women Leading Government/AF 11/5/21-11/4/22	0635(B) 12/7/21	$ 50.00
10270	1178 - UNION BANK	$ (15.98)			
			Credit/Food/2021 5K/10K Run Volunteers 10/14	1313 12/7/21	$ (15.98)
10271	1178 - UNION BANK	$ 510.72			
			Senior Meals(128) 10/12	1313(A) 12/7/21	$ 510.72
10272	1178 - UNION BANK	$ 112.80			
			Water(2K Btls)/2021 5K/10K Run 10/14	1313(B) 12/7/21	$ 112.80
10273	1178 - UNION BANK	$ 13.98			
			Food/2021 5K/10K Run Volunteers 10/14	1313(C) 12/7/21	$ 13.98
10274	1178 - UNION BANK	$ 510.72			
			Senior Meals(128) 10/19	1313(D) 12/7/21	$ 510.72
10275	1178 - UNION BANK	$ 1.99			
			Movie Rental(1)/Sr Center 10/20	1313(E) 12/7/21	$ 1.99
10276	1178 - UNION BANK	$ 56.00			
			Reg/Women in Leisure Training/SG & AT & LH 10/21	1313(F) 12/7/21	$ 56.00
10277	1178 - UNION BANK	$ 542.64			
			Senior Meals(136) 10/26	1313(G) 12/7/21	$ 542.64
10278	1178 - UNION BANK	$ 638.40			
			Senior Meals(160) 11/2	1313(H) 12/7/21	$ 638.40
10279	1178 - UNION BANK	$ 3.45			
			Movie Rental(1)/Sr Center 11/3	1313(I) 12/7/21	$ 3.45
10280	1178 - UNION BANK	$ 414.96			
			Senior Meals(104) 11/9	1313(J) 12/7/21	$ 414.96
10281	1178 - UNION BANK	$ 392.65			
			Imprinted Pens(1K)/Sr Center Giveaways 11/10	1313(K) 12/7/21	$ 392.65
10282	1178 - UNION BANK	$ 74.98			
			PD Dog Food(1 Bag)/Bono 11/6	2173 12/7/21	$ 74.98
10283	1178 - UNION BANK	$ 71.53			
			PD Dog Food(1 Bag)/Bono 11/10	2173(A) 12/7/21	$ 71.53
10284	1178 - UNION BANK	$ (475.29)			
			Credit/Battery Backup(1)/IT Data Center 10/25	2886 12/7/21	$ (475.29)

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
10285	1178 - UNION BANK	$ 567.70	Battery Backup(1)/IT Data Center 10/25	2886(A) 12/7/21	$ 567.70
10286	1178 - UNION BANK	$ 865.82	TV(1)/Community Center A/V Upgrade 11/8	2886(B) 12/7/21	$ 865.82
10287	1178 - UNION BANK	$ 87.24	Cable Management Trays(2)/PD 11/8	2886(C) 12/7/21	$ 87.24
10288	1178 - UNION BANK	$ 177.73	Network Switch(1)/Council Chambers 11/10	2886(D) 12/7/21	$ 177.73
10289	1178 - UNION BANK	$ 40.92	Fiber Cables(2)/Council Chambers 11/9	2886(E) 12/7/21	$ 40.92
10290	1178 - UNION BANK	$ 34.24	Fiber Cables(2)/Council Chambers 11/10	2886(F) 12/7/21	$ 34.24
10291	1178 - UNION BANK	$ 116.34	Meals(4)/Interview Panel/IT Nework Administrator 11/9	2886(G) 12/7/21	$ 116.34
10292	1178 - UNION BANK	$ 8.70	W/C Sub/Business Analytics/Reporting Software 10/7-11/6	3874 12/7/21	$ 8.70
10293	1178 - UNION BANK	$ 915.96	W/C Hotel/Wellness on the Front Line/MP 11/1-11/5	3874(A) 12/7/21	$ 915.96
10294	1178 - UNION BANK	$ 15.33	W/C Data Storage/Amazon Cloud 10/21	3874(B) 12/7/21	$ 15.33
10295	1178 - UNION BANK	$ 954.91	PD Mail Sorting Compartments(3) 11/9	4051 12/7/21	$ 954.91
10296	1178 - UNION BANK	$ 26.65	PD Dog Waste Bags(900)/Kubo 11/11	4268 12/7/21	$ 26.65
10297	1178 - UNION BANK	$ 10.00	Sub/Box/Staff Document Review/Engineering 10/29-11/28	4595 12/7/21	$ 10.00
10298	1178 - UNION BANK	$ 1,500.00	Svc/Quickbase/Bldg/Public Works 11/21	4595(A) 12/7/21	$ 1,500.00
10299	1178 - UNION BANK	$ 181.99	Basketballs(6)/Batting Tees(2)/Sports Bags(6)/Youth Sports 11/3	5505 12/7/21	$ 181.99
10300	1178 - UNION BANK	$ 75.37	Basketball(1)/Youth Sports 11/8	5505(A) 12/7/21	$ 75.37
10301	1178 - UNION BANK	$ 5.99	PD Food/Departmental Supervisor Meeting 10/13	5911 12/7/21	$ 5.99
10302	1178 - UNION BANK	$ 51.19	PD Food/Departmental Supervisor Meeting 10/14	5911(A) 12/7/21	$ 51.19
10303	1178 - UNION BANK	$ 1.99	PD Sub/OneDrive/Photo Storage 11/21	5911(B) 12/7/21	$ 1.99
10304	1178 - UNION BANK	$ 263.00	PD Reg/Combating Casitas Illegal Casinos/MC & CM 12/16	7454 12/7/21	$ 263.00
10305	1178 - UNION BANK	$ 78.30	PD Sub/Business Analytics/Reporting Software 11/21	7454(A) 12/7/21	$ 78.30

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
10306	1178 - UNION BANK	$ 1,020.53	PD Hotel/CA Assoc for Property & Evidence Conf/CB 4/25-4/29	7454(B) 12/7/21	$ 1,020.53
10307	1178 - UNION BANK	$ 1,286.54	PD Portable Radio Batteries(8) 12/21	7454(C) 12/7/21	$ 1,286.54
10308	1178 - UNION BANK	$ 15.07	Facial Tissues(2 Bxs)/Finance 10/13	7626 12/7/21	$ 15.07
10309	1178 - UNION BANK	$ 258.31	Hotel Dep/CA Society of Muni Finance Officers Conf/DM 2/14-2/19	7626(A) 12/7/21	$ 258.31
10310	1178 - UNION BANK	$ 575.00	Fee/GFOA Budget Award FYE 6/30/21	7626(B) 12/7/21	$ 575.00
10311	1178 - UNION BANK	$ 250.00	Dues/CPA License/DM 11/1/21-10/31/23	7626(C) 12/7/21	$ 250.00
10312	1178 - UNION BANK	$ 135.00	Reg/GFOA Annual GAAP Update Webinar/DM 12/9	7626(D) 12/7/21	$ 135.00
10313	1178 - UNION BANK	$ 164.52	Meals(7)/Interview Panels/Office Assist & Assoc Engineer 10/19	7628 12/7/21	$ 164.52
10314	1178 - UNION BANK	$ 75.00	Job Ad/Recreation Manager 11/1	7628(A) 12/7/21	$ 75.00
10315	1178 - UNION BANK	$ 2.96	Postage/POST/PD Trainee Tests 11/10	7628(B) 12/7/21	$ 2.96
10316	1178 - UNION BANK	$ 77.34	Meals(3)/Performance Review Meeting/PG & ML & JM & MB 11/10	7634 12/7/21	$ 77.34
10317	1178 - UNION BANK	$ 78.99	Sub/Mailchimp Email Distribution/BS 10/21	8283 12/7/21	$ 78.99
10318	1178 - UNION BANK	$ 6.28	Facebook Ad(1)/State of the City 9/28-10/2	8283(A) 12/7/21	$ 6.28
10319	1178 - UNION BANK	$ 33.21	Food/Interview Panels/Office Asst & Assoc Engineer 10/18	8802 12/7/21	$ 33.21
10320	1178 - UNION BANK	$ 13.98	Erroneous Charge/Reimbursed/RN 10/20	8802(A) 12/7/21	$ 13.98
10321	1178 - UNION BANK	$ 75.00	Reg/2022 Legislative Update Webinar/HR 11/15	8802(B) 12/7/21	$ 75.00
10322	1178 - UNION BANK	$ 267.45	PD MAV Printer Ribbons(2) 10/18	8886 12/7/21	$ 267.45
10323	1178 - UNION BANK	$ 153.99	PD Svc/DirecTV/MCP 10/21	8886(A) 12/7/21	$ 153.99
10324	1178 - UNION BANK	$ 300.00	PD Prisoner Spit Hoods(100) 11/2	8886(B) 12/7/21	$ 300.00
10325	1178 - UNION BANK	$ 59.95	PD Signature Stamps(4)/Date Stamp(1) 11/1	8886(C) 12/7/21	$ 59.95
10326	1178 - UNION BANK	$ 68.92	PD Face Masks(200) 10/27	8886(D) 12/7/21	$ 68.92

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
10327	1178 - UNION BANK	$ 16.15			
			PD Card Reader(1) 11/8	8886(E) 12/7/21	$ 16.15
10328	1178 - UNION BANK	$ 598.05			
			PD Supplies/Emergency Services 11/8	8886(F) 12/7/21	$ 598.05
10329	1178 - UNION BANK	$ 125.00			
			Reg/2021 Planning Directors Assoc Forum/AV 10/28	9183 12/7/21	$ 125.00
10330	1178 - UNION BANK	$ 50.00			
			PD Svc/Fastrak Replenishment 11/9	9480 12/7/21	$ 50.00
10331	1178 - UNION BANK	$ 25.00			
			Reg/City of Buena Park Mayor's Prayer Breakfast/AH 11/18	9656 12/7/21	$ 25.00
10332	1178 - UNION BANK	$ 130.00			
			Sub/OC Register Online/PG	9656(A) 12/7/21	$ 130.00
10333	1178 - UNION BANK	$ 400.00			
			Reg/Level Up Your Leadership Trainning/AH 12/6-12/13	9656(B) 12/7/21	$ 400.00
10334	1178 - UNION BANK	$ 63.12			
			Supplies/Employee Appreciation Lunch 11/1	9656(C) 12/7/21	$ 63.12
10335	1178 - UNION BANK	$ 14.99			
			Sub/Zoom/Video Conferencing/PG 11/5-12/4	9656(D) 12/7/21	$ 14.99
10336	1178 - UNION BANK	$ 66.03			
			Food/Council Meetings 11/8	9656(E) 12/7/21	$ 66.03
10337	1178 - UNION BANK	$ 65.19			
			Meals(8)/Chili's/Council Meeting 11/8	9656(F) 12/7/21	$ 65.19
10338	1178 - UNION BANK	$ 260.00			
			Reg/OC City Managers Assoc Holiday Lunch/PG & AF & SS & CD 12/1	9656(G) 12/7/21	$ 260.00
10339	1178 - UNION BANK	$ 29.98			
			Sub/Zoom Video Conferencing/HR 11/8-12/7	8802(C) 12/7/21	$ 29.98
58345	0 - CYPRESS COMMUNITY FESTIVAL	$ 150.00			
			Refund/Facility Deposit/Contract #4271	2020-00004774	$ 150.00
58346	2026 - PHILLIPS, TROY	$ 950.00			
			Svc/Audio & Lighting/Holiday Sing 12/7	12/7/21	$ 950.00
58347	927 - SCOTT, KEVIN LEE	$ 200.00			
			Perform/Santa/Holiday Sing 12/7	12/7/21	$ 200.00
58348	1570 - ADVANTAGE MAILING, LLC	$ 3,922.76			
			Svc/Print/City & Recreation Newsletter(17.5K) 12/21	162029	$ 3,922.76
58349	130335 - AKM CONSULTING ENGINEERS	$ 2,450.00			
			Design/Sewer Improvements 10/21	0011335	$ 2,450.00

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
58350	100723 - ALESHIRE & WYNDER, LLP	$ 24,400.66			
			Legal Svc/Code Enforcement 11/21	65449	$ 147.00
			Legal Svc/Engineering 11/21	65445	$ 195.00
			Legal Svc/Finance 11/21	65446	$ 39.00
			Legal Svc/General Admin 11/21	65442	$ 955.50
			Legal Svc/Makkouk 11/21	65451	$ 7,438.67
			Legal Svc/Planning 11/21	65444	$ 409.50
			Legal Svc/Police 11/21	65447(A)	$ 19.50
			Legal Svc/Police 11/21	65448	$ 1,774.50
			Legal Svc/Recreation 11/21	65447	$ 19.50
			Legal Svc/Refuse 11/21	65450	$ 5,715.00
			Lit Svc/CVRA Challenge 11/21	65453	$ 5,310.00
			Lit Svc/General Admin 11/21	65443	$ 1,194.26
			Lit Svc/Sokmen 11/21	65452	$ 1,183.23
58351	105442 - ALL CITY MANAGEMENT SERVICE INC	$ 15,445.34			
			Crossing Guard Svcs(30 Hrs)/Orange & Grindlay 10/17-10/30	72980	$ 678.30
			Crossing Guard Svcs(653.12 Hrs) 10/17-10/30	72981	$ 14,767.04
58352	1403 - ALL STAR ELITE SPORTS	$ 1,826.64			
			Addl Youth Jersey(1)/Winter Basketball	2667	$ 37.63
			Jerseys/Youth(157)/Coaches(22)/Winter Basketball	2625	$ 1,789.01
58353	1312 - ARCADIAN BANK	$ 130.00			
			CDBG Loan Fee/McQueen/Enriquez/Maturino/10382 Ponder St	305	$ 130.00
58354	110860 - AT&T	$ 829.60			
			Svc/Internet 11/21	17413307	$ 829.60
58355	110860 - AT&T	$ 2,438.78			
			Cell Svc/Maint 11/21	11/21(D)	$ 51.87
			Cell Svc/PD 11/21	11/21(G)	$ 239.65
			PD Svc/Mobile Data 11/21	11/21(H)	$ 1,974.34
			Svc/Planning iPads 11/21	11/21(F)	$ 86.46
			Wireless Svc/Myra Pump Station #2 11/21	11/21(E)	$ 86.46
58356	110860 - AT&T	$ 8.83			
			East Wing Fax Line 11/21	11/21(C)	$ 8.83
58357	110860 - AT&T	$ 26.42			
			9391033696-PD Phone Svc 11/21	11/21(B)	$ 26.42
58358	1993 - BRYCE I WATANABE JAPAN KARATE DO	$ 565.50			
			Instruct/Karate 11/8-12/8	12/8/21	$ 565.50
58359	103034 - BUENA PARK, CITY OF	$ 900.00			
			Final/PD Svc/Shooting Range(24 Hrs) 7/1/21-9/30/21	PDRF000047	$ 900.00
58360	101988 - CAPE/CA ASSOC FOR PROPERTY & EVIDENCE IN	$ 300.00			
			PD Reg/Learning to Adjust Our Sails/CB 4/25-4/29	PD Reg 4/25-4/29	$ 300.00
58361	1921 - CATALAN CONSULTING, LLC	$ 4,167.00			
			Consult/Public Affairs/COVID-19 11/21	#November 2021	$ 4,167.00

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
58362	123012 - CHARLES ABBOTT ASSOCIATES	$ 184,160.59			
			Building Inspection and Plan Check Svcs 10/21	63378	$ 35,289.45
			Building Inspection and Plan Check Svcs 7/21	63013	$ 37,341.76
			Building Inspection and Plan Check Svcs 8/21	63140	$ 63,700.53
			Building Inspection and Plan Check Svcs 9/21	63280	$ 46,596.35
			Svc/NPDES/WQMP Review 10/21	63370	$ 1,232.50
58363	1473 - COMMUNITY WORKS DESIGN GROUP, LLC	$ 2,600.00			
			Design/Lexington Park 10/21	14307	$ 2,600.00
58364	115003 - COUNTY OF ORANGE	$ 2,974.32			
			Fees/NPDES Pollution Response/Coyote Creek TMDL 2021-22	PW220173	$ 2,974.32
58365	115003 - COUNTY OF ORANGE	$ 800.85			
			Fees/NPDES Pollution Response 2021-22	PW220263	$ 800.85
58366	115003 - COUNTY OF ORANGE	$ 1,104.51			
			PD Svc/OC Automated Telecommunications System 11/21	SH60755	$ 1,104.51
58367	109144 - D-PREP, LLC	$ 249.00			
			PD Reg/Officer Involved Shooting/RM 1/19-1/20	PD Reg 1/19-1/20	$ 249.00
58368	105412 - DEPT OF INDUSTRIAL RELATIONS	$ 22,877.78			
			Workers Comp Assessment 7/1/21-6/30/22	OSIP 69322	$ 22,877.78
58369	105412 - DEPT OF INDUSTRIAL RELATIONS	$ 675.00			
			Fee/Inspection Requirement/Non-Compliance/Elevator 6/25	S1829482SN	$ 675.00
58370	1158 - DIRECTV	$ 175.99			
			W/C Svc/Satellite TV 11/25-12/24	66762204X211126	$ 175.99
58371	1432 - DOWDELL, JAMES	$ 96.00			
			Meals/Traffic Collision Investigation 11/8-11/18	Reimb 12/10/21	$ 96.00
58372	693 - DUNN RIGHT ELECTRICAL-KEVIN DUNN	$ 720.12			
			Consult/Generator Connection Verification/IT Server Room 10/8	5489	$ 332.50
			Svc/Generator Connector Cord/IT Server Room 10/11	5490	$ 387.62
58373	2003 - EIDIM GROUP INC EIDIM GROUP AV TECHNOLOGY	$ 3,403.17			
			PD Flat Panel TV(2)/PD Modernization Project 11/22	5264	$ 3,403.17
58374	1488 - ENTERPRISE HOLDINGS INC	$ 1,707.49			
			PD Rental Car(1) 10/11-11/9	28532033	$ 766.34
			PD Rental Car(1) 10/3-11/8	28532033(A)	$ 941.15
58375	104530 - EXPERIAN	$ 77.72			
			PD Credit Reports 11/21	CD2208003665	$ 77.72
58376	1997 - FRANK VACCARO WEST COAST OFFICIALS	$ 1,430.00			
			Officials(26 Games)/Youth Basketball 12/4-12/18	1235	$ 1,430.00
58377	1115 - FRONTIER	$ 421.18			
			7148996947 - Phone Svc/Sewers 12/21	12/21	$ 57.06
			W/C Phone Svc/5624931036 12/21	12/21(A)	$ 74.71
			W/C Svc/Circuit Line 11/13-12/12	11/13-12/12/21	$ 289.41
58378	1596 - GARON WYATT INVESTIGATIVE SERVICES	$ 1,550.00			
			PD Svc/Background Check(1) 11/5	BG3	$ 1,550.00

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
58379	119018 - GOLDEN STATE WATER COMPANY	$ 11,837.46			
			Svc/Athletic Fields 11/21	11/21(A)	$ 143.58
			Svc/Maint Yard Landscaping 10/21	10/21(I)	$ 872.83
			Svc/Parks Landscaping 10/21	10/21(H)	$ 3,056.83
			Svc/Parkway Maint 10/21	10/21(J)	$ 4,908.48
			Svc/Parkway Maint 11/21	11/21	$ 1,749.62
			Svc/Stanton Channel Berm 10/21	10/21(K)	$ 826.98
			Svc/Storm Drain 11/21	11/21(B)	$ 279.14
58380	103008 - HARTZOG & CRABILL	$ 7,358.35			
			Svc/Monitor Traffic Signals 10/21	21-0468	$ 1,647.89
			Svc/Monitor Traffic Signals 7/21	21-0465	$ 1,292.58
			Svc/Monitor Traffic Signals 8/21	21-0466	$ 2,694.07
			Svc/Monitor Traffic Signals 9/21	21-0467	$ 1,723.81
58381	128739 - HOME DEPOT CREDIT SVC-MAINT	$ 1,286.55			
			Supplies/Maint 10/21	12/10/21	$ 1,286.55
58382	1814 - HORIZONS CONSTRUCTION COMPANY INTL., INC	$ 604,397.75			
			Construct/Lexington Park 10/21	9-10/21	$ 604,397.75
58383	1800 - INTERLOG CONSTRUCTION, INC	$ 187,965.40			
			Construct/PD Modernization 11/21	11-11/21	$ 187,965.40
58384	102993 - ITERIS, INC	$ 1,030.00			
			Svc/Maintain CCTV Network 10/21	139739	$ 1,030.00
58385	107911 - KELLY PAPER COMPANY	$ 41.00			
			Underpayment/Invoice #10710023 10/1	10710023(A)	$ 41.00
58386	122069 - LIEBERT CASSIDY WHITMORE	$ 406.00			
			Legal Svc/HR Matter #CY020-00036 10/21	207807	$ 406.00
58387	1823 - LITTLE FISHERMEN'S FISH AND CHIPS INC	$ 2,715.00			
			Community Plate Hot Meal Program(181 Meals) 11/15-11/28	11/28/21	$ 2,715.00
58388	112017 - LOS ALTOS TROPHY CAL-LINE INVESTMENTS	$ 14.65			
			Name Plate(1)/OVasquez 11/17	88315	$ 14.65
58389	1972 - OCLA CONSTRUCTION & ENGINEERING	$ 67,283.75			
			Construct/Sr Center Restroom Improvements 11/21	11161	$ 67,283.75
58390	108944 - OFFICE DEPOT	$ 1,151.76			
			Supplies/Citywide 11/21	12/10/21	$ 743.77
			Supplies/Citywide 11/21	12/10/21(A)	$ 407.99
58391	1285 - OHD LLLP-OCCUPATIONAL HEALTH DYNAMICS	$ 860.00			
			PD Svc/Calibrate/Gas Mask Fitting Machine 11/29	78843	$ 860.00
58392	100870 - POSTMASTER -CYPRESS POST OFFICE	$ 3,675.00			
			Postage/City & Recreation Newsletter 2/22	12/10/21	$ 3,675.00
58393	223 - QUALITY LOGO PRODUCTS, INC	$ 483.80			
			PD Imprinted Backpacks(100)/Emergency Services 11/15	QSI-899587	$ 483.80
58394	144 - R.C.S. INVESTIGATIONS & CONSULTING, LLC	$ 4,800.00			
			PD Svc/Background Checks(3) 11/28	4967	$ 4,800.00

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
58395	101148 - RED WING SHOE STORE	$ 205.52			
			Safety Shoes/MAraya 11/26	20211202025347	$ 205.52
58396	1966 - REIHANIFAM, CHRISTOPHER	$ 12.00			
			Meal/Implicit Bias & Racial Profiling 10/29	Reimb 12/10/21	$ 12.00
58397	1992 - RONDA VOORHEES	$ 556.80			
			Instruct/Online Art 9/8-12/3	12/3/21	$ 76.80
			Instruct/Private Piano 10/28-11/29	11/21	$ 480.00
58398	129917 - RUTAN & TUCKER	$ 952.70			
			Legal Svc/Comm Development/Park Development Fees 6/21	914129	$ 490.00
			Legal Svc/Housing 9/21	914128	$ 462.70
58399	111301 - S.C. YAMAMOTO, INC	$ 50,365.39			
			Install/Flowers(4 Flats)/PD 11/9	1414109	$ 200.00
			Install/Plants(34)/PD 11/9	1414108	$ 340.00
			Mulch(213 Tons)/Parks 11/21	1414493(A)	$ 3,195.00
			Mulch(450 Tons)/Right of Way 11/21	1414492(A)	$ 6,750.00
			Svc/Landscape/Citywide 11/21	1414493	$ 14,820.00
			Svc/Landscape/Right of Way & Berm 11/21	1414492	$ 14,434.39
			Svc/Seasonal Turf Renovation/Parks(7) 11/21	1414576	$ 9,096.00
			Svc/Seasonal Turf Renovation/Right of Way 11/21	1414577	$ 1,530.00
58400	108947 - SCIENTIA CONSULTING GROUP, INC	$ 2,248.75			
			W/C Svc/Monitor IT/CAD System 11/21	9641	$ 2,248.75
58401	1638 - SENOR BIG ED JAVIER CORONADO	$ 2,925.00			
			Community Plate Hot Meal Program(195 Meals) 11/16-11/28	11/28/21	$ 2,925.00
58402	122939 - SHI INTERNATIONAL CORP	$ 6,572.78			
			PD WiFi Access Points(6) 11/29	B14412605	$ 6,572.78
58403	524 - SHORMAN, LORRAINE	$ 156.00			
			Instruct/Cardio Fitness 11/10-12/8	12/8/21	$ 156.00
58404	1974 - SIEMENS MOBILITY INC YUNEX LLC	$ 10,842.83			
			Repair/Traffic Signals 10/21	5620038218	$ 3,241.00
			Replace/Traffic Signal Head/Cypress High School 11/11	5620038138	$ 3,470.76
			Traffic Signal Maint 10/21	5610278995	$ 4,131.07
58405	939 - SKYHAWKS SPORTS ACADEMY, INC	$ 1,786.20			
			Instruct/Youth Sports 9/15-10/23	10/23/21	$ 1,786.20
58406	119051 - SMART & FINAL (REC & PARKS)	$ 59.67			
			Credit/Supplies/2021 5K/10K Run 10/19	041512144110	$ (43.09)
			Food/Playground/Kids Night Out 11/18	20018201	$ 34.64
			Hot Cocoa Mix(13 Bxs)/Holiday Sing 11/9	20006001	$ 68.12
58407	108459 - SMART & FINAL-POLICE ACCT	$ 154.54			
			PD Supplies/Property & Evidence 11/24	011001	$ 115.79
			Supplies/PD Breakroom 11/24	008601	$ 38.75
58408	119016 - SO CAL EDISON	$ 80.03			
			700134894611 - Svc/Traffic Signal 11/21	11/21(A)	$ 80.03

City of Cypress
Payment Register
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EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
58409	119017 - SO CAL GAS CO	$ 1,521.40			
			00840909006 Svc/Comm Center 11/21	11/21(B)	$ 448.30
			08131074000 Svc/Storm Drain 11/21	11/21(F)	$ 15.78
			08610884002 Svc/AC Park 11/21	11/21(A)	$ 1.49
			12600890003 Svc/Maint Yard 11/21	11/21	$ 132.73
			13230923008 Svc/Storm Drain 11/21	11/21(E)	$ 28.26
			14011061398 Svc/Storm Drain 11/21	11/21(H)	$ 32.75
			16111070716 Svc/Storm Drain 11/21	11/21(G)	$ 22.56
			18690942000 Svc/Sr Center 11/21	11/21(D)	$ 127.61
			19530910009 Svc/City Hall 11/21	11/21(C)	$ 711.92
58410	543 - SORVILLO, BRYAN	$ 10,433.50			
			Instruct/Private Tennis Lessons 10/21	10/21	$ 1,248.00
			Instruct/Private Tennis Lessons 11/21	11/21	$ 768.00
			Instruct/Tennis 11/3-12/17	12/17/21	$ 8,417.50
58411	127941 - SOUTH COAST AIR QUALITY MGT DISTRICT	$ 1,165.48			
			Fee/Generator Emissions/PS #1 2021-22	3916051	$ 142.59
			Fee/Generator Emissions/PS #3 2021-22	3916118	$ 142.59
			Fee/Generator/PS #1 2021-22	3912254	$ 440.15
			Fee/Generator/PS #3 2021-22	3912293	$ 440.15
58412	1279 - SOUTHERN CALIFORNIA SHREDDING, INC	$ 50.00			
			PD Svc/Shredding 11/22	184554	$ 50.00
58413	1604 - SPEEDY FIX INC	$ 75,198.20			
			Construct/Park Enhancements 11/21	1-11/21	$ 75,198.20
58414	116238 - STAPLES BUSINESS ADVANTAGE	$ 659.93			
			Supplies/Citywide 11/21	12/10/21	$ 659.93
58415	108964 - STAPLES CREDIT PLAN-WEST COMM	$ 73.23			
			W/C Headphone Ear Cushions(3) 11/10	2961770571	$ 35.85
			W/C Notepads(24)/Pens(24) 10/22	2951015531	$ 37.38
58416	122963 - STERICYCLE INC	$ 41.27			
			PD Svc/Med Waste Removal 12/21	3005799222	$ 41.27
58417	122862 - STEVEN ENTERPRISES INC	$ 530.84			
			Plotter Ink(4)/Sr Center 11/22	0448897IN	$ 530.84
58418	588 - THE COUNSELING TEAM INTERNATIONAL	$ 600.00			
			PD Svc/Psych Eval(1) 11/16	80702	$ 300.00
			PD Svc/Psych Eval(1) 11/22	80732	$ 300.00
58419	109042 - TIME WARNER CABLE/SPECTRUM	$ 1,534.97			
			Svc/Internet Access 11/15-12/14	11/15-12/14/21	$ 1,534.97
58420	1963 - TOTAL COMPENSATION SYSTEMS, INC	$ 2,880.00			
			Svc/Post Employment Benefit Actuarial Valuation #2 FYE 6/30/21	9945	$ 1,530.00
			W/C Svc/Post Employment Benefit Actuarial Valuation #2 2020-21	9946	$ 1,350.00
58421	109196 - TRAIN PARTY EXPRESS, LLC/GIGANTO GAMES	$ 990.00			
			Rent/Train Rides(2)/Big Games(4)/Holiday Sing 12/7	12/7/21	$ 990.00

City of Cypress
Payment Register
11/27/21-12/17/21

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
58422	591 - TRC-VALI COOPER AND ASSOCIATES, INC	$ 18,119.00			
			Inspect/Various Non-CIP Engineering Permits 8/21	34267	$ 13,176.00
			Inspect/Various Non-CIP Engineering Permits 9/21	34538	$ 4,943.00
58423	1994 - TRUTH BE TOLD POLYGRAPH, LLC YOLANDA GELLIS	$ 615.00			
			PD Svc/Polygraphs(3) 11/21	CYPD-2021/11	$ 615.00
58424	127207 - UNDERGROUND SVS ALERT OF SO CA	$ 146.95			
			Svc/DigAlert Tickets 11/21	1120210206	$ 146.95
58425	1139 - UNIFIRST CORP	$ 1,191.39			
			Uniforms/Mats/Mops/Towels 10/21	10/21	$ 479.61
			Uniforms/Mats/Mops/Towels 9/21	9/21	$ 711.78
58426	100308 - UNITED MAINTENANCE SYSTEMS	$ 4,945.50			
			Svc/Janitorial/Park Restrooms(7) 11/21	15064	$ 4,945.50
58427	116933 - V & V MANUFACTURING INC	$ 133.39			
			PD Badge Refinish(1) 11/30	54058	$ 27.96
			PD Badge Repair(2) 11/30	54059	$ 105.43
58428	129595 - VERIZON WIRELESS - CA	$ 76.85			
			Cell Svc/Rec 11/21	11/21	$ 76.85
58429	0 - BANEZ, ZENAIDA	$ 234.00			
			Refund/Rental Fee Adjustment/Contract 35416	Rfd 12/10/21	$ 234.00
58430	0 - KIM, JI HEE	$ 20.84			
			Refund/Skyhawks Sports 11/13	Rfd 12/10/21	$ 20.84
58431	0 - MELIA HOMES	$ 3,050.00			
			Refund/Enviro Analysis/Tract #19114/Site Plan Review #3175	Rfd 12/10/21	$ 3,050.00
58432	0 - MELIA HOMES	$ 439.00			
			Refund/Consultant Fees/Cypress School Dist Site	Rfd 12/10/21	$ 439.00
58433	0 - MELIA HOMES	$ 4,354.00			
			Refund/Cypress School Dist Site	Rfd 12/10/21	$ 4,354.00
56732	0 - CYPRESS COMMUNITY FESTIVAL	$ (150.00)			
			Refund/Facility Deposit/Contract #4271	2020-00004774	$ (150.00)
Total EFTs		$ 392,499.49			$ 392,499.49
Total Warrants		1,384,814.67			1,384,814.67
Transfer to Payroll (W1462)		678,397.97	Payroll 11/12/21-11/26/21		678,397.97
Transfer to Payroll (W1463)		229,270.49	Payroll - Annual Leave Payouts		229,270.49
Transfer to Payroll (W1464)		715,497.11	Payroll 11/26/21-12/10/21		715,497.11
Grand Totals		$ 3,400,479.73			$ 3,400,479.73

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **18.**

FROM: Alisha Farnell, City Clerk

DATE: 01/10/2022

SUBJECT: **Approve an Agreement to Conduct a Community Survey and Establish a City Council Ad Hoc Subcommittee to Assist with the Development of Survey Questionnaire**

RECOMMENDATION

1. Approve the attached agreement with True North Research, Inc. for $29,798 to conduct a community survey; and

2. Adopt a Resolution creating an ad hoc subcommittee to advise and assist with the development of the community survey questionnaire, appointing two members of the City Council to the ad hoc subcommittee, and establishing its duration and duties.

DISCUSSION

The City Council's Strategic Plan includes an objective to conduct a community survey to assess resident satisfaction with city services and public engagement. A community survey provides City Council with guidance during decision-making, strategic planning, and resource allocation. It is recommended a contract be awarded for the survey and that the City Council create an ad hoc subcommittee to assist in developing the survey questionnaire.

Cypress last conducted a community survey to assess resident priorities and customer satisfaction with programs and services in 2018. The updated community survey will assess satisfaction with city services and provide feedback on recent public engagement enhancements. Conducting a formal, statistically accurate community survey will provide the City Council with data that can serve as a community needs assessment and a performance measurement tool for future decision-making.

In October 2021, the City solicited proposals from qualified firms for a formal, professionally conducted community survey and received four responses. Each proposal included questionnaire design, data collection and analysis, reporting and final presentation of results. Areas where proposals differed include proposed sample size, data collection methodology, survey languages and translations, experience in the region, and price. Based on a review of the proposals, it is recommended the City Council enter into an agreement with True North

Research for $29,798 to perform the study in 2022 with the option for two additional surveys.

True North Research successfully partnered with the City on the 2018 community survey. Once again True North will work collaboratively with the ad hoc subcommittee to develop a survey questionnaire that covers topics of interest to the City Council. The survey will be translated and conducted in English, Spanish, and Korean and will utilize mixed-method data collection, including mail, email and telephone to ensure the reliability of survey results. True North Research will analyze the data collected by the survey and present a final report of the results at a City Council meeting.

It is recommended the City Council create an ad hoc subcommittee consisting of two Council Members to assist with the development of the community survey questionnaire. Cypress' process for creating ad hoc subcommittees calls for Council Members to be appointed by the Mayor and confirmed by the City Council.

BUDGET IMPACT

The agreement includes a flat-rate cost of $29,798 to design and conduct the updated community survey in 2022 and sufficient amounts are included in the budget. Costs for the two optional additional surveys shall not exceed $68,844 and will be incorporated into future budgets if the options are utilized.

LEGAL REVIEW

The City Attorney has reviewed and approved the contract services agreement and Resolution.

APPROVED BY: Peter Grant, City Manager

Attachments

Contract Services Agreement
Resolution
2018 Community Survey Report

AGREEMENT FOR CONTRACT SERVICES

By and Between

CITY OF CYPRESS

and

TRUE NORTH RESEARCH INC.

AGREEMENT FOR CONTRACT SERVICES
BY AND BETWEEN THE CITY OF CYPRESS AND
TRUE NORTH RESEARCH, INC.

THIS AGREEMENT FOR CONTRACT SERVICES (herein "Agreement") is made and entered into this ____ day of _____, 2022 by and between the City of Cypress, a California municipal corporation ("City") and TRUE NORTH RESEARCH, a California corporation ("Contractor"). City and Contractor are sometimes hereinafter individually referred to as "Party" and hereinafter collectively referred to as the "Parties."

RECITALS

A. City has sought, by issuance of a Request for Qualifications or Invitation for Bids, the performance of the services defined and described particularly in Article 1 of this Agreement.

B. Contractor, following submission of a proposal or bid for the performance of the services defined and described particularly in Article 1 of this Agreement, was selected by the City to perform those services.

C. Pursuant to the City of Cypress's Charter and Municipal Code, City has authority to enter into and execute this Agreement.

D. The Parties desire to formalize the selection of Contractor for performance of those services defined and described particularly in Article 1 of this Agreement and desire that the terms of that performance be as particularly defined and described herein.

OPERATIVE PROVISIONS

NOW, THEREFORE, in consideration of the mutual promises and covenants made by the Parties and contained herein and other consideration, the value and adequacy of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1. SERVICES OF CONSULTANT

1.1 Scope of Services.

In compliance with all terms and conditions of this Agreement, the Contractor shall provide those services specified in the "Scope of Services" attached hereto as Exhibit "A" and incorporated herein by this reference, which may be referred to herein as the "services" or "work" hereunder. As a material inducement to the City entering into this Agreement, Contractor represents and warrants that it has the qualifications, experience, and facilities necessary to properly perform the services required under this Agreement in a thorough, competent, and professional manner, and is experienced in performing the work and services contemplated herein. Contractor shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. Contractor covenants that it shall follow the highest professional standards in performing the work and services required hereunder and that all materials will be both of good quality as well as fit for the purpose intended. For purposes of this Agreement, the phrase "highest

professional standards" shall mean those standards of practice recognized by one or more first-class firms performing similar work under similar circumstances.

1.2 Contractor's Proposal.

The Scope of Service shall include the Contractor's scope of work or bid which shall be incorporated herein by this reference as though fully set forth herein. In the event of any inconsistency between the terms of such proposal and this Agreement, the terms of this Agreement shall govern.

1.3 Compliance with Law.

Contractor shall keep itself informed concerning, and shall render all services hereunder in accordance with, all ordinances, resolutions, statutes, rules, and regulations of the City and any Federal, State or local governmental entity having jurisdiction in effect at the time service is rendered.

1.4 Licenses, Permits, Fees and Assessments.

Contractor shall obtain at its sole cost and expense such licenses, permits and approvals as may be required by law for the performance of the services required by this Agreement. Contractor shall have the sole obligation to pay for any fees, assessments and taxes, plus applicable penalties and interest, which may be imposed by law and arise from or are necessary for the Contractor's performance of the services required by this Agreement, and shall indemnify, defend and hold harmless City, its officers, employees or agents of City, against any such fees, assessments, taxes, penalties or interest levied, assessed or imposed against City hereunder.

1.5 Familiarity with Work.

By executing this Agreement, Contractor warrants that Contractor (i) has thoroughly investigated and considered the scope of services to be performed, (ii) has carefully considered how the services should be performed, and (iii) fully understands the facilities, difficulties and restrictions attending performance of the services under this Agreement. If the services involve work upon any site, Contractor warrants that Contractor has or will investigate the site and is or will be fully acquainted with the conditions there existing, prior to commencement of services hereunder. Should the Contractor discover any latent or unknown conditions, which will materially affect the performance of the services hereunder, Contractor shall immediately inform the City of such fact and shall not proceed except at Contractor's risk until written instructions are received from the Contract Officer.

1.6 Care of Work.

The Contractor shall adopt reasonable methods during the life of the Agreement to furnish continuous protection to the work, and the equipment, materials, papers, documents, plans, studies and/or other components thereof to prevent losses or damages, and shall be responsible for all such damages, to persons or property, until acceptance of the work by City, except such losses or damages as may be caused by City's own negligence.

1.7 Further Responsibilities of Parties.

Both parties agree to use reasonable care and diligence to perform their respective obligations under this Agreement. Both parties agree to act in good faith to execute all instruments, prepare all documents and take all actions as may be reasonably necessary to carry out the purposes of this Agreement. Unless hereafter specified, neither party shall be responsible for the service of the other.

1.8 Additional Services.

City shall have the right at any time during the performance of the services, without invalidating this Agreement, to order extra work beyond that specified in the Scope of Services or make changes by altering, adding to or deducting from said work. No such extra work may be undertaken unless a written order is first given by the Contract Officer to the Contractor, incorporating therein any adjustment in (i) the Contract Sum for the actual costs of the extra work, and/or (ii) the time to perform this Agreement, which said adjustments are subject to the written approval of the Contractor. Any increase in compensation of up to ten percent (10%) of the Contract Sum or $25,000, whichever is less; or, in the time to perform of up to one hundred eighty (180) days, may be approved by the Contract Officer. Any greater increases, taken either separately or cumulatively, must be approved by the City Council. It is expressly understood by Contractor that the provisions of this Section shall not apply to services specifically set forth in the Scope of Services. Contractor hereby acknowledges that it accepts the risk that the services to be provided pursuant to the Scope of Services may be more costly or time consuming than Contractor anticipates and that Contractor shall not be entitled to additional compensation therefor. City may in its sole and absolute discretion have similar work done by other contractors. No claims for an increase in the Contract Sum or time for performance shall be valid unless the procedures established in this Section are followed.

1.9 Special Requirements.

Additional terms and conditions of this Agreement, if any, which are made a part hereof are set forth in the "Special Requirements" attached hereto as Exhibit "B" and incorporated herein by this reference. In the event of a conflict between the provisions of Exhibit "B" and any other provisions of this Agreement, the provisions of Exhibit "B" shall govern.

ARTICLE 2. COMPENSATION AND METHOD OF PAYMENT.

2.1 Contract Sum.

Subject to any limitations set forth in this Agreement, City agrees to pay Contractor the amounts specified in the "Schedule of Compensation" attached hereto as Exhibit "C" and incorporated herein by this reference. The total compensation, including reimbursement for actual expenses, shall not exceed Ninety-Eight Thousand Six Hundred Forty-Two Dollars ($98,642.00) (the "Contract Sum"), unless additional compensation is approved pursuant to Section 1.8.

2.2 Method of Compensation.

The method of compensation may include: (i) a lump sum payment upon completion; (ii) payment in accordance with specified tasks or the percentage of completion of the services, less contract retention; (iii) payment for time and materials based upon the Contractor's rates as specified in the Schedule of Compensation, provided that (a) time estimates are provided for the performance of sub tasks, (b) contract retention is maintained, and (c) the Contract Sum is not exceeded; or (iv) such other methods as may be specified in the Schedule of Compensation.

2.3 Reimbursable Expenses.

Compensation may include reimbursement for actual and necessary expenditures for reproduction costs, telephone expenses, and travel expenses approved by the Contract Officer in advance, or actual subcontractor expenses of an approved subcontractor pursuant to Section 4.5, and only if specified in the Schedule of Compensation. The Contract Sum shall include the attendance of Contractor at all project meetings reasonably deemed necessary by the City. Coordination of the performance of the work with City is a critical component of the services. If Contractor is required to attend additional meetings to facilitate such coordination, Contractor shall not be entitled to any additional compensation for attending said meetings.

2.4 Invoices.

Each month Contractor shall furnish to City an original invoice for all work performed and expenses incurred during the preceding month in a form approved by City's Director of Finance. By submitting an invoice for payment under this Agreement, Contractor is certifying compliance with all provisions of the Agreement. The invoice shall detail charges for all necessary and actual expenses by the following categories: labor (by sub-category), travel, materials, equipment, supplies, and sub-contractor contracts. Sub-contractor charges shall also be detailed by such categories. Contractor shall not invoice City for any duplicate services performed by more than one person.

City shall independently review each invoice submitted by the Contractor to determine whether the work performed and expenses incurred are in compliance with the provisions of this Agreement. Except as to any charges for work performed or expenses incurred by Contractor which are disputed by City, or as provided in Section 7.3, City will use its best efforts to cause Contractor to be paid within forty-five (45) days of receipt of Contractor's correct and undisputed invoice; however, Contractor acknowledges and agrees that due to City warrant run procedures, the City cannot guarantee that payment will occur within this time period. In the event any charges or expenses are disputed by City, the original invoice shall be returned by City to Contractor for correction and resubmission. Review and payment by City for any invoice provided by the Contractor shall not constitute a waiver of any rights or remedies provided herein or any applicable law.

2.5 Waiver.

Payment to Contractor for work performed pursuant to this Agreement shall not be deemed to waive any defects in work performed by Contractor.

ARTICLE 3. PERFORMANCE SCHEDULE

3.1 Time of Essence.

Time is of the essence in the performance of this Agreement.

3.2 Schedule of Performance.

Contractor shall commence the services pursuant to this Agreement upon receipt of a written notice to proceed and shall perform all services within the time period(s) established in the "Schedule of Performance" attached hereto as Exhibit "D" and incorporated herein by this reference. When requested by the Contractor, extensions to the time period(s) specified in the Schedule of Performance may be approved in writing by the Contract Officer but not exceeding one hundred eighty (180) days cumulatively.

3.3 Force Majeure.

The time period(s) specified in the Schedule of Performance for performance of the services rendered pursuant to this Agreement shall be extended because of any delays due to unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including, but not restricted to, acts of God or of the public enemy, unusually severe weather, fires, earthquakes, floods, epidemics, quarantine restrictions, riots, strikes, freight embargoes, wars, litigation, and/or acts of any governmental agency, including the City, if the Contractor shall within ten (10) days of the commencement of such delay notify the Contract Officer in writing of the causes of the delay. The Contract Officer shall ascertain the facts and the extent of delay, and extend the time for performing the services for the period of the enforced delay when and if in the judgment of the Contract Officer such delay is justified. The Contract Officer's determination shall be final and conclusive upon the parties to this Agreement. In no event shall Contractor be entitled to recover damages against the City for any delay in the performance of this Agreement, however caused, Contractor's sole remedy being extension of the Agreement pursuant to this Section.

3.4 Term.

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof, except as otherwise provided in the Schedule of Performance (Exhibit "D").

ARTICLE 4. COORDINATION OF WORK

4.1 Representatives and Personnel of Contractor.

The following principals of Contractor ("Principals") are hereby designated as being the principals and representatives of Contractor authorized to act in its behalf with respect to the work specified herein and make all decisions in connection therewith:

Timothy McLarney, Ph.D.	President
(Name)	(Title)
Rick Sarles	Principal Researcher
(Name)	(Title)
(Name)	(Title)

It is expressly understood that the experience, knowledge, capability and reputation of the foregoing principals were a substantial inducement for City to enter into this Agreement. Therefore, the foregoing principals shall be responsible during the term of this Agreement for directing all activities of Contractor and devoting sufficient time to personally supervise the services hereunder. All personnel of Contractor, and any authorized agents, shall at all times be under the exclusive direction and control of the Principals. For purposes of this Agreement, the foregoing Principals may not be replaced nor may their responsibilities be substantially reduced by Contractor without the express written approval of City. Additionally, Contractor shall utilize only competent personnel to perform services pursuant to this Agreement. Contractor shall make every reasonable effort to maintain the stability and continuity of Contractor's staff and subcontractors, if any, assigned to perform the services required under this Agreement. Contractor shall notify City of any changes in Contractor's staff and subcontractors, if any, assigned to perform the services required under this Agreement, prior to and during any such performance.

4.2 Status of Contractor.

Contractor shall have no authority to bind City in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against City, whether by contract or otherwise, unless such authority is expressly conferred under this Agreement or is otherwise expressly conferred in writing by City. Contractor shall not at any time or in any manner represent that Contractor or any of Contractor's officers, employees, or agents are in any manner officials, officers, employees or agents of City. Neither Contractor, nor any of Contractor's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits which may otherwise accrue to City's employees. Contractor expressly waives any claim Contractor may have to any such rights.

4.3 Contract Officer.

The Contract Officer shall be [Peter Grant, City Manager or] such person as may be designated by the City Manager. It shall be the Contractor's responsibility to assure that the Contract Officer is kept informed of the progress of the performance of the services and the Contractor shall refer any decisions which must be made by City to the Contract Officer. Unless otherwise specified herein, any approval of City required hereunder shall mean the approval of the Contract Officer. The Contract Officer shall have authority, if specified in writing by the City Manager, to sign all documents on behalf of the City required hereunder to carry out the terms of this Agreement.

4.4 Independent Contractor.

Neither the City nor any of its employees shall have any control over the manner, mode or means by which Contractor, its agents or employees, perform the services required herein, except

as otherwise set forth herein. City shall have no voice in the selection, discharge, supervision or control of Contractor's employees, servants, representatives or agents, or in fixing their number, compensation or hours of service. Contractor shall perform all services required herein as an independent contractor of City and shall remain at all times as to City a wholly independent contractor with only such obligations as are consistent with that role. Contractor shall not at any time or in any manner represent that it or any of its agents or employees are agents or employees of City. City shall not in any way or for any purpose become or be deemed to be a partner of Contractor in its business or otherwise or a joint venturer or a member of any joint enterprise with Contractor.

4.5 Prohibition Against Subcontracting or Assignment.

The experience, knowledge, capability and reputation of Contractor, its principals and employees were a substantial inducement for the City to enter into this Agreement. Therefore, Contractor shall not contract with any other entity to perform in whole or in part the services required hereunder without the express written approval of the City. In addition, neither this Agreement nor any interest herein may be transferred, assigned, conveyed, hypothecated or encumbered voluntarily or by operation of law, whether for the benefit of creditors or otherwise, without the prior written approval of City. Transfers restricted hereunder shall include the transfer to any person or group of persons acting in concert of more than twenty five percent (25%) of the present ownership and/or control of Contractor, taking all transfers into account on a cumulative basis. In the event of any such unapproved transfer, including any bankruptcy proceeding, this Agreement shall be void. No approved transfer shall release the Contractor or any surety of Contractor of any liability hereunder without the express consent of City.

ARTICLE 5. INSURANCE AND INDEMNIFICATION

5.1 Insurance Coverages.

The Contractor shall procure and maintain, at its sole cost and expense, in a form and content satisfactory to City, during the entire term of this Agreement including any extension thereof, the following policies of insurance which shall cover all elected and appointed officers, employees and agents of City:

(a) General Liability Insurance (Occurrence Form CG0001 or equivalent). A policy of comprehensive general liability insurance written on a per occurrence basis for bodily injury, personal injury and property damage. The policy of insurance shall be in an amount not less than $1,000,000.00 per occurrence or if a general aggregate limit is used, then the general aggregate limit shall be twice the occurrence limit.

(b) Worker's Compensation Insurance. A policy of worker's compensation insurance in such amount as will fully comply with the laws of the State of California and which shall indemnify, insure and provide legal defense for the Contractor against any loss, claim or damage arising from any injuries or occupational diseases occurring to any worker employed by or any persons retained by the Contractor in the course of carrying out the work or services contemplated in this Agreement.

(c) Automotive Insurance (Form CA 0001 (Ed 1/87) including "any auto" and endorsement CA 0025 or equivalent). A policy of comprehensive automobile liability insurance written on a per occurrence for bodily injury and property damage in an amount not less than $1,000,000. Said policy shall include coverage for owned, non-owned, leased, hired cars and any automobile.

(d) Professional Liability. Professional liability insurance appropriate to the Contractor's profession. This coverage may be written on a "claims made" basis, and must include coverage for contractual liability. The professional liability insurance required by this Agreement must be endorsed to be applicable to claims based upon, arising out of or related to services performed under this Agreement. The insurance must be maintained for at least 5 consecutive years following the completion of Contractor's services or the termination of this Agreement. During this additional 5-year period, Contractor shall annually and upon request of the City submit written evidence of this continuous coverage.

(e) Subcontractors. Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certificates and certified endorsements for each subcontractor. All coverages for subcontractors shall include all of the requirements stated herein.

(f) Additional Insurance. Policies of such other insurance, as may be required in the Special Requirements in Exhibit "B".

5.2 General Insurance Requirements.

All of the above policies of insurance shall be primary insurance and shall name the City, its elected and appointed officers, employees and agents as additional insureds and any insurance maintained by City or its officers, employees or agents may apply in excess of, and not contribute with Contractor's insurance. The insurer is deemed hereof to waive all rights of subrogation and contribution it may have against the City, its officers, employees and agents and their respective insurers. Moreover, the insurance policy must specify that where the primary insured does not satisfy the self-insured retention, any additional insured may satisfy the self-insured retention.

All of said policies of insurance shall provide that said insurance may not be amended or cancelled by the insurer or any party hereto without providing thirty (30) days prior written notice by certified mail return receipt requested to the City. In the event any of said policies of insurance are cancelled, the Contractor shall, prior to the cancellation date, submit new evidence of insurance in conformance with Section 5.1 to the Contract Officer.

No work or services under this Agreement shall commence until the Contractor has provided the City with Certificates of Insurance, additional insured endorsement forms or appropriate insurance binders evidencing the above insurance coverages and said Certificates of Insurance or binders are approved by the City. City reserves the right to inspect complete, certified copies of and endorsements to all required insurance policies at any time. Any failure to comply with the reporting or other provisions of the policies including breaches or warranties shall not affect coverage provided to City.

All certificates shall name the City as additional insured (providing the appropriate endorsement) and shall conform to the following "cancellation" notice:

> CANCELLATION:
>
> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATED THEREOF, THE ISSUING COMPANY SHALL MAIL THIRTY (30)-DAY ADVANCE WRITTEN NOTICE TO CERTIFICATE HOLDER NAMED HEREIN.
>
> [to be initialed] _____
> Contractor Initials

City, its respective elected and appointed officers, directors, officials, employees, agents and volunteers are to be covered as additional insureds as respects: liability arising out of activities Contractor performs; products and completed operations of Contractor; premises owned, occupied or used by Contractor; or any automobiles owned, leased, hired or borrowed by Contractor. The coverage shall contain no special limitations on the scope of protection afforded to City, and their respective elected and appointed officers, officials, employees or volunteers. Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Any deductibles or self-insured retentions must be declared to and approved by City. At the option of City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects City or its respective elected or appointed officers, officials, employees and volunteers or the Contractor shall procure a bond guaranteeing payment of losses and related investigations, claim administration, defense expenses and claims. The Contractor agrees that the requirement to provide insurance shall not be construed as limiting in any way the extent to which the Contractor may be held responsible for the payment of damages to any persons or property resulting from the Contractor's activities or the activities of any person or persons for which the Contractor is otherwise responsible nor shall it limit the Contractor's indemnification liabilities as provided in Section 5.3.

In the event the Contractor subcontracts any portion of the work in compliance with Section 4.5 of this Agreement, the contract between the Contractor and such subcontractor shall require the subcontractor to maintain the same policies of insurance that the Contractor is required to maintain pursuant to Section 5.1, and such certificates and endorsements shall be provided to City.

5.3 <u>Indemnification.</u>

To the full extent permitted by law, Contractor agrees to indemnify, defend and hold harmless the City, its officers, employees and agents ("Indemnified Parties") against, and will hold and save them and each of them harmless from, any and all actions, either judicial, administrative, arbitration or regulatory claims, damages to persons or property, losses, costs, penalties, obligations, errors, omissions or liabilities whether actual or threatened (herein "claims or liabilities") that may be asserted or claimed by any person, firm or entity arising out of or in connection with the negligent performance of the work, operations or activities provided herein of

Contractor, its officers, employees, agents, subcontractors, or invitees, or any individual or entity for which Contractor is legally liable ("indemnitors"), or arising from Contractor's or indemnitors' reckless or willful misconduct, or arising from Contractor's or indemnitors' negligent performance of or failure to perform any term, provision, covenant or condition of this Agreement, and in connection therewith:

(a) Contractor will defend any action or actions filed in connection with any of said claims or liabilities and will pay all costs and expenses, including legal costs and attorney's fees incurred in connection therewith;

(b) Contractor will promptly pay any judgment rendered against the City, its officers, agents or employees for any such claims or liabilities arising out of or in connection with the negligent performance of or failure to perform such work, operations or activities of Contractor hereunder; and Contractor agrees to save and hold the City, its officers, agents, and employees harmless therefrom;

(c) In the event the City, its officers, agents or employees is made a party to any action or proceeding filed or prosecuted against Contractor for such damages or other claims arising out of or in connection with the negligent performance of or failure to perform the work, operation or activities of Contractor hereunder, Contractor agrees to pay to the City, its officers, agents or employees, any and all costs and expenses incurred by the City, its officers, agents or employees in such action or proceeding, including but not limited to, legal costs and attorney's fees.

Contractor shall incorporate similar indemnity agreements with its subcontractors and if it fails to do so Contractor shall be fully responsible to indemnify City hereunder therefore, and failure of City to monitor compliance with these provisions shall not be a waiver hereof. This indemnification includes claims or liabilities arising from any negligent or wrongful act, error or omission, or reckless or willful misconduct of Contractor in the performance of professional services hereunder. The provisions of this Section do not apply to claims or liabilities occurring as a result of City's sole negligence or willful acts or omissions, but, to the fullest extent permitted by law, shall apply to claims and liabilities resulting in part from City's negligence, except that design professionals' indemnity hereunder shall be limited to claims and liabilities arising out of the negligence, recklessness or willful misconduct of the design professional. The indemnity obligation shall be binding on successors and assigns of Contractor and shall survive termination of this Agreement.

5.4 <u>Sufficiency of Insurer.</u>

Insurance required by this Agreement shall be satisfactory only if issued by companies qualified to do business in California, rated "A" or better in the most recent edition of Best Rating Guide, The Key Rating Guide or in the Federal Register, and only if they are of a financial category Class VII or better, unless such requirements are waived by the Risk Manager of the City ("Risk Manager") due to unique circumstances. If this Agreement continues for more than 3 years duration, or in the event the risk manager determines that the work or services to be performed under this Agreement creates an increased or decreased risk of loss to the City, the Contractor

agrees that the minimum limits of the insurance policies may be changed accordingly upon receipt of written notice from the Risk Manager.

ARTICLE 6. RECORDS, REPORTS, AND RELEASE OF INFORMATION

6.1 Records.

Contractor shall keep, and require subcontractors to keep, such ledgers, books of accounts, invoices, vouchers, canceled checks, reports, studies or other documents relating to the disbursements charged to City and services performed hereunder (the "books and records"), as shall be necessary to perform the services required by this Agreement and enable the Contract Officer to evaluate the performance of such services. Any and all such documents shall be maintained in accordance with generally accepted accounting principles and shall be complete and detailed. The Contract Officer shall have full and free access to such books and records at all times during normal business hours of City, including the right to inspect, copy, audit and make records and transcripts from such records. Such records shall be maintained for a period of three (3) years following completion of the services hereunder, and the City shall have access to such records in the event any audit is required. In the event of dissolution of Contractor's business, custody of the books and records may be given to City, and access shall be provided by Contractor's successor in interest. Notwithstanding the above, the Contractor shall fully cooperate with the City in providing access to the books and records if a public records request is made and disclosure is required by law including but not limited to the California Public Records Act.

6.2 Reports.

Contractor shall periodically prepare and submit to the Contract Officer such reports concerning the performance of the services required by this Agreement as the Contract Officer shall require. Contractor hereby acknowledges that the City is greatly concerned about the cost of work and services to be performed pursuant to this Agreement. For this reason, Contractor agrees that if Contractor becomes aware of any facts, circumstances, techniques, or events that may or will materially increase or decrease the cost of the work or services contemplated herein or, if Contractor is providing design services, the cost of the project being designed, Contractor shall promptly notify the Contract Officer of said fact, circumstance, technique or event and the estimated increased or decreased cost related thereto and, if Contractor is providing design services, the estimated increased or decreased cost estimate for the project being designed.

6.3 Ownership of Documents.

All drawings, specifications, maps, designs, photographs, studies, surveys, data, notes, computer files, reports, records, documents and other materials (the "documents and materials"), including any electronic documents and materials, prepared by Contractor, its employees, subcontractors and agents in the performance of this Agreement shall be the property of City and shall be delivered to City in a format of the City's choice upon request of the Contract Officer or upon the termination of this Agreement, and Contractor shall have no claim for further employment or additional compensation as a result of the exercise by City of its full rights of ownership use, reuse, or assignment of the documents and materials hereunder. Any use, reuse or assignment of such completed documents for other projects and/or use of uncompleted documents

without specific written authorization by the Contractor will be at the City's sole risk and without liability to Contractor, and Contractor's guarantee and warranties shall not extend to such use, reuse or assignment. Contractor may retain copies of such documents for its own use. Contractor shall have the right to use the concepts embodied therein. All subcontractors shall provide for assignment to City of any documents or materials prepared by them, and in the event Contractor fails to secure such assignment, Contractor shall indemnify City for all damages resulting therefrom. Moreover, Contractor with respect to any documents and materials that may qualify as "works made for hire" as defined in 17 U.S.C. § 101, such documents and materials are hereby deemed "works made for hire" for the City.

6.4 Confidentiality and Release of Information.

(a) All information gained or work product produced by Contractor in performance of this Agreement shall be considered confidential, unless such information is in the public domain or already known to Contractor. Contractor shall not release or disclose any such information or work product to persons or entities other than City without prior written authorization from the Contract Officer.

(b) Contractor, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the Contract Officer or unless requested by the City Attorney, voluntarily provide documents, declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the work performed under this Agreement. Response to a subpoena or court order shall not be considered "voluntary" provided Contractor gives City notice of such court order or subpoena.

(c) If Contractor, or any officer, employee, agent or subcontractor of Contractor, provides any information or work product in violation of this Agreement, then City shall have the right to reimbursement and indemnity from Contractor for any damages, costs and fees, including attorney's fees, caused by or incurred as a result of Contractor's conduct.

(d) Contractor shall promptly notify City should Contractor, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this Agreement and the work performed there under. City retains the right, but has no obligation, to represent Contractor or be present at any deposition, hearing or similar proceeding. Contractor agrees to cooperate fully with City and to provide City with the opportunity to review any response to discovery requests provided by Contractor. However, this right to review any such response does not imply or mean the right by City to control, direct, or rewrite said response.

ARTICLE 7. ENFORCEMENT OF AGREEMENT AND TERMINATION

7.1 California Law.

This Agreement shall be interpreted, construed and governed both as to validity and to performance of the parties in accordance with the laws of the State of California. Legal actions concerning any dispute, claim or matter arising out of or in relation to this Agreement shall be instituted in the Superior Court of the County of Orange, State of California, or any other

appropriate court in such county, and Contractor covenants and agrees to submit to the personal jurisdiction of such court in the event of such action. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Central District of California, in the County of Orange, State of California.

7.2 Disputes; Default.

In the event that Contractor is in default under the terms of this Agreement, the City shall not have any obligation or duty to continue compensating Contractor for any work performed after the date of default. Instead, the City may give notice to Contractor of the default and the reasons for the default. The notice shall include the timeframe in which Contractor may cure the default. This timeframe is presumptively thirty (30) days, but may be extended, though not reduced, if circumstances warrant. During the period of time that Contractor is in default, the City shall hold all invoices and shall, when the default is cured, proceed with payment on the invoices. In the alternative, the City may, in its sole discretion, elect to pay some or all of the outstanding invoices during the period of default. If Contractor does not cure the default, the City may take necessary steps to terminate this Agreement under this Article. Any failure on the part of the City to give notice of the Contractor's default shall not be deemed to result in a waiver of the City's legal rights or any rights arising out of any provision of this Agreement.

7.3 Retention of Funds.

Contractor hereby authorizes City to deduct from any amount payable to Contractor (whether or not arising out of this Agreement) (i) any amounts the payment of which may be in dispute hereunder or which are necessary to compensate City for any losses, costs, liabilities, or damages suffered by City, and (ii) all amounts for which City may be liable to third parties, by reason of Contractor's acts or omissions in performing or failing to perform Contractor's obligation under this Agreement. In the event that any claim is made by a third party, the amount or validity of which is disputed by Contractor, or any indebtedness shall exist which shall appear to be the basis for a claim of lien, City may withhold from any payment due, without liability for interest because of such withholding, an amount sufficient to cover such claim. The failure of City to exercise such right to deduct or to withhold shall not, however, affect the obligations of the Contractor to insure, indemnify, and protect City as elsewhere provided herein.

7.4 Waiver.

Waiver by any party to this Agreement of any term, condition, or covenant of this Agreement shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this Agreement shall not constitute a waiver of any other provision or a waiver of any subsequent breach or violation of any provision of this Agreement. Acceptance by City of any work or services by Contractor shall not constitute a waiver of any of the provisions of this Agreement. No delay or omission in the exercise of any right or remedy by a non-defaulting party on any default shall impair such right or remedy or be construed as a waiver. Any waiver by either party of any default must be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Agreement.

7.5 Rights and Remedies are Cumulative.

Except with respect to rights and remedies expressly declared to be exclusive in this Agreement, the rights and remedies of the parties are cumulative and the exercise by either party of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default by the other party.

7.6 Legal Action.

In addition to any other rights or remedies, either party may take legal action, in law or in equity, to cure, correct or remedy any default, to recover damages for any default, to compel specific performance of this Agreement, to obtain declaratory or injunctive relief, or to obtain any other remedy consistent with the purposes of this Agreement. Notwithstanding any contrary provision herein, Contractor shall file a statutory claim pursuant to Government Code Sections 905 et. seq. and 910 et. seq., in order to pursue a legal action under this Agreement.

7.7 Termination Prior to Expiration of Term.

This Section shall govern any termination of this Contract except as specifically provided in the following Section for termination for cause. The City reserves the right to terminate this Contract at any time, with or without cause, upon written notice to Contractor. In addition, the Contractor may terminate this Contract for cause, upon sixty (60) days' advance written notice to City. Upon receipt of any notice of termination, Contractor shall immediately cease all services hereunder except such as may be specifically approved by the Contract Officer. Except where the Contractor has initiated termination, the Contractor shall be entitled to compensation for all services rendered prior to the effective date of the notice of termination and for any services authorized by the Contract Officer thereafter in accordance with the Schedule of Compensation or such as may be approved by the Contract Officer, except as provided in Section 7.3. In the event the Contractor has initiated termination, the Contractor shall be entitled to compensation only for the reasonable value of the work product actually produced hereunder. In the event of termination without cause pursuant to this Section, the terminating party need not provide the non-terminating party with the opportunity to cure pursuant to Section 7.2.

7.8 Termination for Default of Contractor.

If termination is due to the failure of the Contractor to fulfill its obligations under this Agreement, City may, after compliance with the provisions of Section 7.2, take over the work and prosecute the same to completion by contract or otherwise, and the Contractor shall be liable to the extent that the total cost for completion of the services required hereunder exceeds the compensation herein stipulated (provided that the City shall use reasonable efforts to mitigate such damages), and City may withhold any payments to the Contractor for the purpose of set-off or partial payment of the amounts owed the City as previously stated.

7.9 Attorney's Fees.

If either party to this Agreement is required to initiate or defend or made a party to any action or proceeding in any way connected with this Agreement, the prevailing party in such action

or proceeding, in addition to any other relief which may be granted, whether legal or equitable, shall be entitled to reasonable attorney's fees. Attorney's fees shall include attorney's fees on any appeal, and in addition a party entitled to attorney's fees shall be entitled to all other reasonable costs for investigating such action, taking depositions and discovery and all other necessary costs the court allows which are incurred in such litigation. All such fees shall be deemed to have accrued on commencement of such action and shall be enforceable whether or not such action is prosecuted to judgment.

ARTICLE 8. CITY OFFICERS AND EMPLOYEES: NON-DISCRIMINATION

8.1 Non-liability of City Officers and Employees.

No officer or employee of the City shall be personally liable to the Contractor, or any successor in interest, in the event of any default or breach by the City or for any amount which may become due to the Contractor or to its successor, or for breach of any obligation of the terms of this Agreement.

8.2 Conflict of Interest.

Contractor covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of City or which would in any way hinder Contractor's performance of services under this Agreement. Contractor further covenants that in the performance of this Agreement, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the Contract Officer. Contractor agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of City in the performance of this Agreement.

8.3 Covenant Against Discrimination.

Contractor covenants that, by and for itself, its heirs, executors, assigns, and all persons claiming under or through them, that there shall be no discrimination against or segregation of, any person or group of persons on account of race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class in the performance of this Agreement. Contractor shall take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, creed, religion, sex, gender, sexual orientation, marital status, national origin, ancestry or other protected class.

8.4 Unauthorized Aliens.

Contractor hereby promises and agrees to comply with all of the provisions of the Federal Immigration and Nationality Act, 8 U.S.C.A. §§ 1101, *et seq.*, as amended, and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Contractor so employ such unauthorized aliens for the performance of work and/or services covered by this Agreement, and should any liability or sanctions be imposed against City for such use of unauthorized aliens, Contractor hereby agrees to and shall reimburse City for the cost of all such liabilities or sanctions imposed, together with any and all costs, including attorney's fees, incurred by City.

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Notices.

Any notice, demand, request, document, consent, approval, or communication either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail, in the case of the City, to the City Manager and to the attention of the Contract Officer (with her/his name and City title), City of Cypress, 5275 Orange Avenue, Cypress, California 90630 and in the case of the Contractor, to the person(s) at the address designated on the execution page of this Agreement. Either party may change its address by notifying the other party of the change of address in writing. Notice shall be deemed communicated at the time personally delivered or in seventy-two (72) hours from the time of mailing if mailed as provided in this Section.

9.2 Interpretation.

The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against either party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply.

9.3 Counterparts.

This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and such counterparts shall constitute one and the same instrument.

9.4 Integration; Amendment.

This Agreement including the attachments hereto is the entire, complete and exclusive expression of the understanding of the parties. It is understood that there are no oral agreements between the parties hereto affecting this Agreement and this Agreement supersedes and cancels any and all previous negotiations, arrangements, agreements and understandings, if any, between the parties, and none shall be used to interpret this Agreement. No amendment to or modification of this Agreement shall be valid unless made in writing and approved by the Contractor and by the City Council. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

9.5 Severability.

In the event that any one or more of the phrases, sentences, clauses, paragraphs, or sections contained in this Agreement shall be declared invalid or unenforceable by a valid judgment or decree of a court of competent jurisdiction, such invalidity or unenforceability shall not affect any of the remaining phrases, sentences, clauses, paragraphs, or sections of this Agreement which are hereby declared as severable and shall be interpreted to carry out the intent of the parties hereunder unless the invalid provision is so material that its invalidity deprives either party of the basic benefit of their bargain or renders this Agreement meaningless.

9.6 Warranty & Representation of Non-Collusion.

No official, officer, or employee of City has any financial interest, direct or indirect, in this Agreement, nor shall any official, officer, or employee of City participate in any decision relating to this Agreement which may affect his/her financial interest or the financial interest of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any corporation, partnership, or association in which (s)he is directly or indirectly interested, or in violation of any State or municipal statute or regulation. The determination of "financial interest" shall be consistent with State law and shall not include interests found to be "remote" or "noninterests" pursuant to Government Code Sections 1091 or 1091.5.

Nor shall any such officer or employee participate in any decision relating to the Agreement which affects her/his financial interest or the financial interest of any corporation, partnership or association in which (s)he is, directly or indirectly, interested, in violation of any State statute or regulation, including but not limited to the Political Reform Act (Government Code Sections 81000, *et seq*.)

Contractor warrants and represents that it has not paid or given, and will not pay or give, to any third party including, but not limited to, any City official, officer, or employee, any money, consideration, or other thing of value as a result or consequence of obtaining or being awarded any agreement. Contractor further warrants and represents that (s)he/it has not engaged in any act(s), omission(s), or other conduct or collusion that would result in the payment of any money, consideration, or other thing of value to any third party including, but not limited to, any City official, officer, or employee, as a result of consequence of obtaining or being awarded any agreement. Contractor is aware of and understands that any such act(s), omission(s) or other conduct resulting in such payment of money, consideration, or other thing of value will render this Agreement void and of no force or effect.

Contractor's Authorized Initials _____

9.7 Corporate Authority.

The persons executing this Agreement on behalf of the parties hereto warrant that (i) such party is duly organized and existing, (ii) they are duly authorized to execute and deliver this Agreement on behalf of said party, (iii) by so executing this Agreement, such party is formally bound to the provisions of this Agreement, and (iv) the entering into this Agreement does not violate any provision of any other Agreement to which said party is bound. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:
City of Cypress, a municipal corporation

_____
Paulo M. Morales, Mayor

ATTEST:

_____
Alisha Farnell, City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

_____
Fred Galante, City Attorney

CONSULTANT:

_____

_____

By:
_____
Name: Timothy McLarney, Ph.D.
Title: President

By:
_____
Name: Frauntene McLarney
Title: CEO

Address: _____
_____
_____

Two corporate officer signatures required when Contractor is a corporation, with one signature required from each of the following groups: 1) Chairman of the Board, President or any Vice President; and 2) Secretary, any Assistant Secretary, Chief Financial Officer or any Assistant Treasurer. CONSULTANT'S SIGNATURES SHALL BE DULY NOTARIZED, AND APPROPRIATE ATTESTATIONS SHALL BE INCLUDED AS MAY BE REQUIRED BY THE BYLAWS, ARTICLES OF INCORPORATION, OR OTHER RULES OR REGULATIONS APPLICABLE TO CONSULTANT'S BUSINESS ENTITY.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first-above written.

CITY:
City of Cypress, a municipal corporation

_____
Paulo M. Morales, Mayor

ATTEST:

_____
Alisha Farnell, City Clerk

APPROVED AS TO FORM:
ALESHIRE & WYNDER, LLP

_____
Fred Galante, City Attorney

CONSULTANT:

TRUE NORTH RESEARCH

_____

By: _____
Name: Timothy McLarney, Ph.D.
Title: President

By: _____
Name: Frauntene McLarney
Title: CEO

Address: 1592 N Coast Highway 101
ENCINITAS CA 92024

EXHIBIT "A"

SCOPE OF SERVICES

The scope of services for the project includes all tasks associated with designing, conducting and analyzing a community survey, as well as presenting the detailed results, as described in the Community Opinion Survey Proposal for Research & Consulting dated October 15, 2021 and submitted by True North Research to the City of Cypress.

EXHIBIT "B"
SPECIAL REQUIREMENTS
(Superseding Contract Boilerplate)

There are no special requirement superseding contract boilerplate.

EXHIBIT "C"
SCHEDULE OF COMPENSATION

True North's flat-rate cost total to design and conduct the survey as described in Exhibit "A" is $29,798.00. The costs shown in Table 1 below are inclusive – there will be no additional charges for travel, incidentals, meetings, post-project advising, or any other matter.

Full payment will be made to True North Research, Inc. at the conclusion of the study. No interim or up-front payments are required.

TABLE 1 PROPOSED COSTS FOR SURVEY

Item				Cost
Labor	Hours	Rate		
Dr. McLarney	62	$184	$	11,408
Mr. Sarles	20	$147	$	2,940
Direct Costs	Description			
Sample & Matching	Random Sample		$	2,600
Invitation Letters	Produce & Mail		$	2,000
Language Translation	Spanish & Korean		$	1,850
CATI & Web Programming/Hosting	18 minute average		$	1,500
Data Collection	Phone & Online		$	7,500
Total			**$**	**29,798**

Should the City opt to renew the Contract Services Agreement as provided in Exhibit "D", the following pricing shall apply:

- First renewal period – community survey costs, inclusive of all labor and direct costs, shall range between $29,797 and $32,788. Total cost shall not exceed $32,788.00.

- Second renewal period – community survey costs, inclusive of all labor and direct costs, shall range between $32,778 and $36,056. Total cost shall not exceed $36,056.00.

Full payment for community survey(s) conducted during an optional renewal period will be made to True North Research, Inc. at the conclusion of the study. No interim or up-front payments are required.

EXHIBIT "D"
SCHEDULE OF PERFORMANCE

I. **Section 3.4 shall be amended to read as follows:**

Unless earlier terminated in accordance with Article 7 of this Agreement, this Agreement shall continue in full force and effect until completion of the services but not exceeding one (1) year from the date hereof. Thereafter, the City shall have the option to renew for two (2) additional periods to complete up to two updates to the community survey. The total term, including two extension periods, shall not exceed eight (8) years from the date thereof.

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS, AND ACTING AS EX-OFFICIO GOVERNING BOARD OF DIRECTORS OF THE CYPRESS RECREATION AND PARK DISTRICT, ESTABLISHING AN AD HOC SUBCOMMITTEE TO ADVISE AND ASSIST WITH THE DEVELOPMENT OF A COMMUNITY SURVEY QUESTIONNAIRE

WHEREAS, the City Council's Strategic Plan includes an objective to conduct a community survey to assess resident satisfaction with city services and public engagement; and

WHEREAS, the City of Cypress last conducted a community survey in 2018 to assess resident priorities and customer satisfaction with city programs and services; and

WHEREARS, a community survey serves as a tool that provides City Council with guidance during decision making, strategic planning, and resource allocation.

NOW, THEREFORE, the City Council of the City of Cypress, and acting as ex-officio governing Board of Directors of the Cypress Recreation and Park District, resolves as follows:

Section 1. Establishment

An Ad Hoc Subcommittee is hereby established for the purpose of providing advisory direction. City Council Members shall be appointed by the Mayor and confirmed by the City Council.

Section 2. Duties of the Ad Hoc Subcommittee

The Ad Hoc Subcommittee shall work cooperatively with True North Research, Inc. and staff to advise and assist with the development of a community survey questionnaire.

Section 3. Composition

The Ad Hoc Subcommittee shall consist of two Council Members. Staff support shall be designated by the City Manager.

Section 4. Duration of the Subcommittee

The Ad Hoc Subcommittee shall expire at such time as the community survey final report has been presented to the City Council by True North Research, Inc. and shall not last longer than July 1, 2022.

PASSED AND ADOPTED by the City Council of the City of Cypress, and acting as ex-officio governing Board of Directors of the Cypress Recreation and Park District, at a regular meeting held on the 10th day of January, 2022.

_____
MAYOR OF THE CITY OF CYPRESS

ATTEST:

_____
CITY CLERK OFTHE CITY OF CYPRESS

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS

I, ALISHA FARNELL, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of the said City Council held on the 10th day of January, 2022, by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

_____
CITY CLERK OF THE CITY OF CYPRESS

Community Opinion Survey
Summary Report

prepared for the

City of Cypress

September 6, 2018

TrueNorth Research
1592 N. Coast Highway 101
Encinitas CA 92024
760.632.9900 www.tn-research.com

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INTRODUCTION

Encompassing 6.6 square miles in northwest Orange County, the City of Cypress was incorporated in 1956 and is known as the "City of Progress." Cypress is home to an estimated 49,978 residents[1] and the corporate home of several national and international companies, as well as the Los Alamitos Race Course.

To monitor its progress in meeting residents' needs, the City of Cypress engages residents on a daily basis and receives periodic *subjective* feedback regarding its performance. Although these informal feedback mechanisms are a valuable source of information for the City in that they provide timely and accurate information about the opinions of specific residents, it is important to recognize that they do not necessarily provide an accurate picture of the community as a whole. For the most part, informal feedback mechanisms rely on the resident to initiate feedback, which creates a self-selection bias—the City receives feedback only from those residents who are motivated enough to initiate the feedback process. Because these residents tend to be either very pleased or very displeased with the service they have received, their collective opinions are not necessarily representative of the City's resident population as a whole.

PURPOSE OF STUDY The motivation for the current study was to design and employ a methodology that would avoid the self-selection bias noted above and thereby provide the City with a *statistically reliable* understanding of its residents' satisfaction, priorities, and concerns as they relate to services and facilities provided by the City. Ultimately, the survey results and analyses presented in this report provide City Council and staff with information that can be used to make sound, strategic decisions in a variety of areas, including service improvements and enhancements, measuring and tracking internal performance, budgeting, policy, planning, and community engagement.

To assist in this effort, the City selected True North Research to design the research plan and conduct the study. Broadly defined, the study was designed to:

- Identify key issues of importance for residents, as well as their perceptions of the quality of life in Cypress;
- Measure residents' overall satisfaction with the City's efforts to provide municipal services, and their satisfaction with a variety of specific services;
- Gather opinions on topics such as public safety, recreation, economic development, planning, and funding priorities;
- Determine satisfaction with (and perceived effectiveness of) the City's communication with residents; *and*
- Collect additional background and demographic data that are relevant to understanding residents' perceptions, needs, and interests.

OVERVIEW OF METHODOLOGY A full description of the methodology used for this study is included later in this report (see *Methodology* on page 51). In brief, the survey was administered to a random sample of 748 adults who reside within the City of Cypress. The survey followed a mixed-method design that employed multiple recruiting methods (mail, email,

1. California Department of Finance estimate, January 2018.

and telephone) and multiple data collection methods (telephone and online). Administered in English, Spanish, and Korean between August 9 and August 27, 2018, the average interview lasted 18 minutes.

ORGANIZATION OF REPORT This report is designed to meet the needs of readers who prefer a summary of the findings as well as those who are interested in the details of the results. For those who seek an overview of the findings, the sections titled *Just the Facts* and *Conclusions* are for you. They provide a summary of the most important factual findings of the survey in bullet-point format and a discussion of their implications. For the interested reader, this section is followed by a more detailed question-by-question discussion of the results from the survey by topic area (see *Table of Contents*), as well as a description of the methodology employed for collecting and analyzing the data. And, for the truly ambitious reader, the questionnaire used for the interviews is contained at the back of this report (see *Questionnaire & Toplines* on page 54), and a complete set of crosstabulations for the survey results is contained in Appendix A.

ACKNOWLEDGEMENTS True North thanks the City of Cypress for the opportunity to conduct the study and for contributing valuable input during the design stage of this study. The collective experience, insight, and local knowledge provided by City representatives and staff improved the overall quality of the research presented here.

DISCLAIMER The statements and conclusions in this report are those of the authors (Dr. Timothy McLarney and Richard Sarles) at True North Research, Inc. and not necessarily those of the City of Cypress. Any errors and omissions are the responsibility of the authors.

ABOUT TRUE NORTH True North is a full-service survey research firm that is dedicated to providing public agencies with a clear understanding of the values, perceptions, priorities, and concerns of their residents and customers. Through designing and implementing scientific surveys, focus groups, and one-on-one interviews, as well as expert interpretation of the findings, True North helps its clients to move with confidence when making strategic decisions in a variety of areas—such as planning, policy evaluation, performance management, establishing fiscal priorities, passing revenue measures, and developing effective public information campaigns.

During their careers, Dr. McLarney (President) and Mr. Sarles (Principal Researcher) have designed and conducted over 1,000 survey research studies for public agencies—including more than 350 studies for California municipalities and special districts.

Just the Facts

The following is an outline of the main factual findings from the survey. For the reader's convenience, we have organized the findings according to the section titles used in the body of this report. Thus, if you would like to learn more about a particular finding, simply turn to the appropriate report section.

QUALITY OF LIFE

- Residents shared generally favorable opinions of Cypress, with the most positive ratings provided for Cypress as a place to raise a family (92% excellent or good), Cypress as a place to live (90%), and the overall quality of life in the City (89%).
- When asked to identify what they like most about living in the City of Cypress that the City government should preserve in the future, residents were most apt to cite the safety/low crime rate (19%), followed by parks/recreation areas (18%), open space areas/nature preserves (13%), and the clean, well-maintained city/landscape/trees (13%). Other specific attributes that were mentioned by at least 8% of respondents included Cypress' good schools (11%), quiet/friendly/family-oriented town (9%), and community activities/events (8%).
- When asked what City government could do to make Cypress a better place to live, approximately one-in-four respondents (25%) could not think of any desired changes (14%) or reported that no changes are needed (11%). Among specific changes desired, the most common were limiting growth and development (12%), improving public safety (8%), maintaining/adding park and recreation facilities (6%), reducing traffic congestion (6%), and addressing homeless issues (6%).

CITY SERVICES

- Eighty-seven percent (87%) of Cypress residents indicated they were either very (39%) or somewhat (49%) satisfied with the City's efforts to provide municipal services. Approximately 8% were very or somewhat dissatisfied, whereas 5% were unsure or unwilling to share their opinion.
- Among 13 specific service areas tested, those viewed as most important included providing fire protection and emergency medical services (96% extremely or very important), providing police and crime prevention services (94%), maintaining parks and recreation areas (92%), and maintaining city streets and roads (92%).
- The survey also asked about satisfaction with the City's efforts to provide the same 13 services. Respondents were most satisfied with the City's efforts to provide fire protection and emergency medical services (97% very or somewhat satisfied), followed by maintain city streets and roads (93%), keep public buildings and facilities clean and attractive (93%), hold special community events like summer concerts in the park and holiday celebrations (92%), and provide police and crime prevention services (92%).

PUBLIC SAFETY

- More than nine-in-ten residents surveyed indicated they feel very or reasonably safe walking alone in their neighborhood (96%) and commercial and retail areas of Cypress (94%) during the day. After dark, however, the corresponding percentages declined to 79% (neighborhood) and 65% (commercial and retail areas).

RECREATION

- Overall, 34% of households have participated in a City of Cypress recreation program, class, or activity for children and/or adults in the 12 months prior to the interview. Specifically, 23% of respondents indicated that they—or someone in their household—had participated in an adult recreation or Senior Center activity and 19% of Cypress households had a child participate in a recreation program, class, or activity provided by the City in the past year.
- Three-in-ten residents (31%) indicated that there were specific recreation programs, classes, or activities they would like the City of Cypress to offer in the future. Among those residents, aquatic activities/swimming lessons (14%), sports such as soccer, baseball, basketball, and volleyball (13%), arts and craft classes (12%), and concerts/outdoor events (12%) were the programs and activities cited the most frequently.
- When presented with 19 recreation programs and activities and asked whether their household would be interested in participating if offered by the City, first aid and emergency preparedness programs garnered the most interest (83% very or somewhat interested), followed by movies and Concerts on the Green (82%), exercise, fitness, and yoga classes (81%), cooking and culinary classes (72%), holiday special events such as Egg Hunt, Halloween, Tree Lighting, and Holiday Sing (72%), technology classes for children or adults (70%), and family events and excursions (70%).

SHOPPING & ECONOMIC DEVELOPMENT

- Approximately 29% of households indicated that they spend at least half of their household's retail shopping dollars within the City, with 9% spending at least 80% of their dollars within the City, and 20% spending between 50% and 79% of their retail dollars within the City. Sixty-four percent (64%) of households spend less than half of their retail shopping dollars locally in Cypress and an additional 7% of respondents were unsure or declined to state.
- Close to two-thirds (65%) of respondents indicated that there are retail stores and restaurants their household currently visits outside of the City that they would like to have available locally in Cypress.
- When provided with an open-ended opportunity to identify businesses they would most like to have located in Cypress, the most commonly mentioned restaurant category was fast food such as In-N-Out, Chick-fil-A, Chipotle, and Raising Cane's (21%), followed by additional family restaurant chains such as Applebee's, BJ's, and Cheesecake Factory (19%), and Asian cuisine such as Chinese, Korean, Filipino, Japanese/Sushi, and PF Chang's (13%). The most commonly mentioned types of stores were gourmet specialty grocery stores such as Trader Joe's, Sprouts, and Whole Foods (37%) and department stores such as Wal-Mart, Target, and Kohl's (22%).

FUNDING PRIORITIES

- When asked to prioritize among seven services and projects that could receive funding in the future, maintaining streets and roads in good condition was assigned the highest priority (96% high or medium priority), followed by refurbishing and improving the amenities at existing community parks (82%) and providing incentives to attract new employers and jobs to the City (77%).
- Although still rated as a high or medium priority by a majority of residents, making more resources and city services available online for residents (63%) and attracting more entertainment options to Cypress for families, kids, and adults (63%) were generally considered lower priorities.

- As a follow-up, residents who assigned a high priority rating to attracting more entertainment options to Cypress for families, kids, and adults were asked to detail specific entertainment options that they would like available in the City. More than a quarter (26%) of those residents were unsure or could not provide specifics when prompted. Among specific mentions, movie theater/cinemas was the most frequently cited additional entertainment option desired (36%), followed by concerts/events/plays (14%), a downtown area with shops, cafés, and entertainment (8%), and bowling alley/arcades (7%).

COMMUNICATION

- Overall, 79% of respondents indicated they were satisfied with the City's efforts to communicate with residents through newsletters, the Internet, local media, and other means. The remaining respondents were either dissatisfied with the City's efforts in this respect (15%) or unsure of their opinion (5%).
- Three-in-ten residents (31%) indicated that they would like to receive more information about a particular topic or issue from the City. Among those residents, information about future plans, development, and permits was the most commonly mentioned topic of interest (22%), followed by information on safety, crime activity, reports, and solutions (17%), and information about community events and activities (13%).
- The majority (56%) of residents reported that they had visited the City's website and/or recalled receiving communications from the City during the 12 months prior to the interview.
- Respondents cited email and electronic newsletters as the most effective method for the City to communicate with them (88% very or somewhat effective), followed by the City's website (86%), a smart phone app (84%), and direct mail (83%).
- Overall, 17% of respondents claimed to be very attentive to matters of city government, 43% somewhat attentive, and 29% slightly attentive. Another 9% of respondents confided they do not pay any attention to the activities of their city government and 3% were unsure or declined to state.

Conclusions

As noted in the *Introduction*, this study was designed to provide the City of Cypress with a statistically reliable understanding of its residents' opinions, satisfaction, and priorities as they relate to services and facilities provided by the City. As such, the findings of this study can provide the City with information needed to make sound, strategic decisions in a variety of areas including performance management, strategic planning, establishing budget priorities, and community engagement. Whereas subsequent sections of this report are devoted to conveying the detailed results of the survey, in this section we attempt to 'see the forest through the trees' and note how the results of the survey answer some of the key questions that motivated the research. The following conclusions are based on True North's interpretations of the results, as well as the firm's experience conducting similar studies for government agencies throughout the State.

How well is the City performing in meeting the needs of Cypress residents?

Cypress residents are generally quite satisfied with the City's efforts to provide municipal services and facilities, as well as the quality of life in the City.

The overwhelming majority of residents (87%) indicated they were satisfied with the City's overall efforts to provide municipal services, whereas just 8% were dissatisfied and the remaining 5% were unsure or did not provide a response. The high level of satisfaction expressed with the City's performance *in general* was also mirrored in residents' assessments of the City's performance in providing most specific services, with the highest satisfaction scores assigned to the City's efforts to provide fire protection and emergency medical services, maintain city streets and roads, keep public buildings and facilities clean and attractive, hold special community events like summer concerts in the park and holiday celebrations, and provide police and crime prevention services (see *Specific Services* on page 16). For all but two of the 13 service areas tested, the City is meeting or exceeding the needs and expectations of at least three-quarters of its residents—and for the majority of services the City is meeting the needs of at least 90% of residents (see *Performance Needs & Priorities* on page 19).

The City's performance in providing municipal services has also contributed to a high quality of life for residents. The vast majority of residents surveyed (89%) rated the quality of life in Cypress as excellent or good. This sentiment was also widespread, with the percentage who rated the quality of life as excellent or good exceeding 80% across *all* age groups, *all* ethnic groups, and for both new and long-time residents (see *Quality of Life* on page 10).

Where should the City focus its efforts in the future?

In addition to measuring the City's current performance, a primary goal of this study is to look *forward* and identify opportunities to adjust services, improve facilities, and/or refine communications strategies to best meet the community's evolving needs and expectations. Although residents are generally satisfied with the City's performance, there is always room for improvement. Below we note some of the areas that present the best opportunities in this regard.

Considering respondents' verbatim answers regarding what they most want to preserve about Cypress in the future (see *What Do You Like Most About Living in Cypress?* on page 11), what city government could do to make Cypress a better place to live (see *What Should Be Changed?* on page 12), the list of services and their respective priority status for future attention (see *Performance Needs & Priorities* on page 19), and the manner in which residents prioritize among potential funding areas (see *Funding Priorities* on page 37), the themes of addressing homelessness, managing growth and development, reducing traffic congestion, maintaining streets and roads, maintaining a safe community, and improving and preserving parks, recreation, and open spaces stood out as key areas of opportunity and interest for Cypress residents.

Residents also expressed solid interest in redeveloping older, outdated commercial centers (with nearly three-quarters citing it as a high or medium priority) and promoting economic development (considered very or extremely important by more than three-quarters of residents). Interest in these areas was underscored by residents' current shopping behaviors: approximately half of Cypress residents spend less than 30% of their retail shopping dollars in Cypress, and two-thirds said there are stores and restaurants they visit outside the City that they'd like to have available locally in Cypress. Clearly, revitalization and related economic development efforts will not only improve the appearance of downtown and commercial areas, they are also key steps in attracting new businesses, encouraging residents to shop locally, capturing lost sales-tax dollars, and generating revenue needed to make other service and capital improvements desired by residents.

Having identified the above themes as areas of focus for residents and potential opportunities to further enhance resident satisfaction, it is also important to stress that the appropriate strategy is often a combination of communication and actual service improvements. It may be, for example, that many residents are simply not aware of the City's housing, infrastructure, and community improvement objectives or the limits of what a city can do to reduce traffic congestion. Choosing the appropriate balance of actual service improvements and efforts to raise public awareness on these matters will be key to maintaining and improving residents' overall satisfaction in the future.

It is also important to keep in mind that although these areas represent opportunities to improve resident satisfaction, the City should not oversteer. Indeed, the primary takeaway from this study is that the City does many things very well, and the emphasis should be on continuing to perform at that high level in those areas. The vast majority of residents were pleased with the City's efforts to provide services, programs, and facilities and have a favorable opinion of the City's performance in most areas. The *top priority* for the City should thus be to do what it takes to maintain the high quality of services that it currently provides.

How well is the City communicating with Cypress residents, and what are some of the main challenges?

The public's preferences for communication are growing increasingly diverse. Whereas older and long-time residents continue to rely on newsletters and printed forms of communication, younger and often newer residents generally show greater interest and reliance in digital forms of communication including social media, text, and smart phone apps. This pattern makes the challenge of city-resident communication more difficult than in the past, when the sources residents relied on for information were fewer and more consistent across demographic subgroups. In turn, satisfaction with public agency communications has generally declined over the past few years.

Against this backdrop of declining satisfaction with public agency communications *in general*, the survey results suggest the City of Cypress is doing an admirable job communicating with its residents. Nearly eight-in-ten respondents said they were satisfied with the City's efforts to communicate through newsletters, the Internet, local media, and other means. Even among the minority of residents who were displeased with the City's *overall* performance in providing municipal services, two-thirds nevertheless indicated they were satisfied with the City's *communication* efforts. Moreover, when asked specifically if they had visited the City's website and/or received communications from the City in the past year, the majority of all respondents answered in the affirmative.

Looking to the future, there are a variety of communication methods that residents generally viewed as being effective ways for the City to communicate with them (see *Communication Preferences* on page 46). Some of these methods the City appears to already be using effectively, including the City's website and social media. Others—including direct mail and a Smart Phone application—may require additional investment on the part of the City, but were widely noted by residents as being effective means for the City to communicate with them.

Although there is cost-savings to be had from relying *exclusively* on electronic communication channels, it is not a recommended practice, as research has shown that it will reduce readership and substantially lower residents' overall satisfaction with an agency's communication efforts. It also has a tendency to skew an agency's communication performance

away from demographic subgroups that prefer traditional printed media. To the extent that the City can balance digital channels with traditional paper-based information sources like postcards and newsletters, it will optimize city-resident communication.

Finally, with respect to content that is of interest to Cypress residents, the survey provides some guidance in this area as well. When asked if there was a particular topic or issue they'd like to receive more information about from the City, nearly one-third of respondents (31%) said yes. The topics of interest centered on many of the same themes that surfaced elsewhere in the survey, including development and public safety, as well as a desire for information about community events and activities.

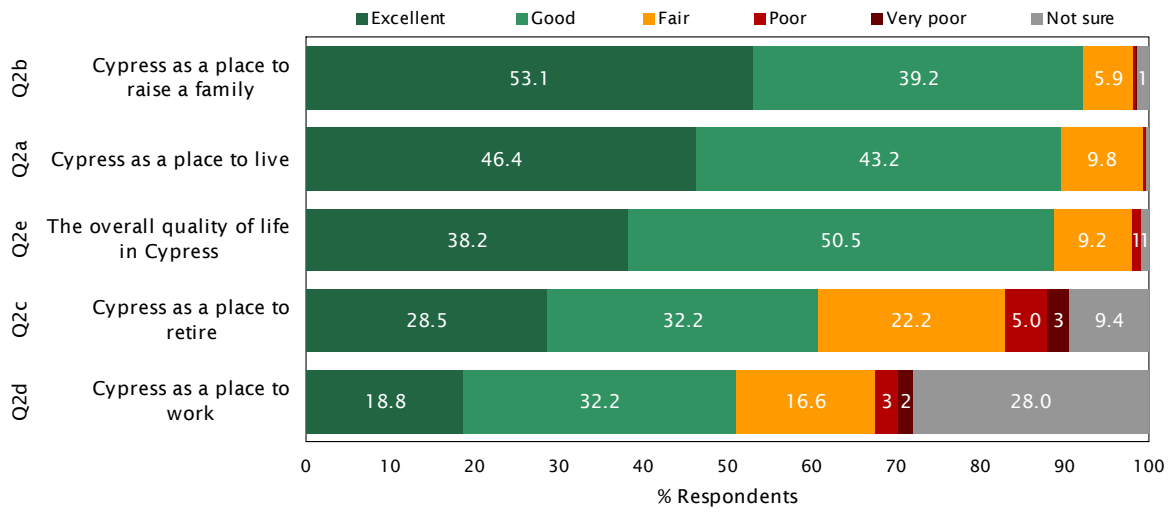
Quality of Life

The opening series of questions in the survey was designed to assess residents' top of mind perceptions about the quality of life in Cypress, what they would most like to preserve about the City, as well as ways to improve the quality of life in Cypress.

OVERALL QUALITY OF LIFE At the outset of the interview, respondents were asked to rate the City of Cypress on a number of key dimensions—including overall quality of life, as a place to raise a family, and as a place to work—using a five-point scale of excellent, good, fair, poor, or very poor. As shown in Figure 1 below, residents shared generally favorable opinions of Cypress on each aspect tested, with the most positive ratings provided for Cypress as a place to raise a family (92% excellent or good), Cypress as a place to live (90%), and the overall quality of life in the City (89%). Although still positive, residents provided somewhat softer ratings for Cypress as a place to retire (61%) and as a place to work (51%).

Question 2 *To begin, I'd like to ask you a few questions about what it is like to live in Cypress. How would you rate: _____? Would you say it is excellent, good, fair, poor or very poor?*

FIGURE 1 RATING CYPRESS



For the interested reader, tables 1 and 2 on the next page show how the ratings for each dimension tested in Question 2 varied by years in Cypress, ethnicity, age, and overall satisfaction with the City's performance. Although there were some differences by years in Cypress and ethnicity (e.g., residents who have lived in Cypress 15 or more years were more positive about Cypress as a place to retire than those who have lived in the City fewer years, and respondents who indicated that their ethnic background was other/mixed provided lower ratings to Cypress as a place to work than Caucasian/White, Asian American, or Latino/Hispanic respondents), the differences in ratings were generally modest.

Greater variation in opinions, however, was found by respondent age and overall satisfaction. The highest ratings for Cypress as a place to live and overall quality of life were found among residents 65 years and older and the lowest among those 18 to 24 years of age. The highest rat-

ings for Cypress as a place to retire were found among residents 65 years and older and lowest among those 25 to 34 years of age. Cypress as a place to work was rated most positively by residents 55 to 64 years of age, with residents 25 to 34 years also providing similarly high ratings, and those 18 to 24 years of age providing the lowest ratings. Ratings for Cypress as a place to raise a family were consistently high across each age group.

Residents satisfied with the City's overall performance provided much more favorable ratings to each statement than dissatisfied residents, with the largest gaps evidenced for Cypress as a place to retire and the overall quality of life.

TABLE 1 RATING CYPRESS BY YEARS IN CYPRESS & ETHNICITY (SHOWING % EXCELLENT OR GOOD)

	Years in Cypress (Q1)				Ethnicity (QD5)			
	Less than 5	5 to 9	10 to 14	15 or longer	Caucasian / White	Latino / Hispanic	Asian American	Other / Mixed
Cypress as a place to raise a family	89.3	91.9	93.7	93.1	90.6	91.6	95.7	95.7
Cypress as a place to live	84.1	87.9	92.1	91.5	90.2	88.8	89.7	87.5
The overall quality of life in Cypress	86.7	93.5	89.7	88.0	89.6	89.3	89.6	84.7
Cypress as a place to retire	51.7	55.5	56.2	66.3	59.5	62.6	63.3	59.7
Cypress as a place to work	52.3	52.1	49.9	51.0	55.2	48.8	54.1	35.6

TABLE 2 RATING CYPRESS AGE & OVERALL SATISFACTION (SHOWING % EXCELLENT OR GOOD)

	Age (QD1)						Overall Satisfaction (Q5)	
	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older	Satisfied	Dissatisfied
Cypress as a place to raise a family	92.4	91.8	93.0	91.2	94.4	91.7	94.8	71.7
Cypress as a place to live	71.7	89.1	93.8	90.3	92.7	95.7	92.6	71.5
The overall quality of life in Cypress	82.4	85.4	91.3	87.7	90.0	93.8	92.3	63.6
Cypress as a place to retire	64.1	50.5	57.2	55.9	56.2	80.2	64.8	32.9
Cypress as a place to work	38.9	56.4	54.7	49.7	56.6	48.0	52.9	37.4

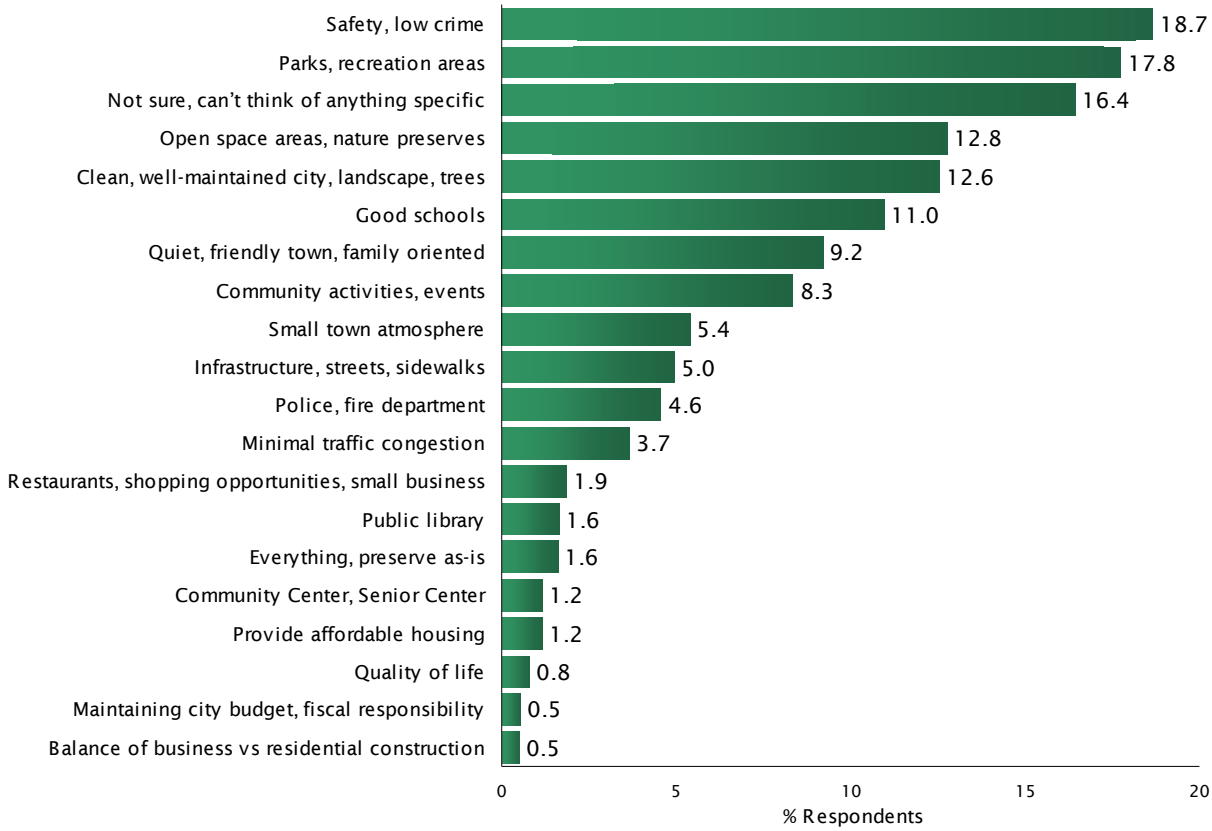
WHAT DO YOU LIKE MOST ABOUT LIVING IN CYPRESS?

The next question in this series asked residents to identify what they like most about living in the City of Cypress that the City government should make sure to preserve in the future. Question 3 was posed in an open-ended manner, thereby allowing residents to mention any aspect or attribute that came to mind without being prompted by—or restricted to—a particular list of options. True North later reviewed the verbatim responses and grouped them into the categories shown in Figure 2 on the next page.

Cypress residents were most apt to cite safety/low crime rate (19%) as what they like most about living in the City of Cypress and would like to preserve, followed by parks/recreation areas (18%), open space areas/nature preserves (13%), and the clean, well-maintained city/landscape/trees (13%). Other specific attributes that were mentioned by at least 8% of respondents included Cypress' good schools (11%), quiet/friendly/family-oriented town (9%), and community activities/events (8%). Sixteen percent (16%) of residents could not think of anything specific when asked what they like most about Cypress that should be preserved in the future.

Question 3 *What do you like most about Cypress that the city government should make sure to preserve in the future?*

FIGURE 2 LIKE MOST ABOUT CYPRESS

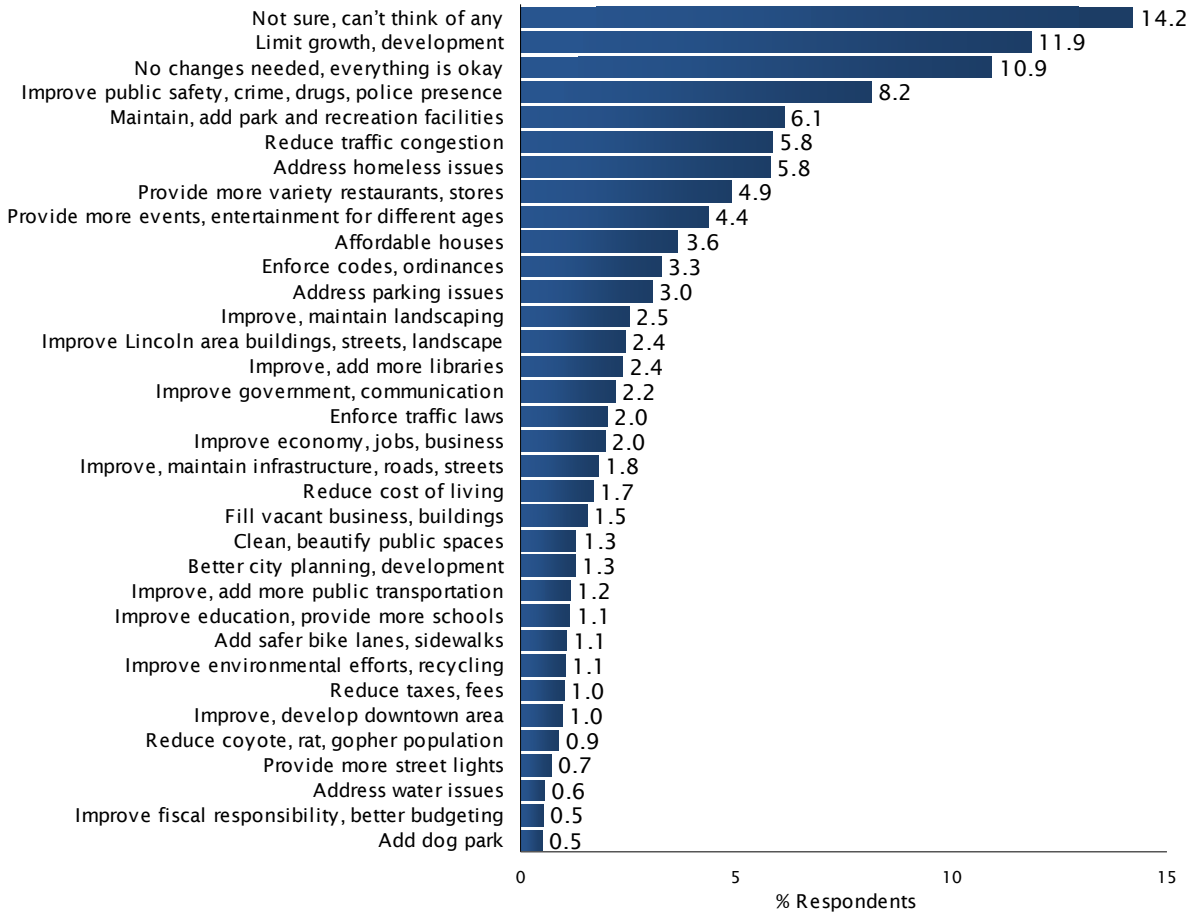


WHAT SHOULD BE CHANGED? In an open-ended manner similar to that described above for Question 3, all respondents were also asked to indicate the one thing that the City government could *change* to make Cypress a better place to live. True North reviewed the verbatim responses to Question 4 and grouped them into the categories shown in Figure 3 on the next page.

Approximately one-in-four respondents (25%) could not think of any desired changes (14%) or reported that no changes are needed (11%), both of which are indicative of a respondent who does not perceive any pressing issues or problems in the City. Among specific changes desired, the most common were limiting growth and development (12%), improving public safety (8%), maintaining/adding park and recreation facilities (6%), reducing traffic congestion (6%), and addressing homeless issues (6%).

Question 4 *If the city government could change one thing to make Cypress a better place to live, what change would you like to see?*

FIGURE 3 CHANGES TO IMPROVE CYPRESS



City Services

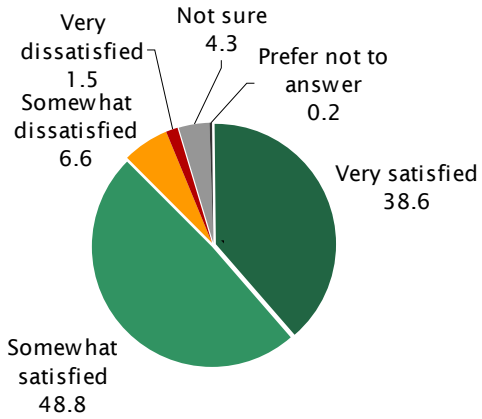
After measuring respondents' perceptions of the quality of life in Cypress, the survey next turned to assessing their opinions about the City's performance in providing various municipal services.

OVERALL SATISFACTION The first question in this series asked respondents to indicate if, overall, they were satisfied or dissatisfied with the job the City of Cypress is doing to provide city services. Because this question does not reference a specific program, facility, or service and requested that the respondent consider the City's performance in general, the findings of this question may be regarded as an *overall performance rating* for the City.

As shown in Figure 4, the vast majority (87%) of Cypress residents indicated they were either very (39%) or somewhat (49%) satisfied with the City's efforts to provide municipal services. Approximately 8% were very or somewhat dissatisfied, whereas 5% were unsure or unwilling to share their opinion.

Question 5 *Next, I would like to ask a series of questions about services provided by the City of Cypress. Generally speaking, are you satisfied or dissatisfied with the job the City of Cypress is doing to provide city services?*

FIGURE 4 OVERALL SATISFACTION



The next three figures display how residents' opinions about the City's overall performance in providing municipal services varied by years in Cypress, household recreation program or class participation, gender, ethnicity, age, survey language, employment status, presence of a child in the household, and home ownership status. The most striking pattern in the figures is that the high levels of satisfaction exhibited by respondents as a whole (see Figure 4 above) were generally echoed across resident subgroups, with satisfaction ranging from a low of 78% to a high of 96%.

FIGURE 5 OVERALL SATISFACTION BY YEARS IN CYPRESS, HSLD RECREATION PROGRAM, CLASS PARTICIPATION & GENDER

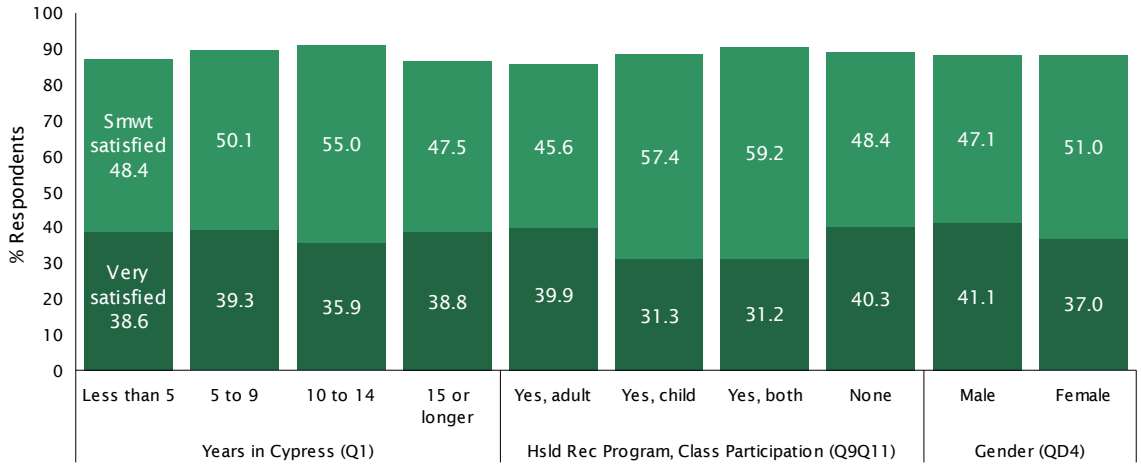


FIGURE 6 OVERALL SATISFACTION BY ETHNICITY, AGE & SURVEY LANGUAGE

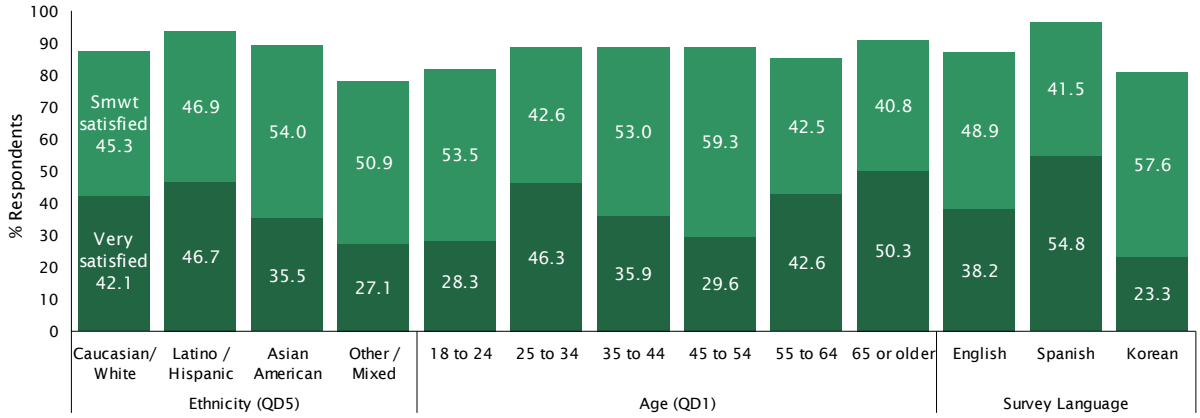
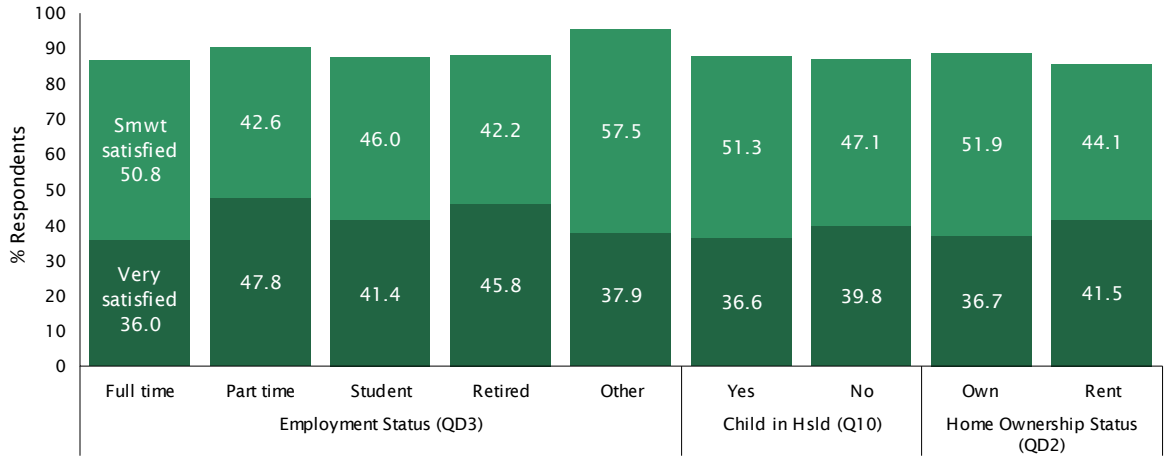


FIGURE 7 OVERALL SATISFACTION BY EMPLOYMENT STATUS, CHILD IN HSLD & HOME OWNERSHIP STATUS



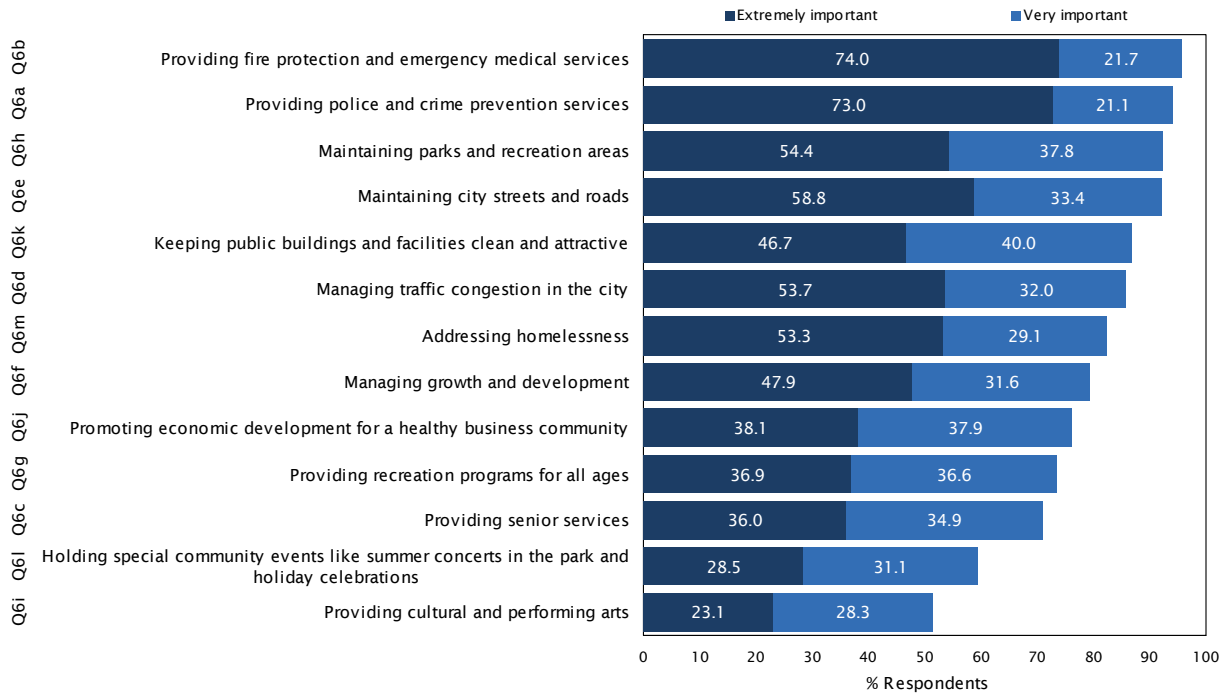
SPECIFIC SERVICES Whereas Question 5 addressed the City's *overall* performance, the next series of questions asked respondents to rate the importance of *specific* services offered by the City, as well as their level of satisfaction with efforts to provide these services. For each service, respondents were first asked whether they thought a service was extremely important, very important, somewhat important, or not at all important. Respondents were then asked about their level of satisfaction with these same services. The order of the items was randomized for each respondent to avoid a systematic position bias.

Figure 8 presents the services in rank order of importance according to the proportion of respondents who rated a service as *at least* very important. In general, Cypress residents rated public safety, parks and recreation, and public works as the most important. More specifically, providing fire protection and emergency medical services (96% extremely or very important), providing police and crime prevention services (94%), maintaining parks and recreation areas (92%), and maintaining city streets and roads (92%) received the highest importance ratings from residents.

At the other end of the spectrum, providing cultural and performing arts (51%) and holding special community events like summer concerts in the park and holiday celebrations (60%) were viewed as less important.

Question 6 *For each of the services I read, please tell me whether the service is extremely important to you, very important, somewhat important, or not at all important.*

FIGURE 8 IMPORTANCE OF SERVICES

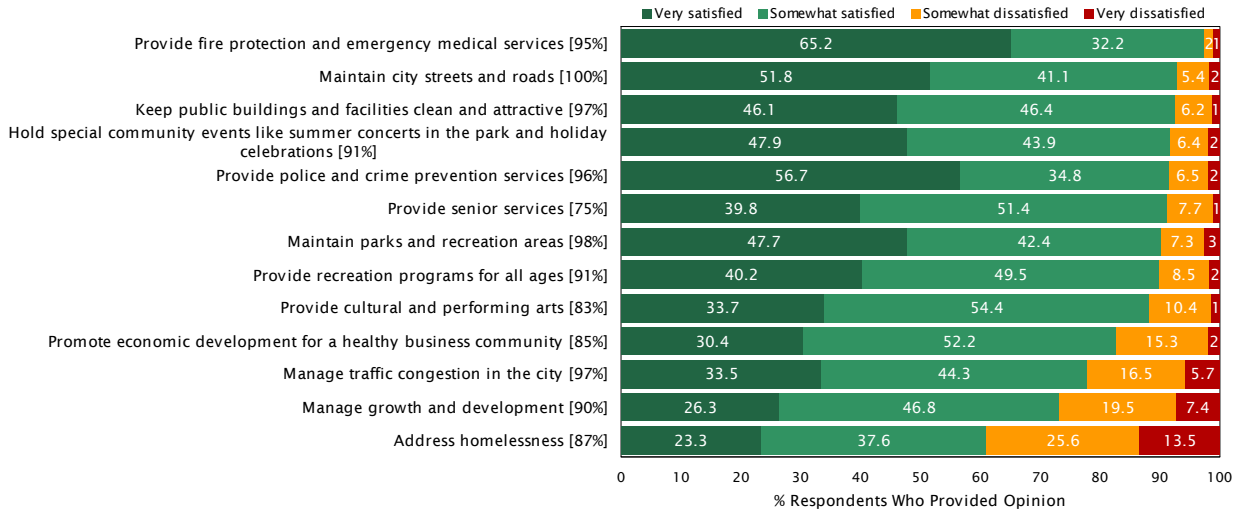


Turning to the satisfaction component, Figure 9 sorts the same list of services according to the percentage of respondents who indicated they were either very or somewhat satisfied with the City's efforts to provide the service. For comparison purposes between the services, only respondents who held an opinion (satisfied or dissatisfied) are included in the figure. Those who did not have an opinion were removed from this analysis. The percentage of respondents who provided an opinion (satisfied or dissatisfied) is presented in brackets beside the service label in the figure, while the bars represent the answers of those with an opinion.

At the top of the list, respondents were most satisfied with the City's efforts to provide fire protection and emergency medical services (97% very or somewhat satisfied), followed by maintain city streets and roads (93%), keep public buildings and facilities clean and attractive (93%), hold special community events like summer concerts in the park and holiday celebrations (92%), and provide police and crime prevention services (92%). Although still positive, respondents were somewhat less satisfied with the City's efforts to address homelessness (61%) and manage growth and development (73%).

Question 7 *For the same list of services I just read, I'd like you to tell me how satisfied you are with the job the City is doing to provide the service. Are you satisfied or dissatisfied with the City's efforts to: _____, or do you not have an opinion?*

FIGURE 9 SATISFACTION WITH SERVICES



DIFFERENTIATORS OF OPINION For the interested reader, Table 3 on the next page displays how the level of satisfaction with each specific service tested in Question 7 varied according to residents' overall performance ratings for the City (see *Overall Satisfaction* on page 14). The table divides residents who were satisfied with the City's *overall performance* into one group and those dissatisfied into a second group. Also displayed is the difference between the two groups in terms of the percentage who indicated they were satisfied with the City's efforts to provide each service tested in Question 7 (far right column). For convenience, the services are sorted by that difference, with the greatest differentiators of opinion near the top of the table.

When compared to their counterparts, those who were satisfied with the City's *overall* performance in providing city services were also more likely to express satisfaction with the City's efforts to provide each of the services tested in Question 7. That said, the greatest specific differentiators of opinion between satisfied and dissatisfied residents were found with respect to the City's efforts to promote economic development for a healthy business community, manage growth and development, manage traffic congestion, and maintain city streets and roads.

At the other end of the spectrum, there was much less difference between the two resident groups regarding their satisfaction with the City's efforts to provide fire protection and emergency services, provide recreation programs for all ages, provide senior services, provide cultural and performing arts, and hold special community events.

TABLE 3 SATISFACTION WITH SERVICES BY OVERALL SATISFACTION WITH CITY

		Satisfaction With City's Overall Performance (Q5)		Difference Between Groups For Each Service
		Very or somewhat satisfied	Very or somewhat dissatisfied	
% Respondents Satisfied With Each Service	Promote economic development for a healthy business community	86.2	56.9	29.3
	Manage growth and development	75.4	46.2	29.3
	Manage traffic congestion in the city	79.9	57.8	22.1
	Maintain city streets and roads	95.0	75.0	20.0
	Address homelessness	63.0	45.6	17.4
	Provide police and crime prevention services	93.6	78.0	15.6
	Maintain parks and recreation areas	92.1	79.4	12.7
	Keep public buildings and facilities clean and attractive	93.9	84.2	9.7
	Hold special community events like summer concerts in the park and holiday celebrations	92.4	87.2	5.3
	Provide cultural and performing arts	90.5	85.6	5.0
	Provide senior services	92.2	87.4	4.9
	Provide recreation programs for all ages	90.5	85.8	4.7
	Provide fire protection and emergency medical services	98.0	95.1	2.9

Performance Needs & Priorities

With a measure of the importance of a service to residents as well as a measure of satisfaction with the City's efforts to provide the service, True North is able to examine the relationship between these two dimensions and identify areas where the City has the greatest opportunities to improve resident satisfaction—and identify for which services the City is meeting, and even exceeding, the majority of residents' needs.

Rather than rely on *averages* to conduct this analysis, True North has developed an *individualized* approach to identifying priorities. This approach is built on the recognition that opinions will vary from resident to resident and that understanding this variation is required for assessing how well the City is meeting residents' needs.[2] Table 4 on the next page presents a grid based on the importance and satisfaction scales. The horizontal axis corresponds to the four *importance* options, and the vertical scale corresponds to the four *satisfaction* options. The 16 cells within the grid are grouped into one of six categories based on how well the City is meeting, or not meeting, a resident's needs for a particular service. The six groups are as follows:

Exceeding Needs — The City is exceeding a respondent's needs if a respondent is satisfied and the level of expressed satisfaction is higher than the importance that the respondent assigned to the service.

Meeting Needs, Moderately — The City is moderately meeting a respondent's needs if the respondent is satisfied and the level of satisfaction is commensurate with the level of importance assigned to the service.

Meeting Needs, Marginally — The City is marginally meeting a respondent's needs if the respondent is satisfied with the City's efforts to provide the service, but their level of satisfaction is lower than the level of importance assigned to the service.

Not Meeting Needs, Marginally — The City is marginally *not* meeting a respondent's needs if the respondent is somewhat dissatisfied, but the service is also viewed as just somewhat or not at all important.

Not Meeting Needs, Moderately — The City is moderately *not* meeting a respondent's needs if A) a respondent is very dissatisfied with the City's efforts to provide the service, but the service is viewed somewhat or not at all important, or B) a respondent is somewhat dissatisfied and the service is very important.

Not Meeting Needs, Severely — The City is severely *not* meeting a respondent's needs if A) a respondent is dissatisfied and the service is viewed as extremely important, or B) a respondent is very dissatisfied and the service is viewed as very important.

2. Any tool that relies on the opinions of the average respondent will provide a limited and occasionally distorted picture of how well an agency is performing. The simple fact is that a city is not comprised of average residents—it is comprised of unique individuals who vary substantially in their opinions of the City's performance in different service areas. Thus, although the arithmetic average of these individuals' opinions is a useful statistic, it does not capture the variation in opinions that occurs among residents, and it is this variation that is critical for truly assessing how well the City is meeting the needs of its residents.

TABLE 4 RESIDENT SERVICE NEEDS & PRIORITIES MATRIX

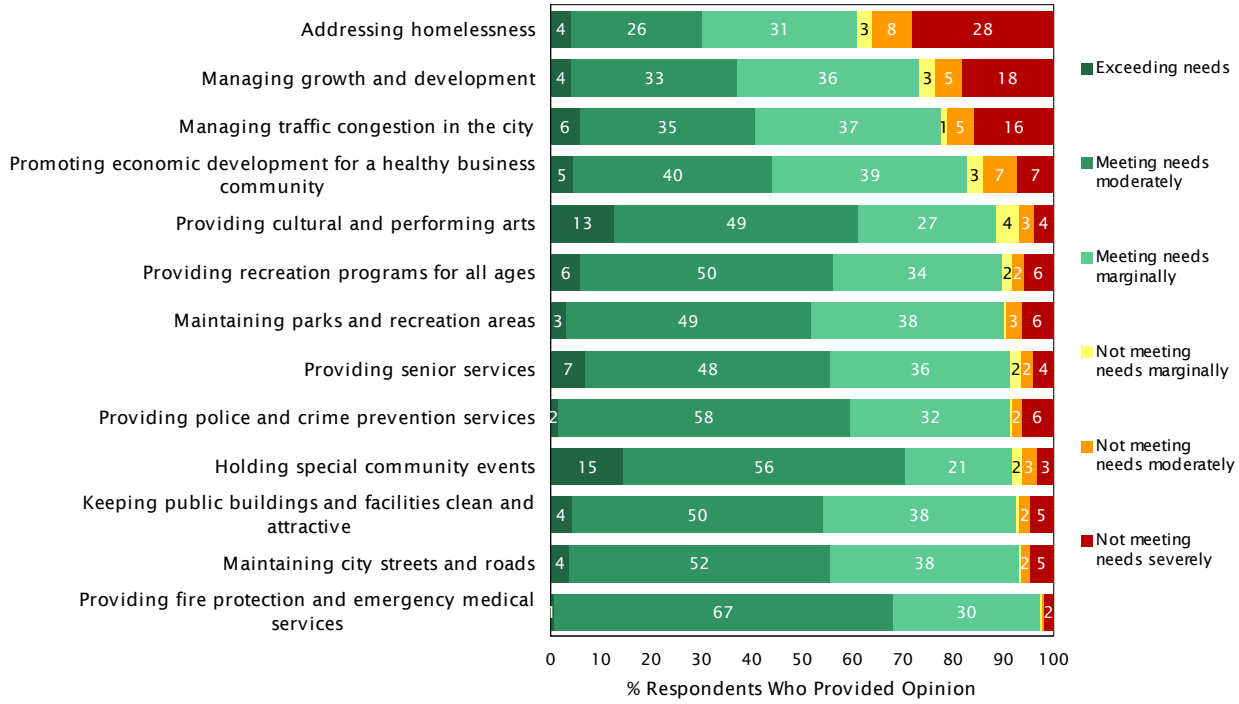
Satisfaction	Importance: Not at all important	Somewhat important	Very important	Extremely important
Very satisfied	Exceeding needs	Exceeding needs	Meeting needs	Meeting needs
Somewhat satisfied	Exceeding needs	Meeting needs	Meeting needs, moderately	Meeting needs, moderately
Somewhat dissatisfied	Not meeting needs, moderately	Not meeting needs, moderately	Not meeting needs	Not meeting needs, severely
Very dissatisfied	Not meeting needs	Not meeting needs	Not meeting needs, severely	Not meeting needs, severely

Using this framework, True North categorized respondents individually for each of the 13 services tested in the study. Thus, for example, a respondent who indicated that addressing homelessness was somewhat important and they were very satisfied with the City's efforts in this service area would be categorized in the *exceeding needs* group for this service. The same respondent may be grouped in the *marginally not meeting needs* group for another service (e.g., managing growth and development) if they were somewhat dissatisfied with the City's efforts to provide the service, but the service was viewed as only somewhat important.

Figure 10 presents the 13 services tested, along with the percentage of respondents who were grouped into each of the six possible categories. For ease of interpretation, the color-coding in Figure 10 is consistent with that presented in Table 4. Thus, for example, in the service area of addressing homelessness, the City is exceeding the needs of 4% of respondents, moderately meeting the needs of 26% of respondents, marginally meeting the needs of 31% of respondents, marginally not meeting the needs of 3% of respondents, moderately not meeting the needs of 8% of respondents, and severely not meeting the needs of 28% of respondents.

As shown in the figure, the City is meeting the needs of at least three-quarters of residents for 11 of the 13 services tested. Operating from the management philosophy that, all other things being equal, the City should focus on improving those services that have the highest percentage of residents for which the City is currently *not* meeting their needs, the services have been sorted by order of priority. Thus, addressing homelessness is the top priority, followed by managing growth and development and managing traffic congestion in the City.

FIGURE 10 RESIDENT SERVICE NEEDS



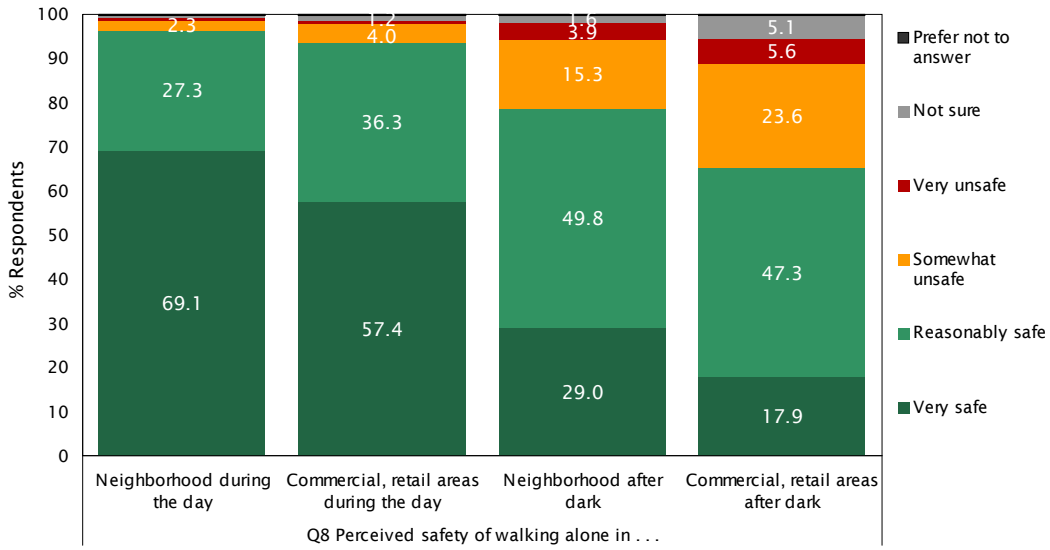
Public Safety

Ensuring the personal safety of residents is the most basic function of local government. It is important to keep in mind, of course, that public safety is as much a matter of perceptions as it is a matter of reality. Regardless of actual crime statistics, if residents don't *feel* safe then they will not enjoy the many cultural, recreational, and shopping opportunities available in the City of Cypress that will enhance their quality of life.

Accordingly, Question 8 was designed to measure how safe respondents feel in each of the four scenarios presented at the bottom of Figure 11 according to the scale shown to the right of the figure. The order of the items was randomized for each respondent to avoid a systematic position bias. As shown in the figure, residents' feelings of safety varied depending on the setting. More than nine-in-ten residents surveyed indicated they feel very or reasonably safe walking alone in their neighborhood (96%) and commercial and retail areas of Cypress (94%) during the day. After dark, however, the corresponding percentages declined to 79% (neighborhood) and 65% (commercial and retail areas).

Question 8 *Next, I'd like to ask a few questions about personal safety and security in the City of Cypress. When you are:_____, would you say that you feel very safe, reasonably safe, somewhat unsafe, or very unsafe?*

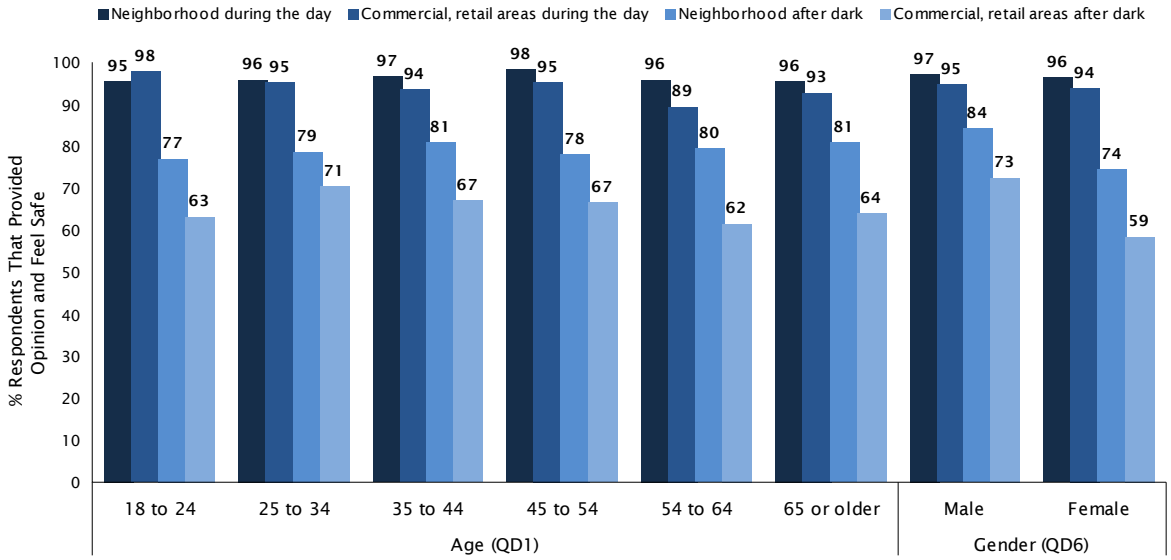
Figure 11 Perception of Personal Safety



As one might expect, feelings of safety are often related to respondent age and gender. Figure 12 on the next page displays the percentage of respondents who said they feel safe in each scenario by their age and gender group. When compared with men, women reported comparable levels of safety in both settings during the day but were less likely to feel safe after dark. Although research often shows that feelings of safety decrease with age, that is not the case in Cypress. With the exceptions of 25 to 34 year old residents reporting higher than average feelings of safety in commercial and retail areas after dark and 55 to 64 year old residents reporting

lower than average feelings of safety in commercial and retail areas during the day, perceptions of personal safety were comparable across age groups in each setting.

FIGURE 12 PERCEPTION OF PERSONAL SAFETY BY AGE & GENDER



Recreation

By providing areas and opportunities to recreate, relax, and play, the City of Cypress' parks, recreation facilities, and scheduled activities, classes, and special events promote a sense of community in the City, improve property values, enhance the business climate and local economy, and generally contribute to a higher quality of life for residents and visitors alike. This section of the survey sought to profile household recreation activities and interests.

HOUSEHOLD ADULT RECREATION PARTICIPATION The first question in this series asked about household participation in a City of Cypress adult recreation or Senior Center program, class, or activity in the past 12 months. As shown in the figure, 23% of respondents indicated that they—or someone in their household—had participated in an adult recreation activity provided by the City of Cypress in the past year.

Question 9 *Next, I would like to ask a series of questions about your household's recreation activities and interests. Have you or another adult in your household participated in a recreation or Senior Center program, class or activity provided by the City of Cypress during the past 12 months?*

Figure 13 Adult in Hsld Participated in Recreation Program, Class, or Activity

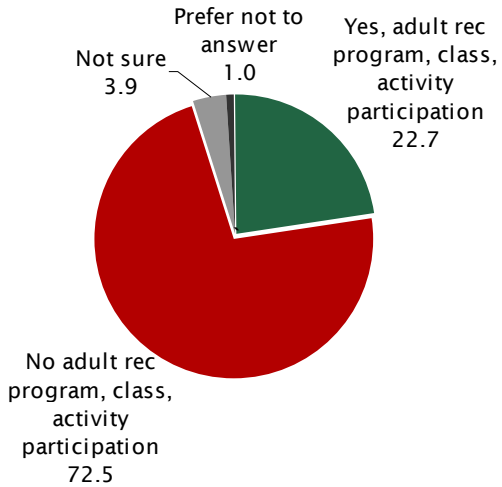


Figure 14 and Figure 15 on the next page examine the responses to Question 9 by years in Cypress, ethnicity, survey language, presence of a child in the household, and home ownership status. In general, Latino/Hispanic households, those who took the survey in Korean, and households with at least one child in the home were more likely than their counterparts to live in a household that has utilized an adult recreation program, class, or activity in the past 12 months.

FIGURE 14 ADULT IN HSLD PARTICIPATED IN RECREATION PROGRAM, CLASS, OR ACTIVITY BY YEARS IN CYPRESS & ETHNICITY

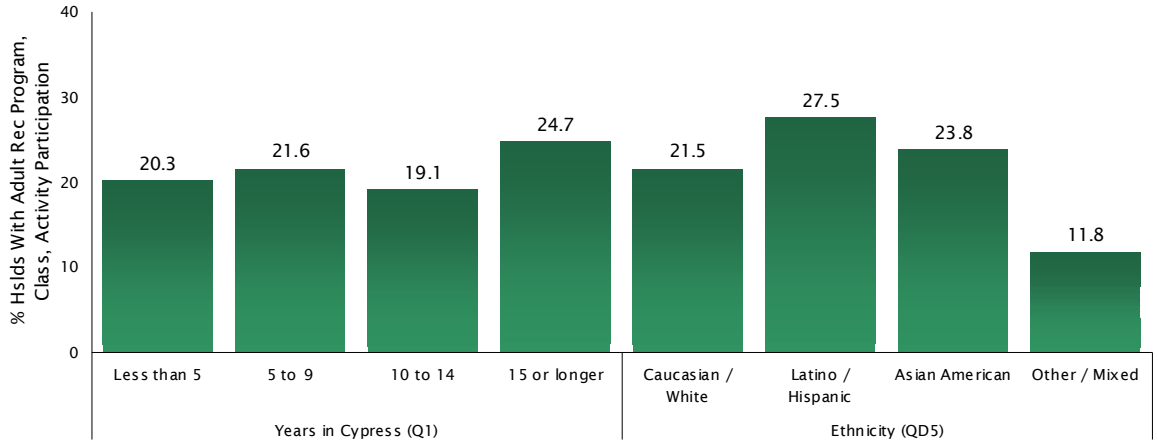
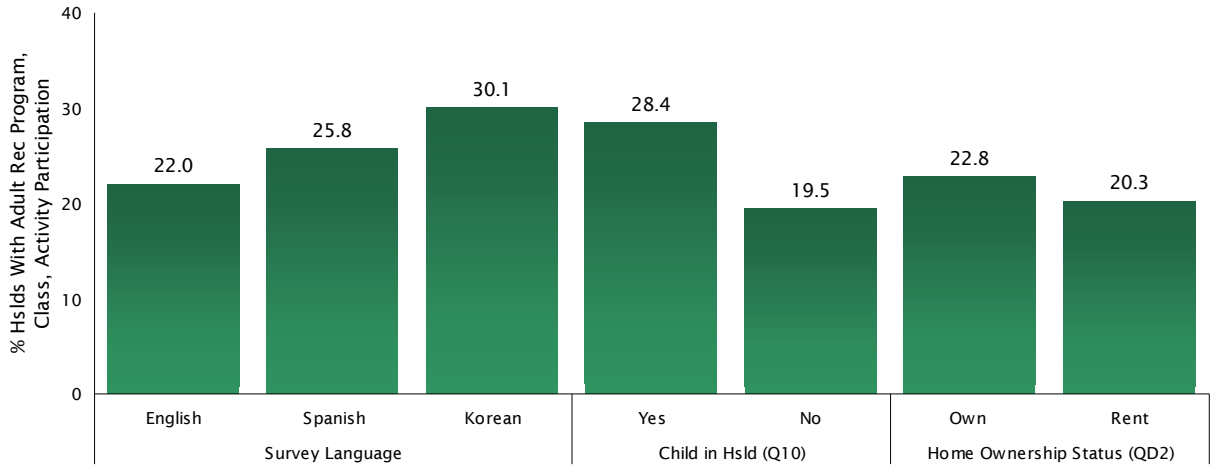


FIGURE 15 ADULT IN HSLD PARTICIPATED IN RECREATION PROGRAM, CLASS, OR ACTIVITY BY SURVEY LANGUAGE, CHILD IN HSLD & HOME OWNERSHIP STATUS

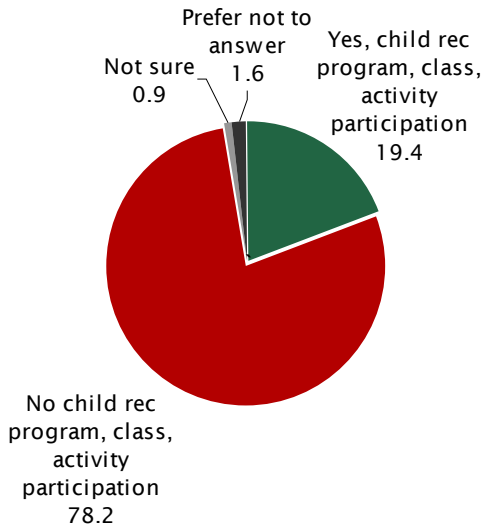


HOUSEHOLD CHILD RECREATION PARTICIPATION Respondents with at least one child in the home were asked whether any of those children have participated in a recreation program, class, or activity provided by the City of Cypress in the 12 months prior to the interview. For ease of interpretation, Figure 16 on the next page presents use among *all* households (those with and without children). As shown in the figure, 19% of Cypress households had a child participate in a recreation program, class, or activity provided by the City in the past year.

Combining adult and/or child participation and accounting for the overlap, 34% of households had one or more members participate in a City of Cypress recreation program, class, or activity in the 12 months preceding the interview.

Question 11 *Have one or more of the children in your household participated in a recreation program, class or activity provided by the City of Cypress during the past 12 months?*

FIGURE 16 CHILD IN HSLD PARTICIPATED IN RECREATION PROGRAM, CLASS, OR ACTIVITY



Figures 17 and 18 display recreation program, class, or activity participation by a child in the household by demographic subgroups. More than one-third of households that have lived in Cypress five to nine years or took the survey in Spanish had a child participate in a Cypress recreation program, class, or activity in the past 12 months.

FIGURE 17 CHILD IN HSLD PARTICIPATED IN RECREATION PROGRAM, CLASS, OR ACTIVITY BY YEARS IN CYPRESS & SURVEY LANGUAGE

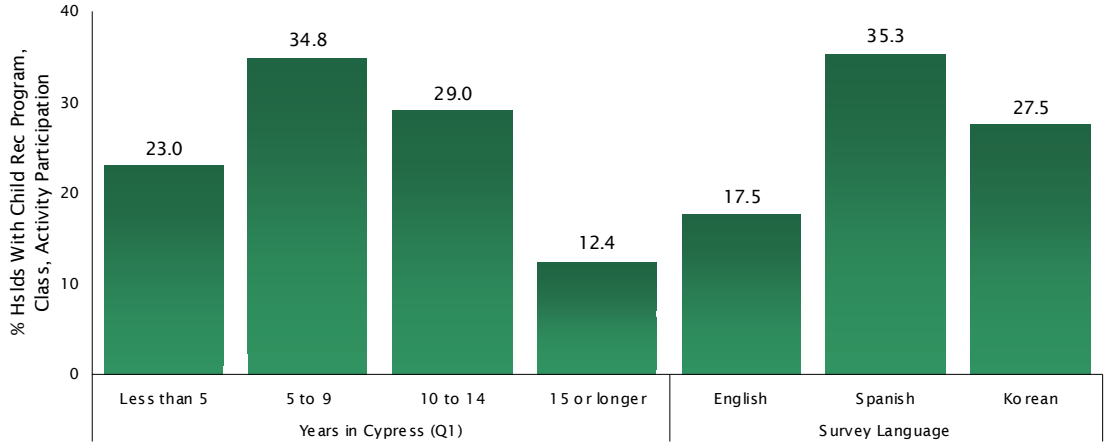
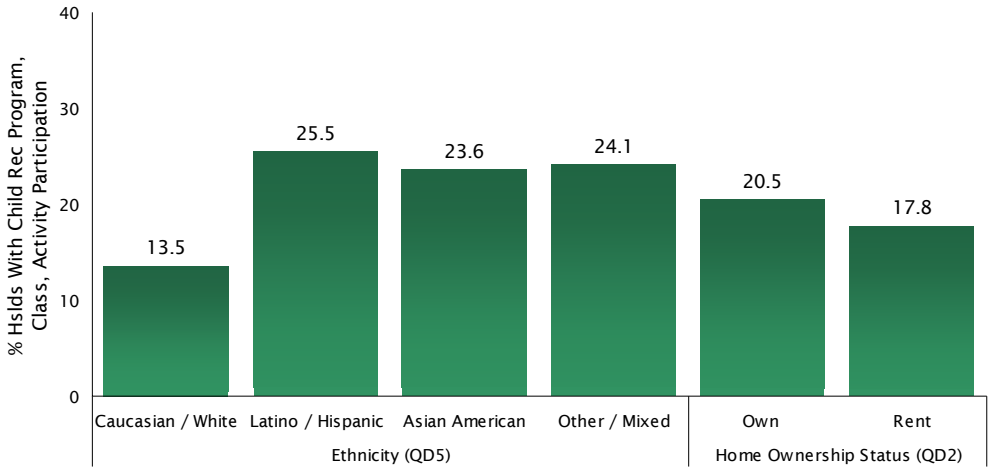


FIGURE 18 CHILD IN HSLD PARTICIPATED IN RECREATION PROGRAM, CLASS, OR ACTIVITY BY ETHNICITY & HOME OWNERSHIP STATUS



DESIRE ADDITIONAL ACTIVITIES All survey respondents were next asked whether there were any specific recreation programs, classes, or activities they would like the City of Cypress to offer in the future. As shown below in Figure 19, approximately three-in-ten respondents (31%) answered this question in the affirmative. Figures 20 through 22 on the following page show how interest in additional recreational activities varied across demographic subgroups.

Question 12 *Are there any specific recreation programs, classes, or activities that you would like the City of Cypress to offer in the future?*

FIGURE 19 DESIRE ADDITIONAL RECREATION PROGRAMS, CLASSES, ACTIVITIES

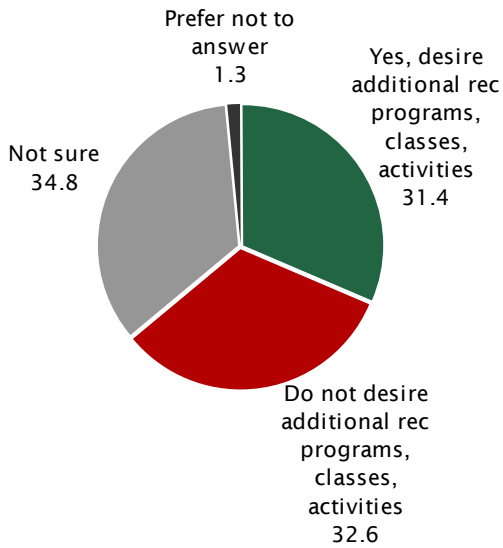


FIGURE 20 DESIRE ADDITIONAL RECREATION PROGRAMS, CLASSES, ACTIVITIES BY YEARS IN CYPRESS, CHILD IN HSLD & GENDER

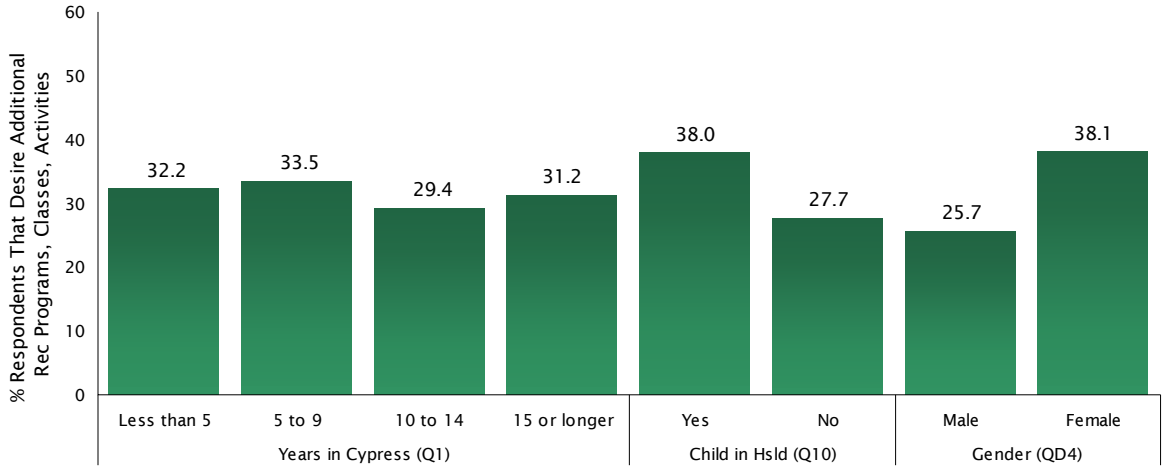


FIGURE 21 DESIRE ADDITIONAL RECREATION PROGRAMS, CLASSES, ACTIVITIES BY AGE & SURVEY LANGUAGE

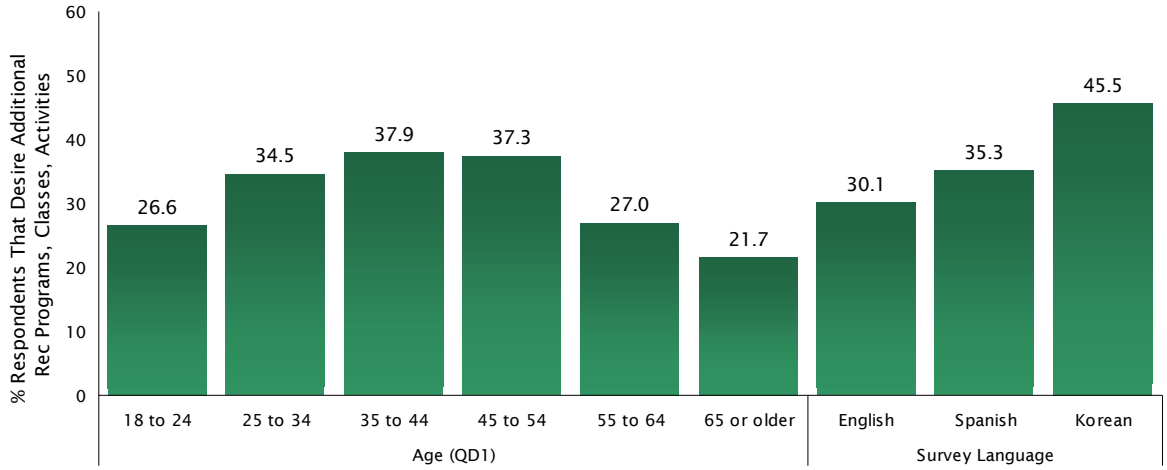
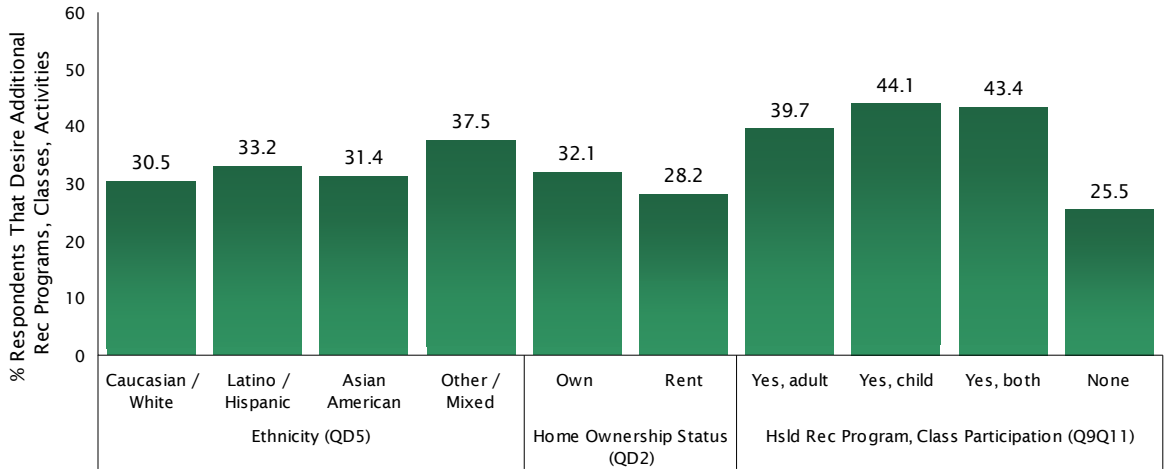


FIGURE 22 DESIRE ADDITIONAL RECREATION PROGRAMS, CLASSES, ACTIVITIES BY ETHNICITY, HOME OWNERSHIP STATUS & HSLD RECREATION PROGRAM, CLASS PARTICIPATION

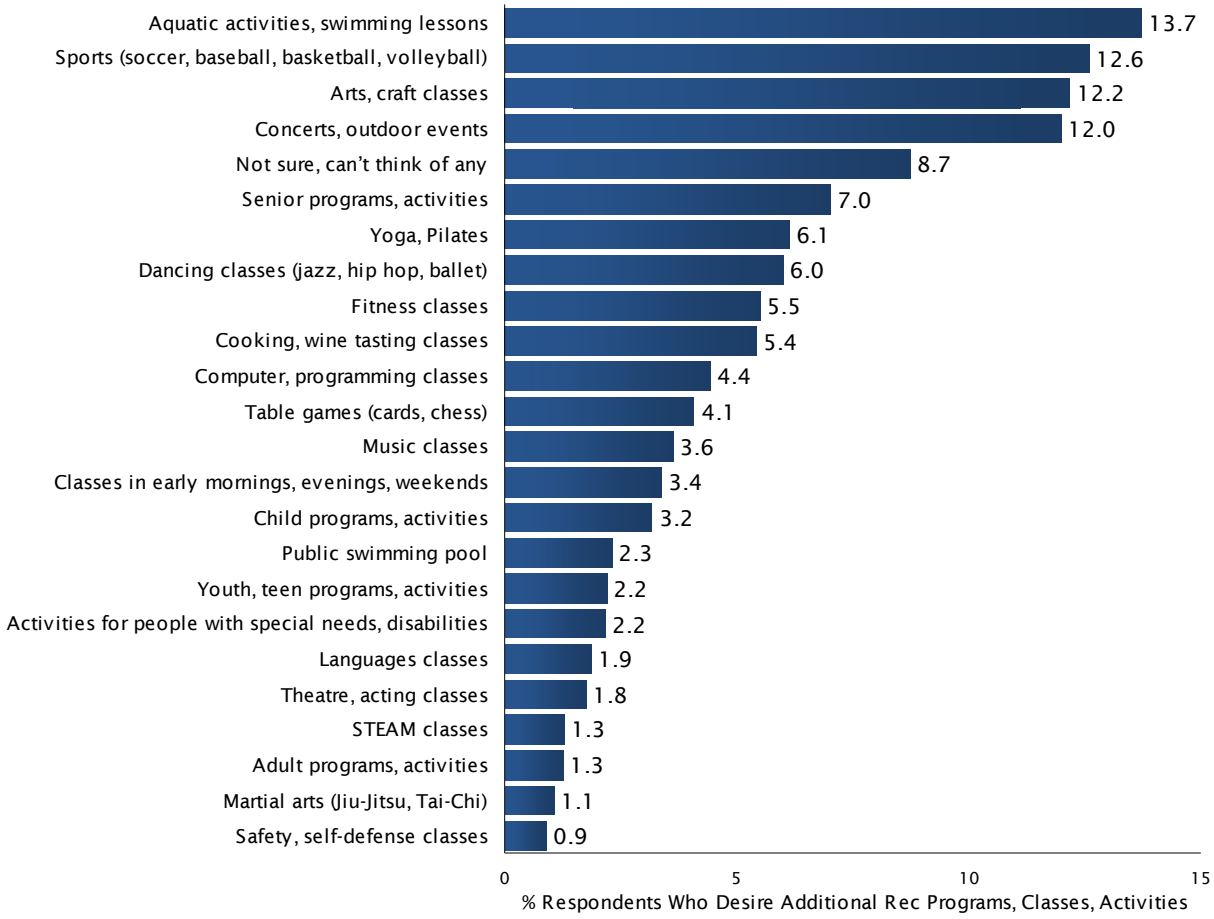


Residents who expressed interest in the City of Cypress offering additional recreation activities were subsequently asked to briefly describe the recreation programs and activities in which they were interested. Question 13 was posed in an open-ended manner, meaning that respondents were free to mention any program or activity that came to mind without being prompted by or restricted to a list. The verbatim responses were later reviewed by True North and grouped into the categories shown in Figure 23 below. Respondents were allowed to mention more than one activity, so the percentage results shown in the figure indicate the percentage of respondents who mentioned each activity or program.

Aquatic activities/swimming lessons (14%), sports such as soccer, baseball, basketball, and volleyball (13%), arts and craft classes (12%), and concerts/outdoor events (12%) were the programs and activities cited the most frequently.

Question 13 *Please briefly describe the recreation programs and activities you would most want to see offered by the City of Cypress.*

FIGURE 23 ADDITIONAL RECREATION PROGRAMS, CLASSES, ACTIVITIES DESIRED

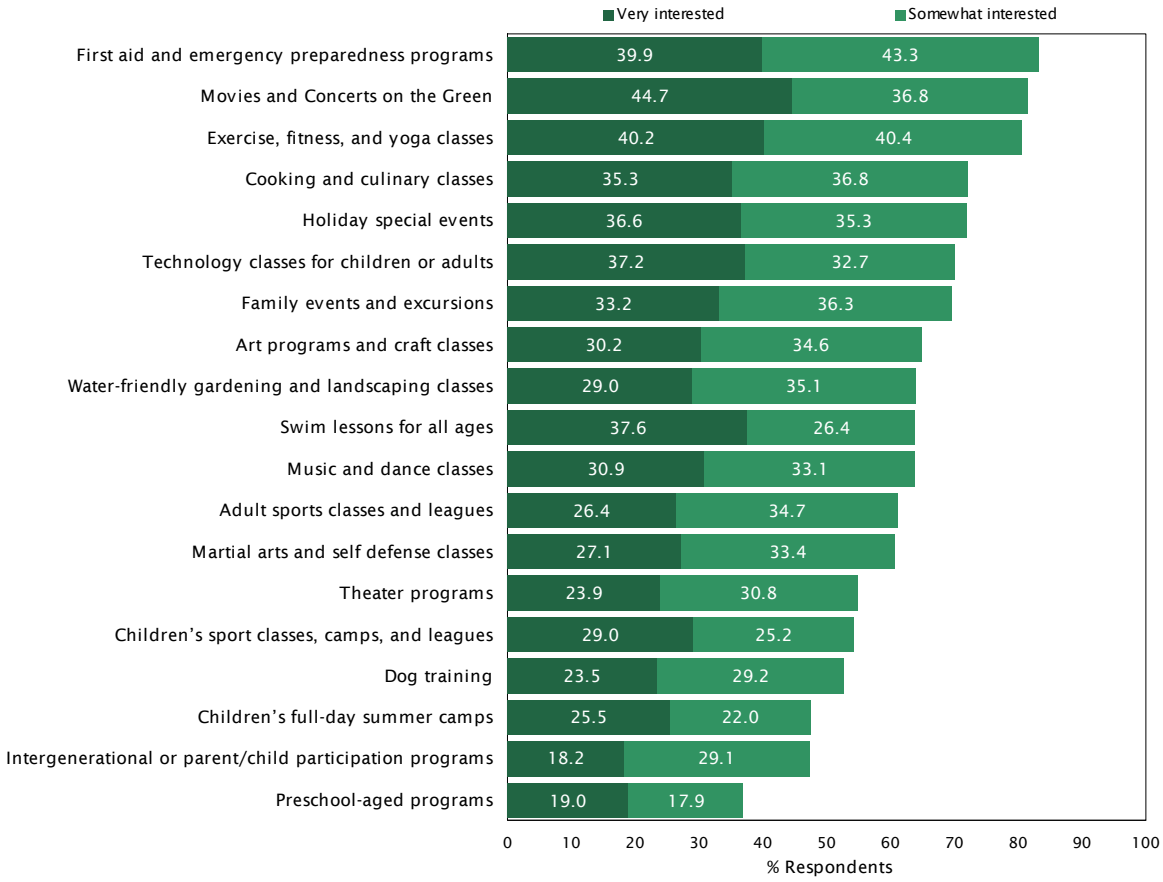


INTEREST IN SPECIFIC RECREATION ACTIVITIES The final question in the recreation section of the survey presented residents with a list of 19 different recreation programs and activities and asked them whether they—or someone in their household—would be very interested, somewhat interested, or not interested in participating in each activity if it were offered by the City.

The recreation activities and programs are sorted in Figure 24 from high to low based on the percentage of respondents who indicated that someone in their household was *at least* somewhat interested in participating. Among the activities tested, first aid and emergency preparedness programs garnered the most interest (83% very or somewhat interested), followed by movies and Concerts on the Green (82%), exercise, fitness, and yoga classes (81%), cooking and culinary classes (72%), holiday special events such as Egg Hunt, Halloween, Tree Lighting, and Holiday Sing (72%), technology classes for children or adults (70%), and family events and excursions (70%). At the other end of the spectrum, preschool-aged programs (37%), intergenerational or parent/child participation programs (47%), and children's full-day summer camps (47%) received had the fewest households express interest.

Question 14 *The City of Cypress is in the process of updating the recreation programs that it offers to residents. As I read a list of programs and activities, please indicate whether you or another member of your household would be very interested, somewhat interested, or not interested in participating in the activity if offered by the City.*

FIGURE 24 INTEREST IN RECREATION ACTIVITIES PARTICIPATION



For the interested reader, Table 5 provides the percentage of households that were *very* interested in each program or activity by the presence of a child in the home and household participation in a Cypress recreation program, class, or activity in the past 12 months (top five highlighted green).

TABLE 5 INTEREST IN RECREATION ACTIVITIES PARTICIPATION BY CITY BY CHILD IN HSLD & HSLD RECREATION PROGRAMS, CLASS PARTICIPATION (SHOWING % VERY INTERESTED)

	Child in Hsld (Q10)		Hsld Rec Program, Class Participation (Q9Q11)			
	Yes	No	Yes, adult	Yes, child	Yes, both	None
Movies and Concerts on the Green	45.4	45.0	55.5	46.5	57.3	42.6
Exercise, fitness, and yoga classes	43.8	38.4	50.9	47.2	52.1	35.8
First aid and emergency preparedness programs	38.9	40.2	44.1	41.5	39.2	37.3
Swim lessons for all ages	49.8	30.1	44.6	58.3	56.4	30.4
Technology classes for children or adults	43.8	32.8	45.7	49.6	52.6	32.1
Holiday special events	45.6	31.6	43.5	48.1	57.0	33.3
Cooking and culinary classes	37.7	34.2	38.6	42.0	44.3	33.3
Family events and excursions	39.2	29.9	42.8	42.2	48.9	28.6
Music and dance classes	37.3	27.2	35.5	41.2	42.4	27.7
Art programs and craft classes	35.0	27.6	38.5	39.3	43.5	26.5
Children's sport classes, camps, and leagues	48.5	17.7	37.7	58.6	59.3	20.4
Water-friendly gardening and landscaping classes	28.3	29.5	38.3	29.5	31.9	25.7
Martial arts and self defense classes	30.7	25.4	29.0	33.7	37.2	25.4
Adult sports classes and leagues	29.4	25.0	31.6	29.9	34.7	24.3
Children's full-day summer camps	37.1	18.8	33.3	41.8	42.6	18.7
Theater programs	26.4	22.4	35.5	29.5	32.5	18.8
Dog training	19.4	26.1	26.8	19.0	23.9	24.4
Preschool-aged programs	27.4	14.0	23.3	26.5	29.9	16.5
Intergenerational or parent/child participation programs	28.6	11.6	25.6	32.1	35.8	13.7

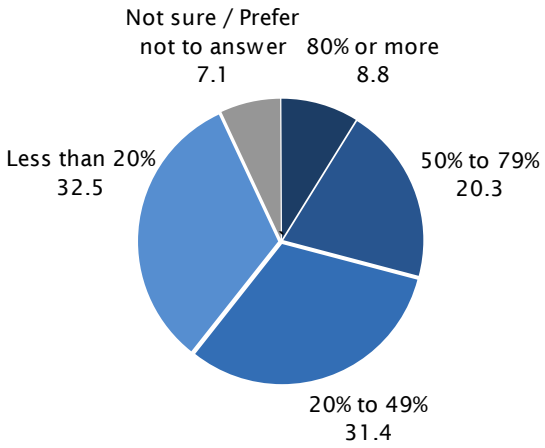
Shopping & Economic Development

One of the challenges for any city is to create sustainable economic development initiatives that will support the tax base required for current and future needs. Naturally, the success and sustainability of future retail economic initiatives will depend in part on the shopping behaviors and preferences of Cypress residents. Businesses that meet these preferences will thrive, whereas those that do not will not succeed. Accordingly, the survey included questions designed to identify residents' current shopping patterns, as well as their desire for new shopping and dining opportunities.

RETAIL SHOPPING HABITS The first question in this series asked respondents to identify the percentage of their household's retail shopping dollars that they spend in the City—excluding grocery shopping. Approximately 29% of households indicated that they spend at least half of their household's retail shopping dollars within the City, with 9% spending at least 80% of their dollars within the City, and 20% spending between 50% and 79% of their retail dollars within the City. Sixty-four percent (64%) of households spend less than half of their retail shopping dollars locally in Cypress and an additional 7% of respondents were unsure or declined to state (Figure 25).

Question 15 *Next, I'd like to ask you a few questions about your shopping habits. Excluding grocery shopping, what percentage of your household's retail shopping dollars do you spend locally in the City of Cypress?*

Figure 25 Percentage of Retail Shopping Dollars Spent in Cypress



Figures 26 and 27 on the next page show how retail spending patterns varied by years in Cypress, ethnicity, survey language, presence of a child in the household, and home ownership status. When compared to their respective counterparts, Latino/Hispanic households (including those who took the survey in Spanish) and households with children were more likely to spend at least half of their retail shopping dollars within the City.

FIGURE 26 PERCENTAGE OF RETAIL SHOPPING DOLLARS SPENT IN CYPRESS BY YEARS IN CYPRESS & ETHNICITY

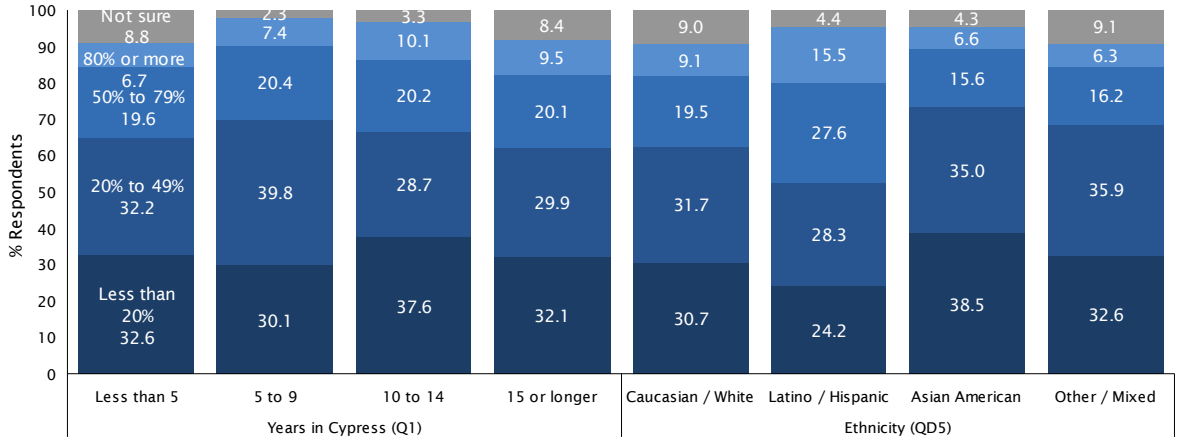
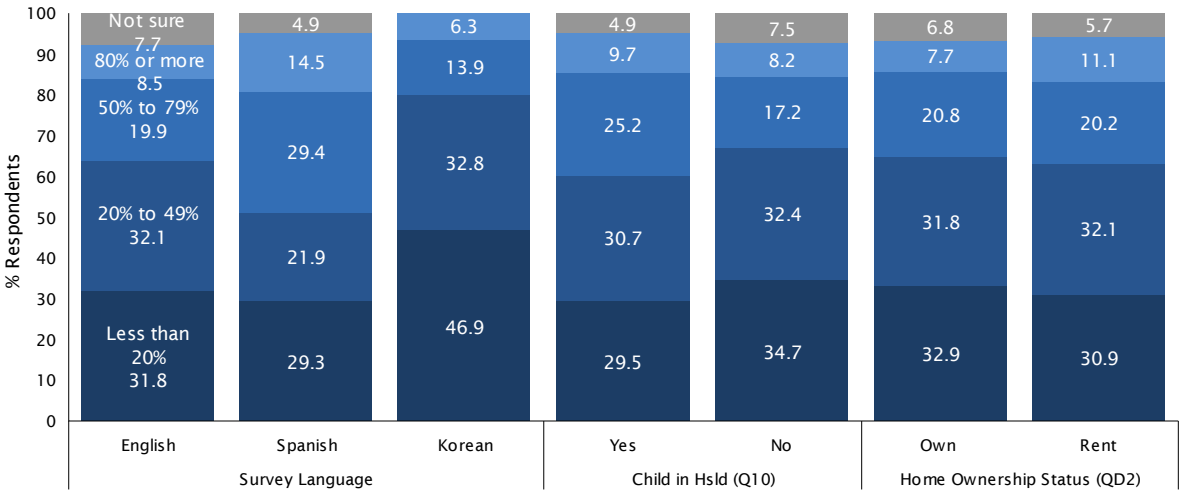


FIGURE 27 PERCENTAGE OF RETAIL SHOPPING DOLLARS SPENT IN CYPRESS BY SURVEY LANGUAGE, CHILD IN HSLD & HOME OWNERSHIP STATUS



INTEREST IN ADDITIONAL STORES OR RESTAURANTS All residents were next asked to indicate whether, among the retail stores and restaurants their household currently visits outside of the City, there are any they would like to have available in Cypress. As shown on Figure 28 on the next page, close to two-thirds (65%) of respondents answered this question in the affirmative. Interest in additional retail stores and restaurants was higher among those who have lived in the City five to nine years or 15 or more years, those with an ethnicity other than Latino/Hispanic, respondents who took the survey in English or Korean, and home owners (see figures 29 & 30 on the next page).

Question 16 *Thinking of the retail stores and restaurants that your household visits outside of the City, are there any that you would like to have available in Cypress?*

FIGURE 28 DESIRE ADDITIONAL STORES & RESTAURANTS IN CITY OF CYPRESS

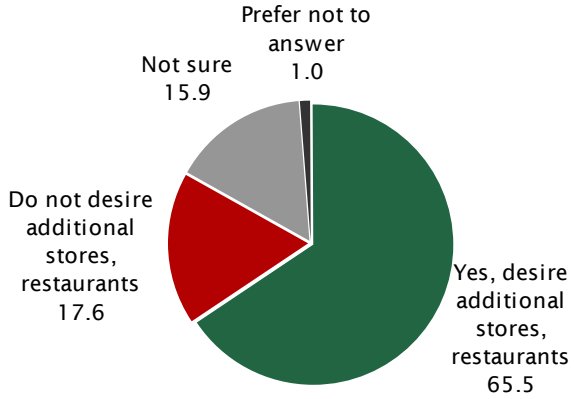


FIGURE 29 DESIRE ADDITIONAL STORES & RESTAURANTS IN CITY OF CYPRESS BY YEARS IN CYPRESS & ETHNICITY

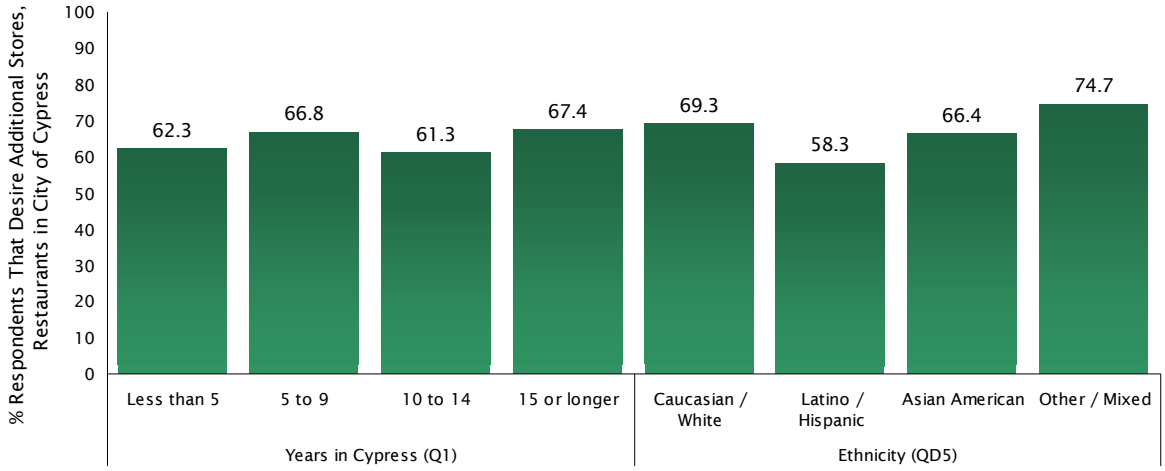
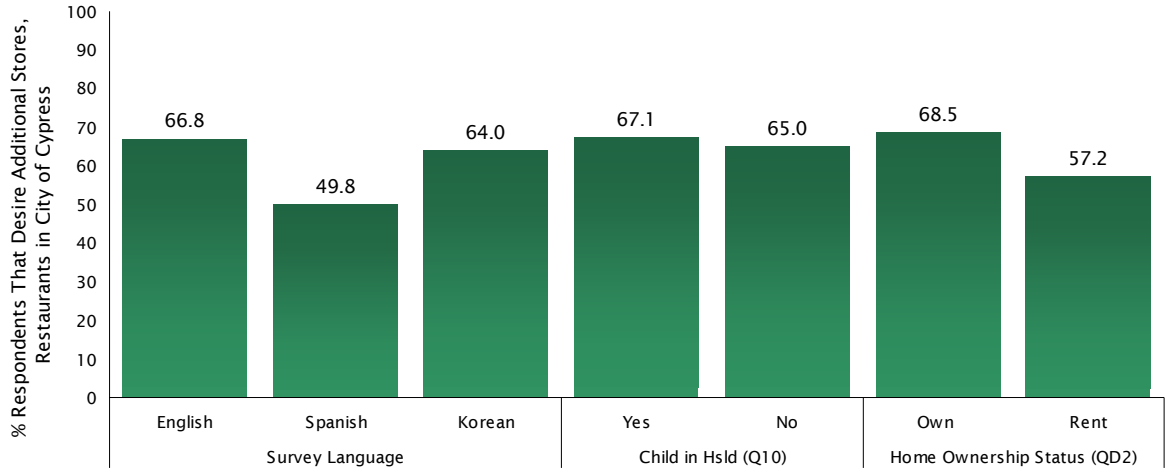


FIGURE 30 DESIRE ADDITIONAL STORES & RESTAURANTS IN CITY OF CYPRESS BY SURVEY LANGUAGE, CHILD IN HSLD & HOME OWNERSHIP STATUS

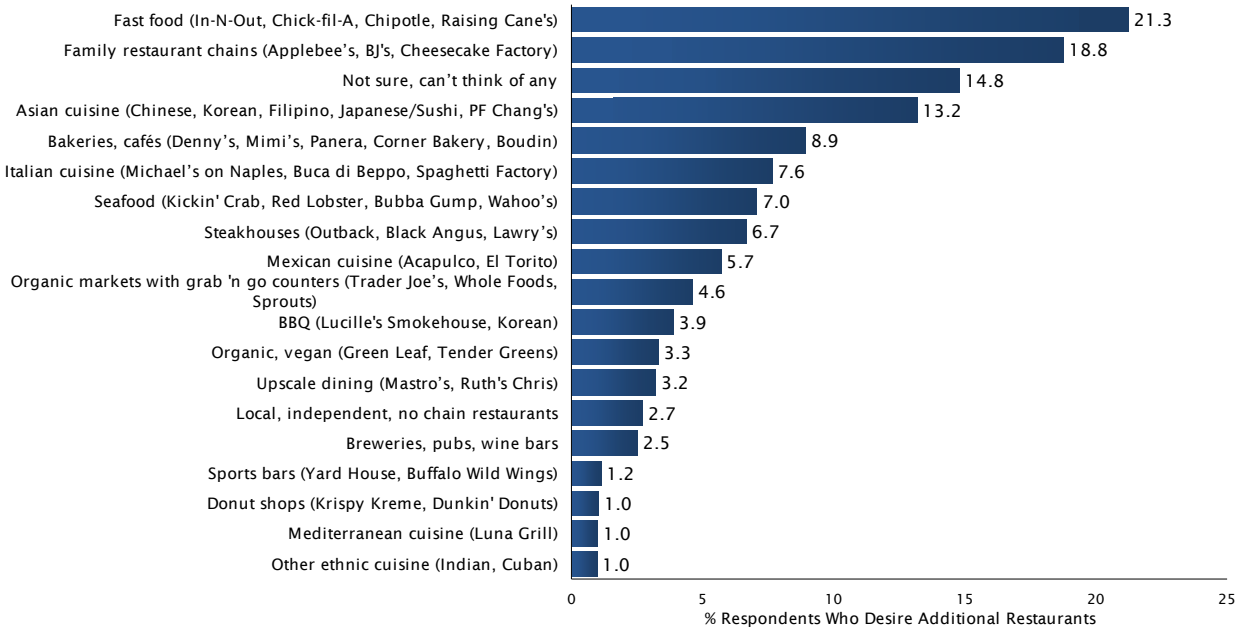


Those who were interested in new businesses in the City were next asked to name the one or two restaurants (Question 17) or stores (Question 18) they were most interested in having located in Cypress. These questions were asked in an open-ended manner, allowing respondents to name any business that came to mind without being limited to a list of options. True North later reviewed the verbatim responses and grouped them into the broader categories shown in the figures, which also provide examples of each category in parentheses.

The most commonly mentioned type of restaurant that residents would like to have located in the City was fast food such as In-N-Out, Chick-fil-A, Chipotle, and Raising Cane's (21%), followed by additional family restaurant chains such as Applebee's, BJ's, and Cheesecake Factory (19%), and Asian cuisine such as Chinese, Korean, Filipino, Japanese/Sushi, and PF Chang's (13%). Fifteen percent (15%) of the households that desired additional retail stores and restaurants in Cypress could not name a specific restaurant when prompted.

Question 17 *What are the names of one or two restaurants you would most like to have located in Cypress?*

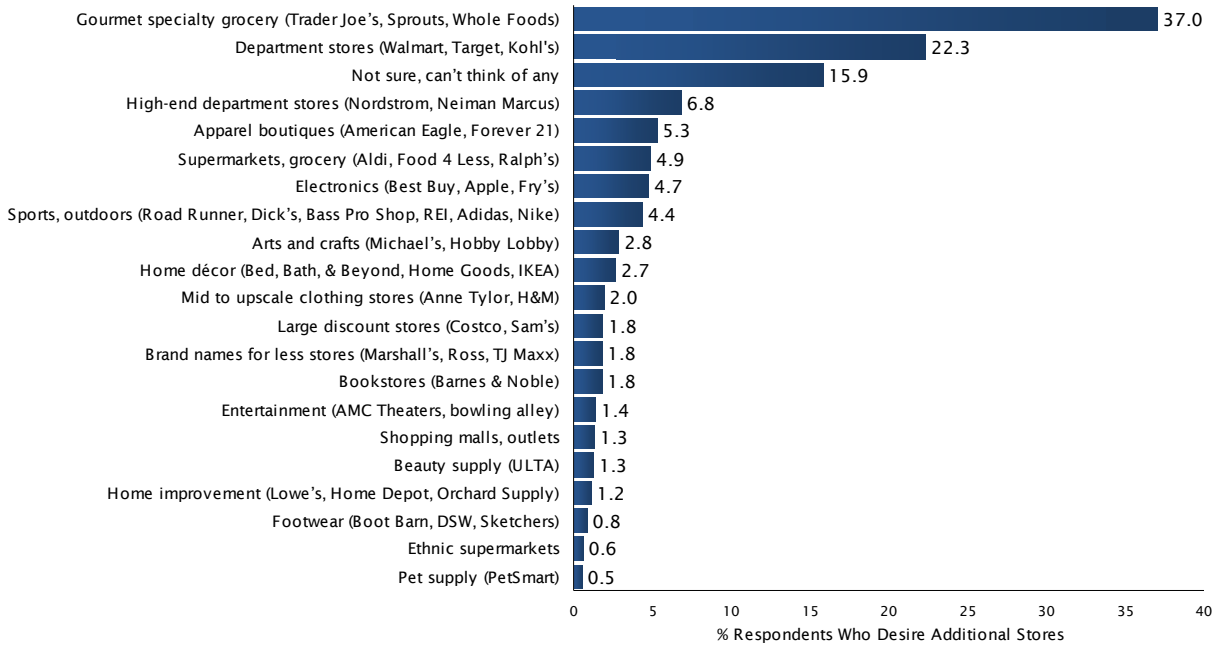
FIGURE 31 ADDITIONAL RESTAURANTS DESIRED IN CYPRESS



When asked to provide the name of one or two stores they would most like to have located in Cypress, 37% of the households that desired additional businesses in Cypress cited gourmet specialty grocery stores such as Trader Joe's, Sprouts, and Whole Foods and 22% cited department stores such as Wal-Mart, Target, and Kohl's. Sixteen percent (16%) of the households that desired additional retail stores and restaurants in Cypress could not provide a specific store name when asked (see Figure 32 on the next page).

Question 18 *What are the names of one or two stores you would most like to have located in Cypress?*

FIGURE 32 ADDITIONAL STORES DESIRED IN CYPRESS



Funding Priorities

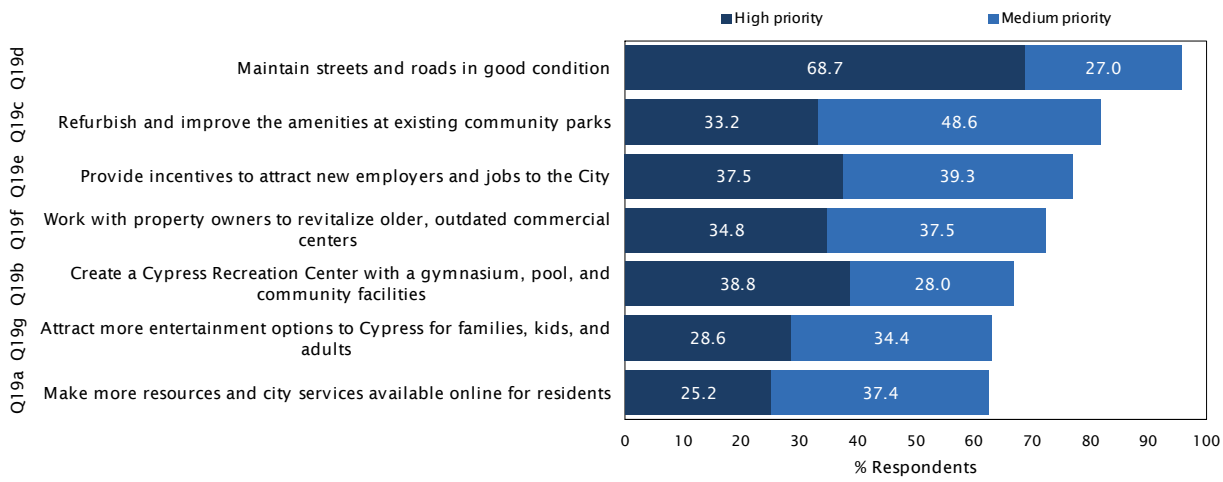
It is often the case that residents' desires for public facilities and programs exceed a city's financial resources. In such cases, a city must prioritize projects and programs based upon a variety of factors, including the preferences and needs of residents.

Question 19 was designed to provide Cypress with a reliable measure of how residents, as a whole, prioritize a variety of services and projects to which the City could allocate resources in the future. The format of the question was straightforward: after informing respondents that the City does not have the financial resources to fund *all* of the services and projects that may be desired by residents, respondents were asked whether each service or project shown in Figure 33 should be a high, medium, or low priority for future City spending—or if the City should not spend money on the project at all. To encourage a sense of competition, respondents were instructed that not all of the services and projects could be high priorities.

The seven services and projects are sorted in Figure 33 from high to low based on the percentage of respondents who indicated that an item was *at least* a medium priority for future city spending. Among the services and projects tested, maintaining streets and roads in good condition was assigned the highest priority (96% high or medium priority), followed by refurbishing and improving the amenities at existing community parks (82%) and providing incentives to attract new employers and jobs to the City (77%). Although still rated as a high or medium priority by a majority of residents, making more resources and city services available online for residents (63%) and attracting more entertainment options to Cypress for families, kids, and adults (63%) were generally considered lower priorities.

Question 19 *The City of Cypress has limited financial resources to provide local services and projects desired by residents. Because it can't fund every service and project, the City must set priorities. As I read each of the following items, please indicate whether you think the City should make the item a high priority, a medium priority, or a low priority for future city spending. If you feel the City should not spend any money on this item, just say so. Please keep in mind that not all of the items can be high priorities.*

Figure 33 Funding Priorities



For the interested reader, the following three tables provide the percentage of respondents who considered each proposed service or project a *high priority* by their overall satisfaction with the City's performance, age, years in Cypress, home ownership status, ethnicity, and survey language.

TABLE 6 FUNDING PRIORITIES BY OVERALL SATISFACTION & AGE (SHOWING % HIGH PRIORITY)

	Overall Satisfaction (Q5)		Age (QD1)					
	Satisfied	Dissatisfied	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
Maintain streets and roads in good condition	68.6	65.2	53.1	64.2	65.2	66.2	75.5	84.4
Create a Cypress Recreation Center with a gymnasium, pool, and community facilities	36.7	46.0	47.3	48.9	50.2	35.1	30.8	22.9
Provide incentives to attract new employers and jobs to the City	37.8	36.7	45.9	46.0	33.6	36.7	36.1	30.9
Work with property owners to revitalize older, outdated commercial centers	34.1	36.8	36.1	45.3	35.2	37.1	27.3	27.8
Refurbish and improve the amenities at existing community parks	32.1	37.1	39.3	37.4	35.2	33.4	26.2	28.9
Attract more entertainment options to Cypress for families, kids, and adults	27.4	30.6	34.4	32.8	36.2	26.3	24.8	20.3
Make more resources and city services available online for residents	25.3	18.9	34.4	26.3	26.2	24.9	17.2	24.2

TABLE 7 FUNDING PRIORITIES BY YEARS IN CYPRESS & HOME OWNERSHIP STATUS (SHOWING % HIGH PRIORITY)

	Years in Cypress (Q1)				Home Ownership Status (QD2)	
	Less than 5	5 to 9	10 to 14	15 or longer	Own	Rent
Maintain streets and roads in good condition	65.2	63.4	69.6	71.1	71.9	61.7
Create a Cypress Recreation Center with a gymnasium, pool, and community facilities	46.5	48.4	43.5	33.2	36.2	42.9
Provide incentives to attract new employers and jobs to the City	41.3	37.8	34.8	36.8	34.2	43.6
Work with property owners to revitalize older, outdated commercial centers	33.9	33.0	40.5	34.6	34.6	36.2
Refurbish and improve the amenities at existing community parks	32.5	30.7	41.3	32.5	34.0	30.0
Attract more entertainment options to Cypress for families, kids, and adults	31.8	30.0	36.4	25.7	27.6	31.8
Make more resources and city services available online for residents	32.1	26.3	22.7	23.5	25.8	24.0

TABLE 8 FUNDING PRIORITIES BY OVERALL ETHNICITY & SURVEY LANGUAGE (SHOWING % HIGH PRIORITY)

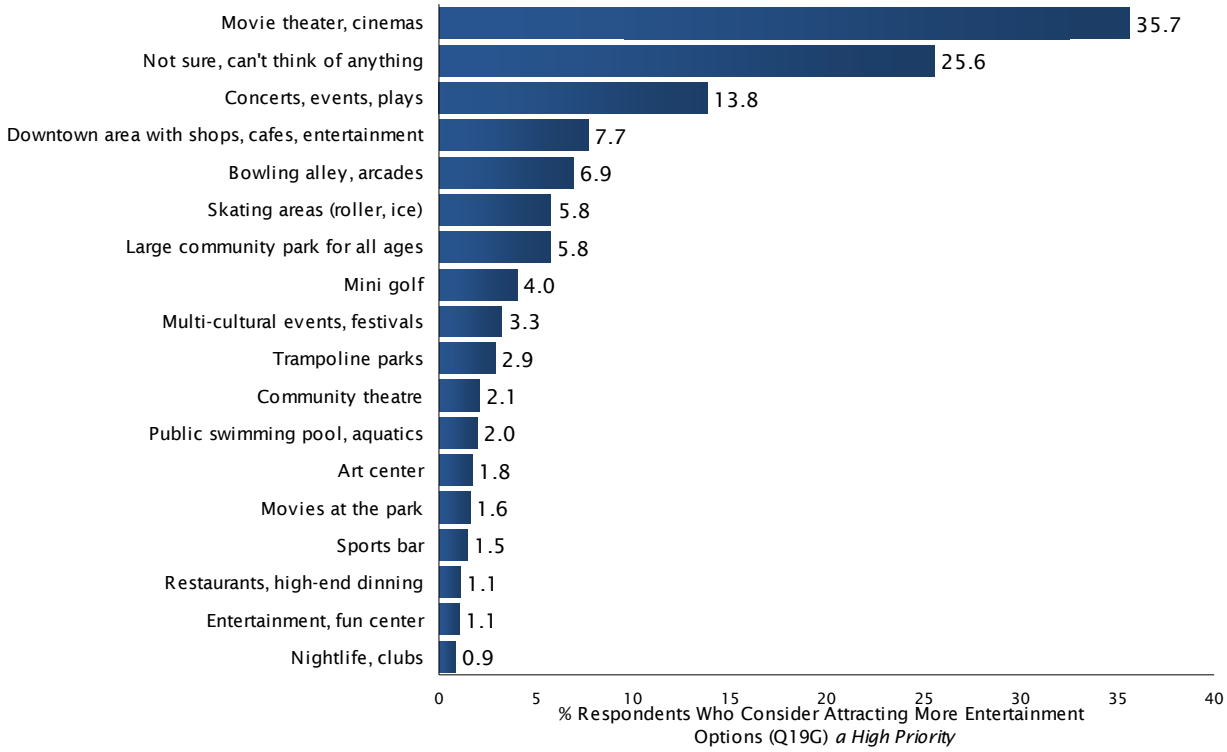
	Ethnicity (QD5)				Survey Language		
	Caucasian / White	Latino / Hispanic	Asian American	Other / Mixed	English	Spanish	Korean
Maintain streets and roads in good condition	70.7	73.0	62.7	63.9	70.1	67.1	48.5
Create a Cypress Recreation Center with a gymnasium, pool, and community facilities	32.4	44.0	46.3	42.5	37.2	51.7	46.6
Provide incentives to attract new employers and jobs to the City	32.8	45.3	37.9	46.9	36.8	47.7	36.7
Work with property owners to revitalize older, outdated commercial centers	31.5	39.7	34.7	39.6	34.5	36.3	37.6
Refurbish and improve the amenities at existing community parks	32.0	33.0	34.7	30.2	32.5	36.7	40.3
Attract more entertainment options to Cypress for families, kids, and adults	28.9	31.3	29.2	33.3	28.6	35.0	19.5
Make more resources and city services available online for residents	19.7	24.6	31.0	38.1	26.1	18.2	20.4

As a follow-up, residents who assigned a high priority rating to attracting more entertainment options to Cypress for families, kids, and adults were asked to detail specific entertainment options that they would like available in the City. True North reviewed the verbatim responses to Question 20 and grouped them into the categories shown in Figure 34 on the next page.

More than a quarter (26%) of the residents who rated attracting more entertainment options as a high priority were nevertheless unsure or could not provide specifics when asked to describe the types of entertainment in which they were interested. Among specific mentions, movie theater/ cinemas was the most frequently cited additional entertainment option desired in Cypress for families, kids, and adults (36%), followed by concerts/events/plays (14%), a downtown area with shops, cafés, and entertainment (8%), and bowling alley/arcades (7%).

Question 20 *You indicated that attracting more entertainment options to Cypress for families, kids, and adults should be a high priority. Do you have any specific entertainment options that you'd like available in the City of Cypress?*

FIGURE 34 ADDITIONAL ENTERTAINMENT OPTIONS DESIRED



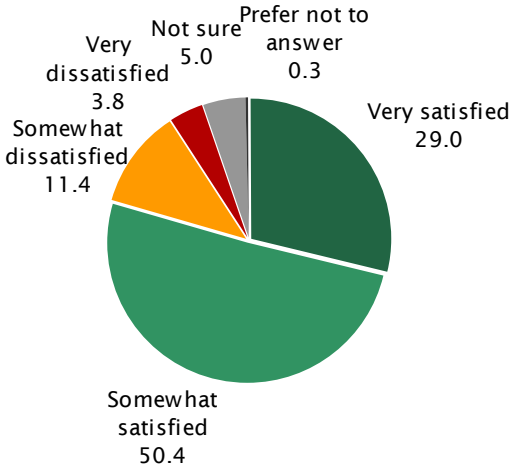
Communication

The importance of city communication with residents cannot be over-stated. Much of a city's success is shaped by the quality of information that is exchanged in both directions, from the City to the community and from the community to the City. This study is just one example of Cypress' efforts to enhance the information flow *to* the City to better understand the community's concerns, perceptions, and needs. Some of Cypress' many efforts to communicate with its residents include its newsletters, timely press releases, and its website. In this section, we present the results of several communication-related questions.

SATISFACTION WITH COMMUNICATION Question 21 asked Cypress residents to report their satisfaction with city-resident communication. Overall, 79% of respondents indicated they were satisfied with the City's efforts to communicate with residents through newsletters, the Internet, local media, and other means. The remaining respondents were either dissatisfied with the City's efforts in this respect (15%) or unsure of their opinion (5%).

Question 21 *Overall, are you satisfied or dissatisfied with the City's efforts to communicate with residents through newsletters, the Internet, local media, and other means?*

FIGURE 35 SATISFACTION WITH COMMUNICATION



The next three figures display how satisfaction with the City's efforts to communicate with residents varied by a number of demographics. Satisfaction with the City's communication efforts was widespread, with at least 70% of respondents in all but two subgroups reporting they were either very or somewhat satisfied.

In general, respondents who took the survey in Korean expressed lower satisfaction with city-resident communication (66%) than those who took the survey in English (85%) or Spanish (90%). As might be expected, residents dissatisfied with the City's overall performance also tended to be less satisfied with the City's communication efforts when compared with those who were generally satisfied with the City (87% vs. 67%). Nevertheless, it is striking that even among those dissatisfied with the City's performance in general, two-thirds expressed that they were satisfied with the City's efforts to communicate with residents.

FIGURE 36 SATISFACTION WITH COMMUNICATION BY YEARS IN CYPRESS, ATTENTION TO CITY ISSUES & GENDER

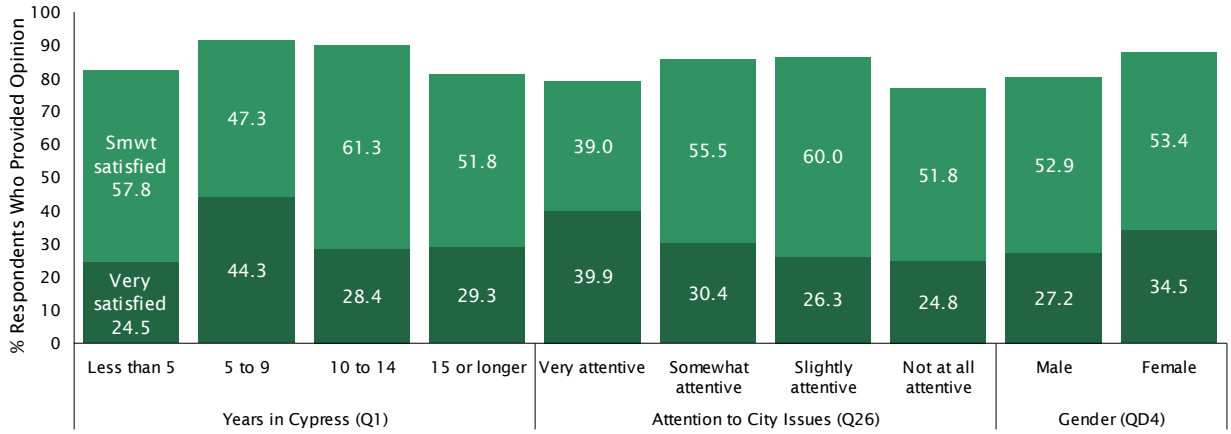


FIGURE 37 SATISFACTION WITH COMMUNICATION BY AGE, SURVEY LANGUAGE & OVERALL SATISFACTION

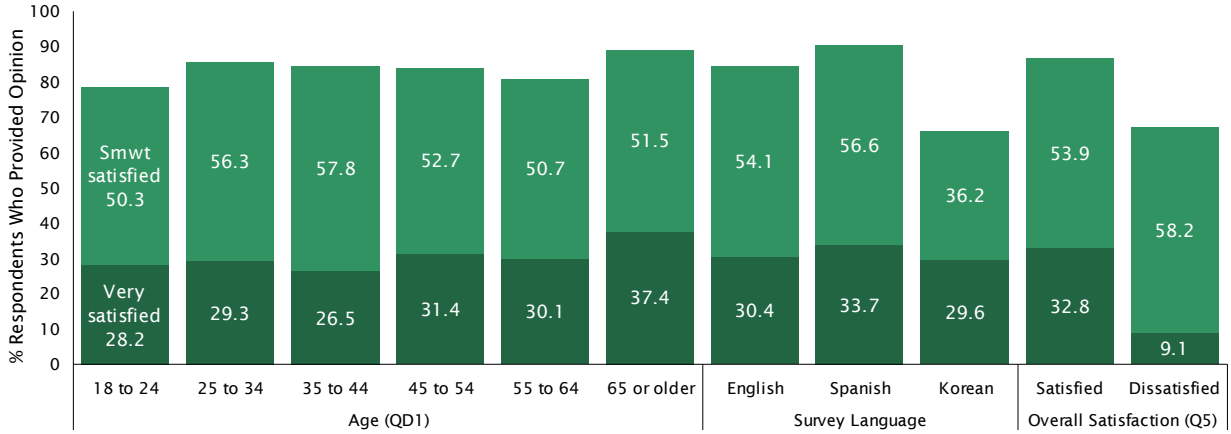
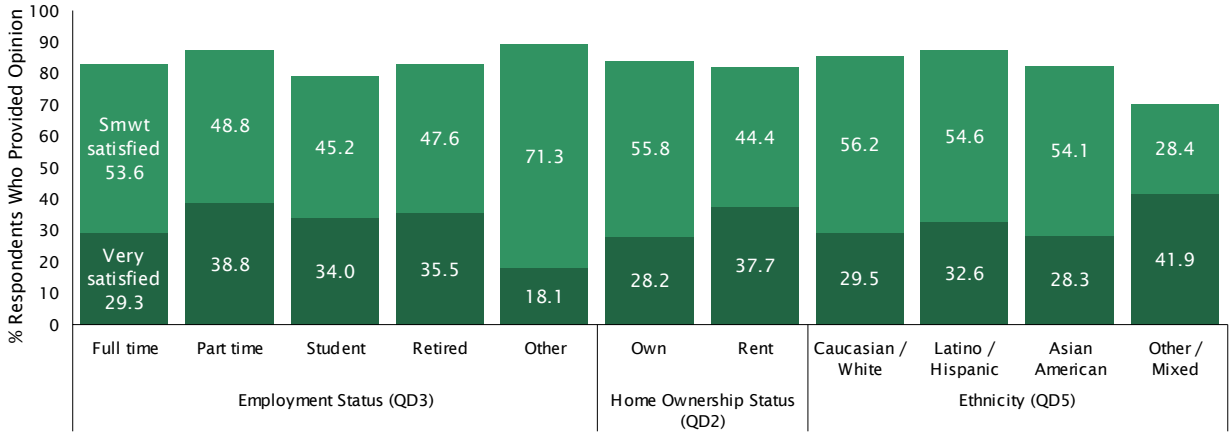


FIGURE 38 SATISFACTION WITH COMMUNICATION BY EMPLOYMENT STATUS, HOME OWNERSHIP STATUS & ETHNICITY



TOPICS OF INTEREST Respondents were next asked if there was a particular topic or issue that they would like to receive more information about from the City. Three-in-ten residents (31%) answered Question 22 in the affirmative and would like more information (see Figure 39). For the interested reader, figures 40 through 42 display the percentage of residents who desired additional information from the City by a variety of demographics.

Question 22 *Is there a particular topic or issue that you'd like to receive more information about from the City?*

FIGURE 39 DESIRE ADDITIONAL INFORMATION

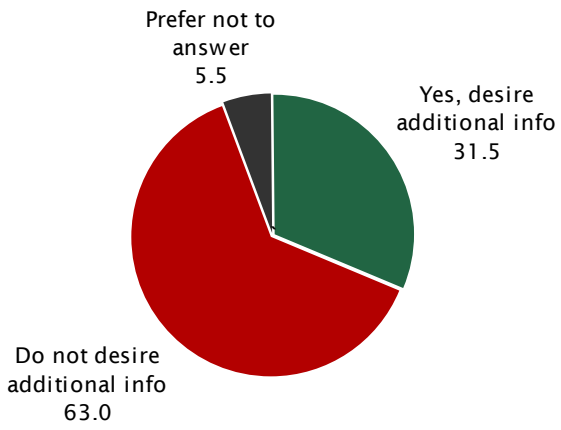


FIGURE 40 DESIRE ADDITIONAL INFORMATION BY YEARS IN CYPRESS, ATTENTION TO CITY ISSUES & GENDER

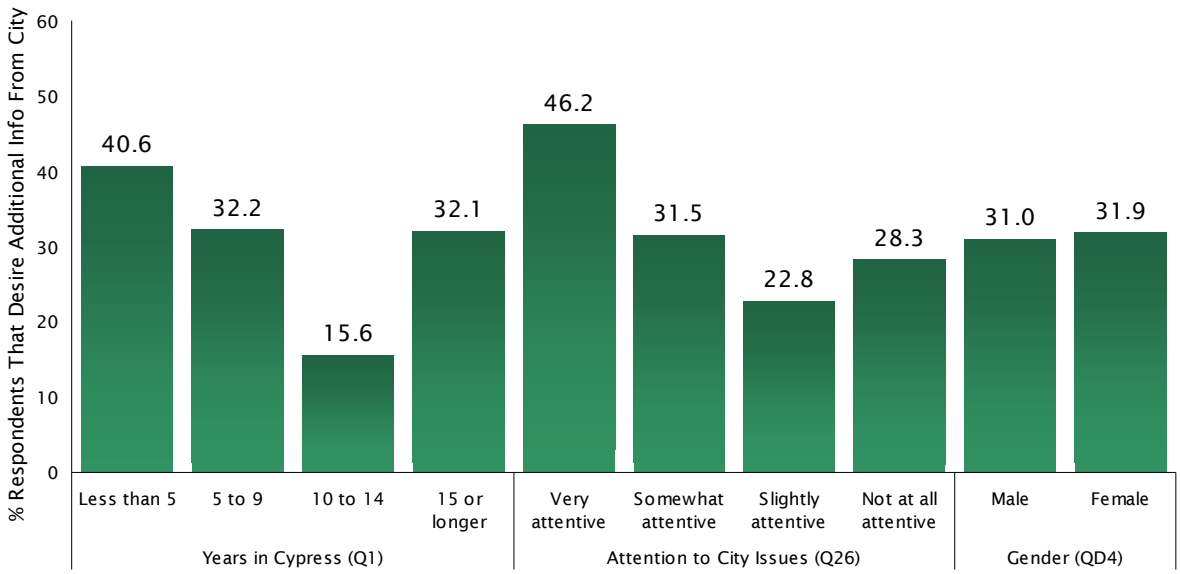


FIGURE 41 DESIRE ADDITIONAL INFORMATION BY AGE & SURVEY LANGUAGE

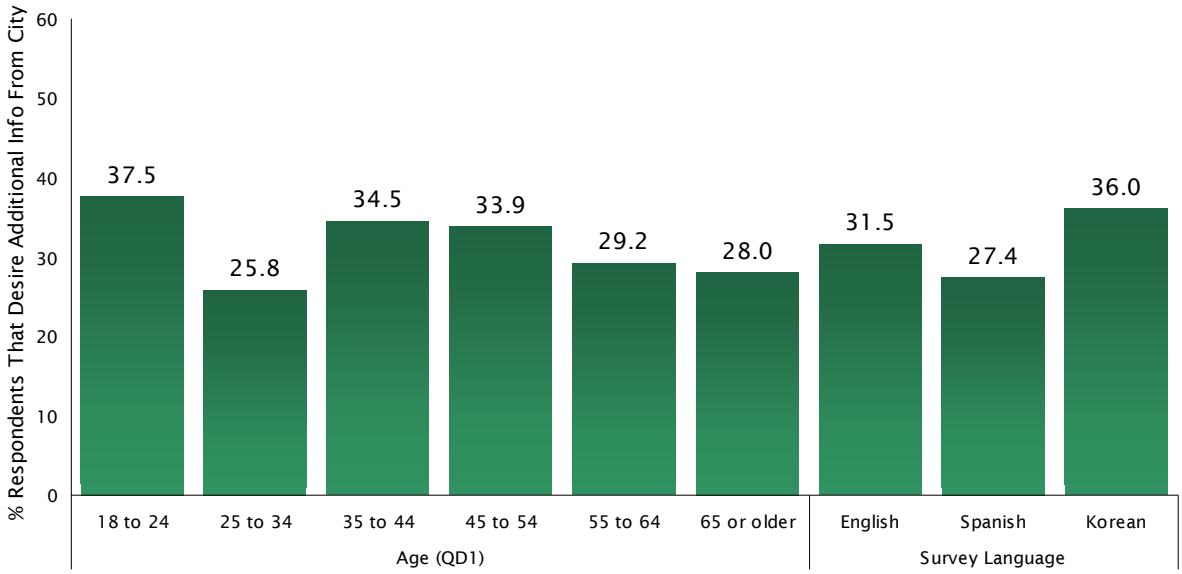
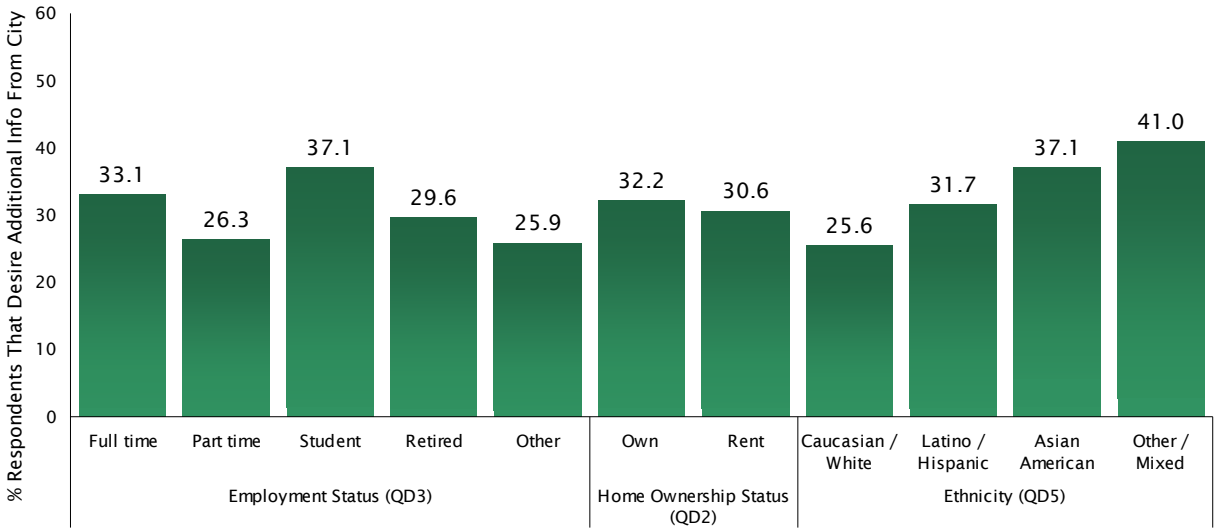


FIGURE 42 DESIRE ADDITIONAL INFORMATION BY EMPLOYMENT STATUS, HOME OWNERSHIP STATUS & ETHNICITY

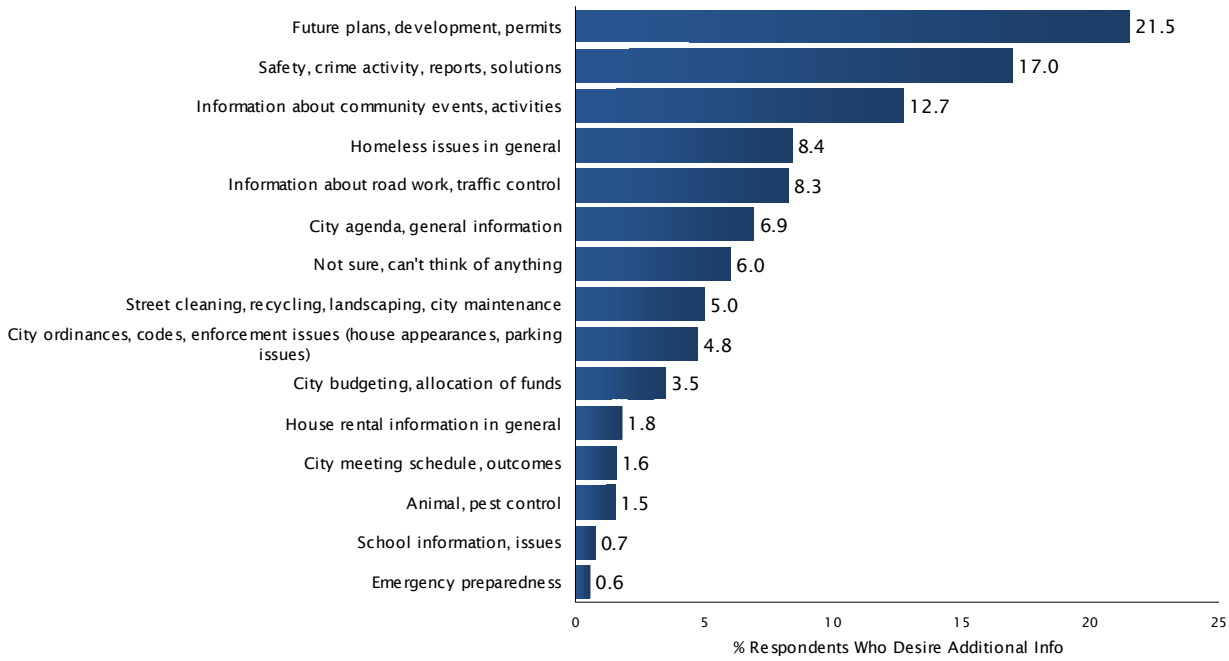


Residents who expressed interest in receiving additional information from the City were subsequently asked to describe the topic in which they were interested. Question 23 was posed in an open-ended manner, meaning that respondents were at liberty to mention any topic that came to mind without being prompted by or restricted to a particular list of topics. The verbatim responses were later reviewed by True North and grouped into the categories shown in Figure 43 on the next page. Respondents were allowed to mention more than one topic, so the percentage results shown in the figure indicate the percentage of respondents who mentioned each topic.

As shown in the figure, information about future plans, development, and permits was the most commonly mentioned topic of interest (22%), followed by information on safety, crime activity, reports, and solutions (17%), and information about community events and activities (13%).

Question 23 *Please briefly describe the topic [you desire more information about].*

FIGURE 43 ADDITIONAL INFO DESIRED FROM CITY



CITY WEBSITE & COMMUNICATIONS FROM CITY

All respondents were next asked whether they had visited the City's website or received communications from the City during the 12 months prior to the interview. As shown in Figure 44 on the next page, the majority (56%) of residents reported that they have visited the City's website and/or recalled receiving communications from the City during this period.

Figures 45 through 47 show how responses to this question varied across a host of resident subgroups. The subgroups most likely to state that they had visited the City's website or received communications from the City were residents who have lived in the City five to nine years, those very or somewhat attentive to city issues, female respondents, those 35 to 54 years of age, respondents who took the survey in English or Korean, respondents with an employment status other than student, home owners, and Caucasian/White or Latino/Hispanic respondents.

Question 24 *In the past 12 months, have you visited the City's website or received communications from the City?*

FIGURE 44 VISITED CITY'S WEBSITE OR RECEIVED COMMUNICATIONS IN PAST 12 MONTHS

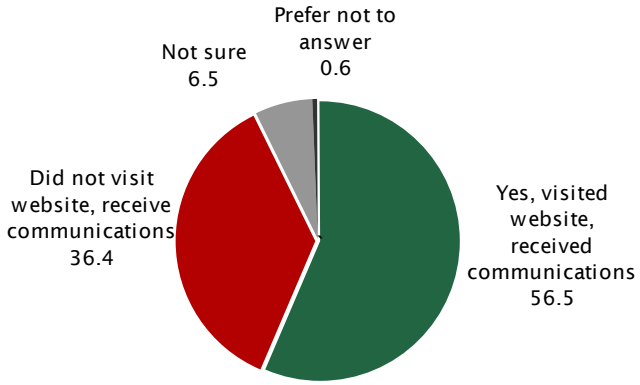


FIGURE 45 VISITED CITY'S WEBSITE OR RECEIVED COMMUNICATIONS IN PAST 12 MONTHS BY YEARS IN CYPRESS, ATTENTION TO CITY ISSUES & GENDER

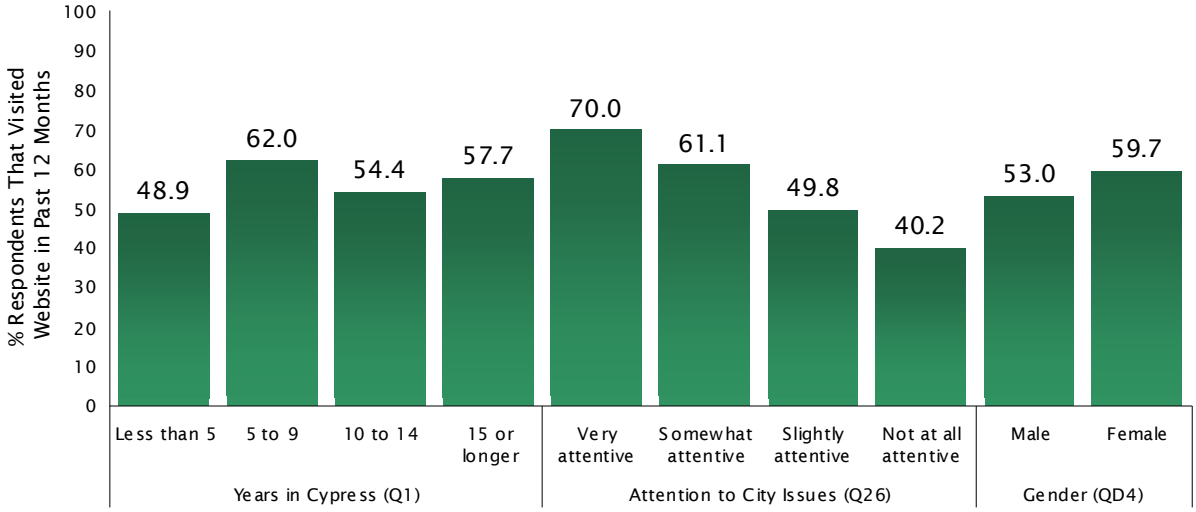


FIGURE 46 VISITED CITY'S WEBSITE OR RECEIVED COMMUNICATIONS IN PAST 12 MONTHS BY AGE & SURVEY LANGUAGE

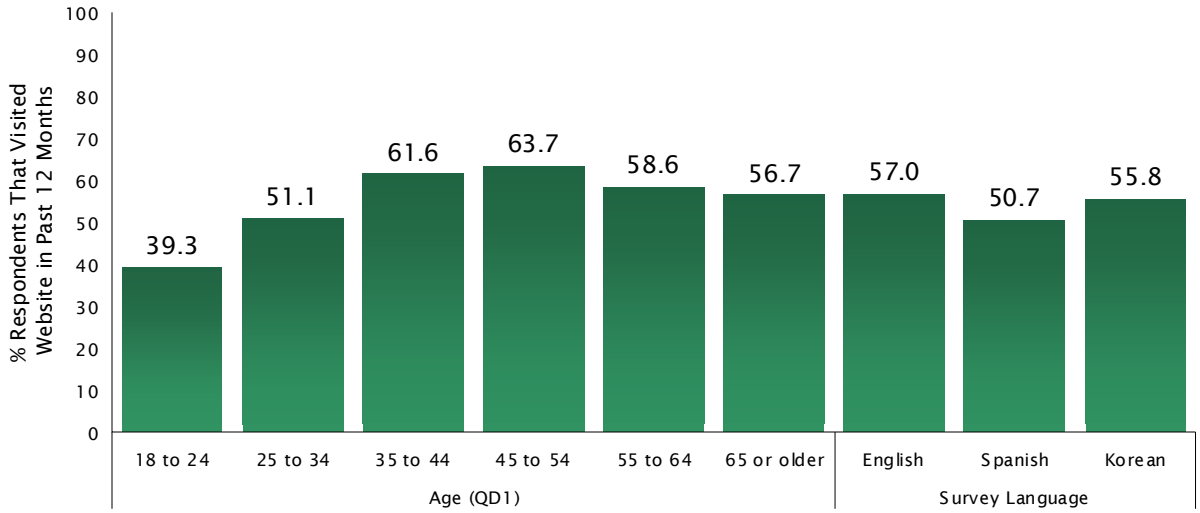
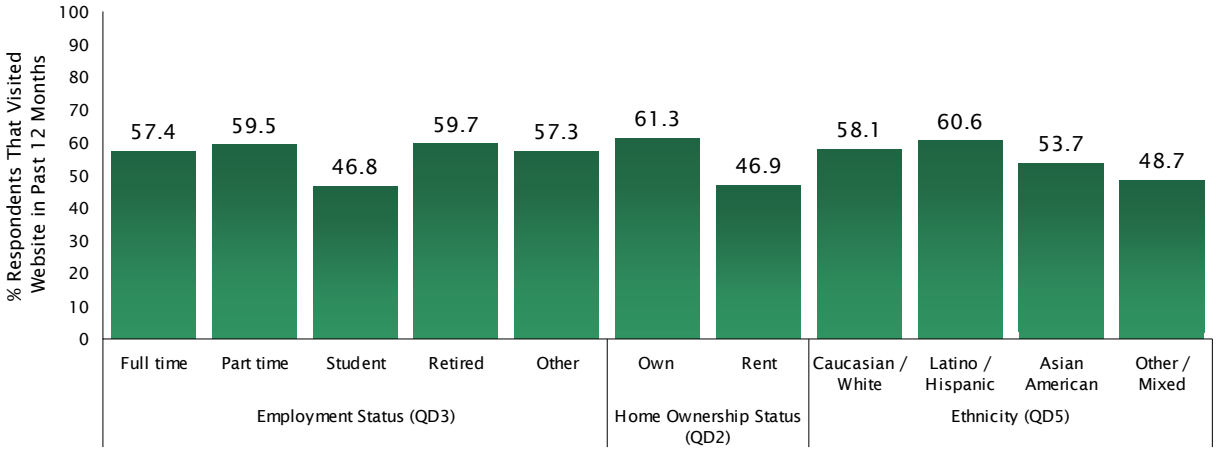


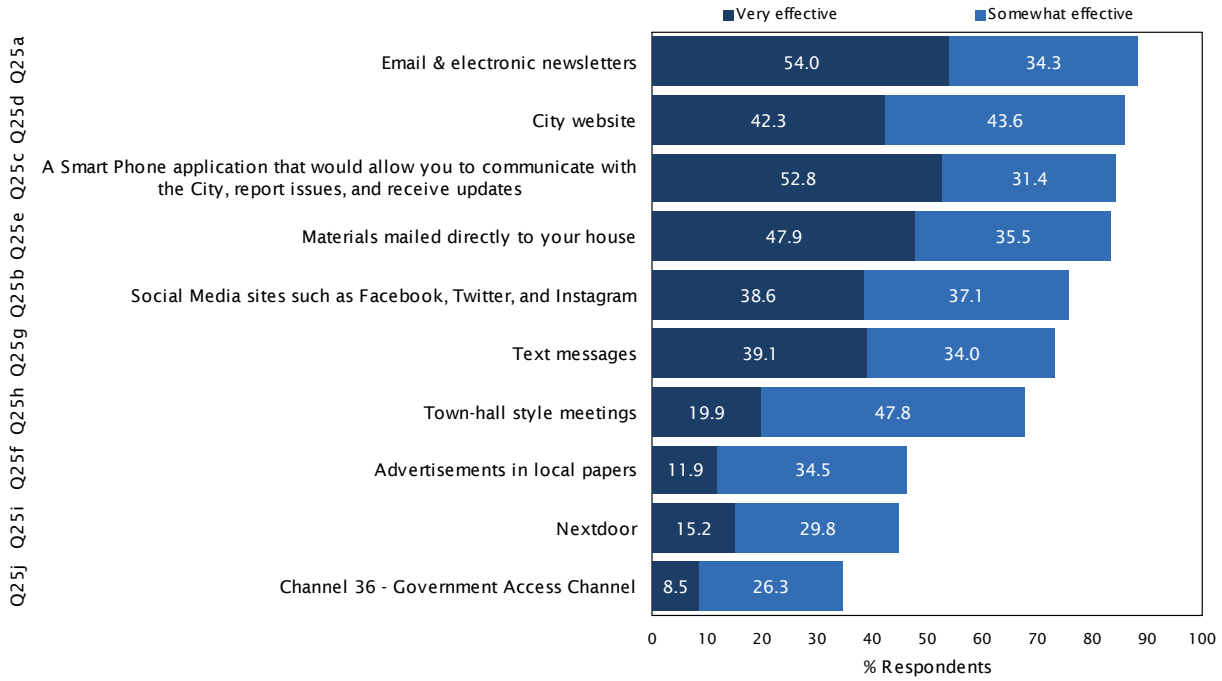
FIGURE 47 VISITED CITY'S WEBSITE OR RECEIVED COMMUNICATIONS IN PAST 12 MONTHS BY EMPLOYMENT STATUS, HOME OWNERSHIP STATUS & ETHNICITY



COMMUNICATION PREFERENCES The next communication-related question presented residents with the methods shown to the left of Figure 48 on the next page and asked whether each would be an effective way for the City to communicate with them. Overall, respondents cited email and electronic newsletters as the most effective method (88% very or somewhat effective), followed by the City's website (86%), a smart phone app (84%), and direct mail (83%). At the other end of the spectrum, fewer than half of respondents perceived the Government Access Channel (35%), Nextdoor (45%), and advertisements in local papers (46%) as effective ways for the City to communicate with them.

Question 25 *As I read the following ways that the City can communicate with residents, I'd like to know if you think they would be a very effective, somewhat effective, or not at all effective way for the City to communicate with you.*

FIGURE 48 EFFECTIVENESS OF COMMUNICATION METHODS



The following tables display the percentage of respondents who perceived each proposed communication method as *very effective* by their overall satisfaction with the City's performance, age, years in Cypress, and presence of a child in the home, with the top five most effective methods within each subgroup highlighted green.

TABLE 9 EFFECTIVENESS OF COMMUNICATION METHODS BY OVERALL SATISFACTION & AGE (SHOWING % VERY EFFECTIVE)

	Overall Satisfaction (Q5)		Age (QD1)					
	Satisfied	Dissatisfied	18 to 24	25 to 34	35 to 44	45 to 54	55 to 64	65 or older
Email & electronic newsletters	53.5	59.0	60.0	50.7	55.6	59.5	55.1	42.3
A Smart Phone app that allows to communicate with City, report issues, receive updates	52.0	61.1	61.0	52.0	57.8	58.8	49.7	36.2
Materials mailed directly to your house	47.3	54.1	49.8	44.7	47.0	42.3	46.7	56.2
City website	41.4	41.0	49.6	45.4	39.3	42.6	42.5	36.6
Text messages	37.8	52.2	54.9	40.2	44.5	40.4	33.9	25.5
Social Media sites such as Facebook, Twitter, and Instagram	38.1	36.2	59.8	45.3	53.0	35.3	31.9	14.6
Town-hall style meetings	19.0	25.3	18.0	19.5	14.6	20.4	19.4	26.9
Nextdoor	14.0	19.1	8.4	7.1	13.8	17.2	20.0	21.1
Advertisements in local papers	10.9	17.5	14.5	15.0	6.5	9.3	10.2	17.8
Channel 36 - Government Access Channel	7.2	19.9	15.0	7.8	4.8	4.7	7.9	12.2

TABLE 10 EFFECTIVENESS OF COMMUNICATION METHODS BY YEARS IN CYPRESS & CHILD IN HSLD (SHOWING % VERY EFFECTIVE)

	Years in Cypress (Q1)				Child in Hsld (Q10)	
	Less than 5	5 to 9	10 to 14	15 or more	Yes	No
Email & electronic newsletters	57.8	54.2	53.7	52.9	59.0	51.5
A Smart Phone app that allows to communicate with City, report issues, receive updates	55.7	59.0	52.3	50.8	60.0	48.8
Materials mailed directly to your house	41.7	46.8	40.2	51.7	46.8	48.9
City website	49.8	38.5	37.3	41.8	42.0	42.5
Text messages	49.2	49.1	34.8	34.5	46.6	35.2
Social Media sites such as Facebook, Twitter, and Instagram	52.3	45.1	36.4	33.1	48.0	33.0
Town-hall style meetings	17.4	22.5	15.3	21.1	15.5	22.6
Nextdoor	22.3	12.3	13.6	14.1	14.8	15.3
Advertisements in local papers	10.6	11.8	9.2	12.8	7.4	14.8
Channel 36 - Government Access Channel	7.9	8.6	5.2	9.3	5.7	10.2

TABLE 11 EFFECTIVENESS OF COMMUNICATION METHODS BY SURVEY LANGUAGE & ETHNICITY (SHOWING % VERY EFFECTIVE)

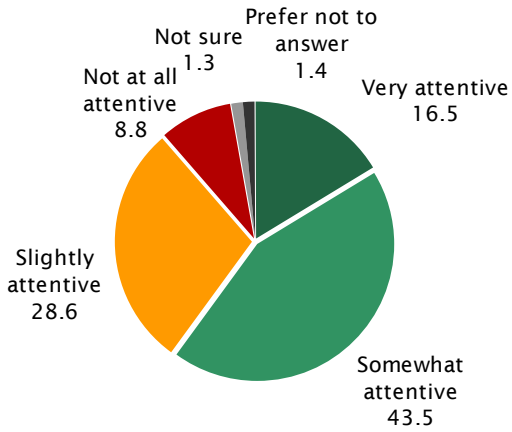
	Survey Language			Ethnicity (QD5)			
	English	Spanish	Korean	Caucasian / White	Latino / Hispanic	Asian American	Other / Mixed
Email & electronic newsletters	54.7	47.5	51.7	54.2	53.8	60.5	45.3
A Smart Phone app that allows to communicate with City, report issues, receive updates	52.7	64.4	39.0	53.8	62.3	47.8	53.8
Materials mailed directly to your house	49.4	39.8	34.7	47.8	50.4	47.0	47.3
City website	42.4	47.8	33.9	41.8	50.1	36.6	49.3
Text messages	39.5	42.2	28.4	39.2	39.3	44.5	35.5
Social Media sites such as Facebook, Twitter, and Instagram	38.4	52.9	23.8	39.9	46.9	35.2	41.7
Town-hall style meetings	20.2	25.1	8.5	18.0	26.1	12.9	29.3
Nextdoor	15.0	16.3	15.6	15.3	17.7	14.5	20.6
Advertisements in local papers	11.9	14.6	8.6	9.9	19.6	9.0	15.9
Channel 36 - Government Access Channel	8.8	11.0	0.0	7.6	12.2	5.3	9.3

ATTENTION PAID TO CITY GOVERNMENT

The last question in this section asked respondents to rate how attentive they are to the issues, decisions, and activities of city government using a scale of very attentive, somewhat attentive, slightly attentive, or not at all attentive. Overall, 17% of respondents claimed to be very attentive to matters of city government, 43% somewhat attentive, and 29% slightly attentive. Another 9% of respondents confided they do not pay any attention to the activities of their city government and 3% were unsure or declined to state (see Figure 49).

Question 26 *How much attention do you pay to the issues, decisions and activities of your city government? Would you say that you are very attentive, somewhat attentive, slightly attentive, or not at all attentive?*

FIGURE 49 ATTENTIVENESS TO CITY ISSUES



Figures 50 to 52 on the following page display how attentiveness to city government differed across a variety of demographics. Notably, attention paid to city government shared a positive relationship with age of the respondent, with both the percentage *very* attentive and *at least* somewhat attentive increasing with age. Long-time residents, those 65 years and older, retirees, home owners, and those dissatisfied with the City's overall performance were among the most likely to describe themselves as being very or somewhat attentive to the issues, decisions, and activities of city government.

FIGURE 50 ATTENTIVENESS TO CITY ISSUES BY YEARS IN CYPRESS & AGE

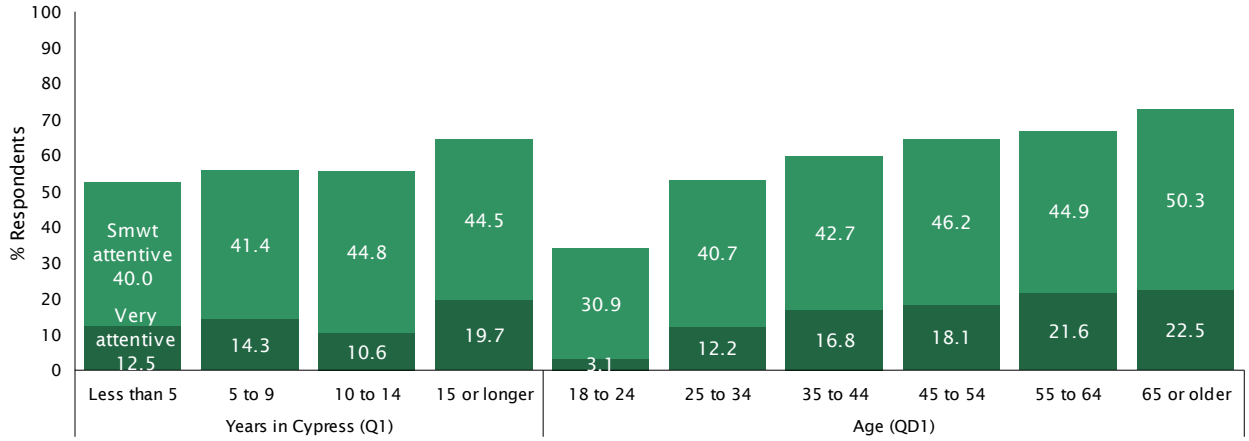


FIGURE 51 ATTENTIVENESS TO CITY ISSUES BY SURVEY LANGUAGE, EMPLOYMENT STATUS & HOME OWNERSHIP STATUS

FIGURE 52 ATTENTIVENESS TO CITY ISSUES BY OVERALL SATISFACTION, ETHNICITY & GENDER

Background & Demographics

Table 12 Demographics of Sample

Total Respondents	*748*
Years in Cypress (Q1)	
Less than 5	17.4
5 to 9	14.2
10 to 14	12.0
15 or more	56.0
Prefer not to answer	0.4
Age (QD1)	
18 to 24	12.9
25 to 34	14.0
35 to 44	16.9
45 to 54	21.9
55 to 64	16.5
65 or older	16.9
Prefer not to answer	0.9
Home Ownership Status (QD2)	
Own	66.2
Rent	28.5
Prefer not to answer	5.3
Employment Status (QD3)	
Full time	56.3
Part time	6.3
Student	7.9
Homemaker	2.9
Retired	18.6
Between jobs	2.9
Prefer not to answer	5.1
Gender (QD4)	
Male	49.3
Female	47.2
Prefer not to answer	3.5
Ethnicity (QD5)	
Caucasian / White	37.6
Latino / Hispanic	18.6
Asian American	26.4
Other / Mixed	9.8
Prefer not to answer	7.6
Survey Language	
English	87.3
Spanish	7.2
Korean	5.6
Child in Hsld (Q10)	
Yes	37.0
No	61.4
Prefer not to answer	1.6

Table 12 presents the key demographic information collected during the survey. The primary motivation for collecting the background and demographic information was to provide a better insight into how the results of the substantive questions of the survey vary by demographic characteristics, and ensure that the resulting sample matched the profile of Cypress' adult population on key characteristics.

Methodology

The following sections outline the methodology used in the study, as well as the motivation for using certain techniques.

QUESTIONNAIRE DEVELOPMENT Dr. McLarney of True North Research worked closely with the City of Cypress to develop a questionnaire that covered the topics of interest and avoided many possible sources of systematic measurement error, including position-order effects, wording effects, response-category effects, scaling effects, and priming. Several questions included multiple individual items. Because asking items in a set order can lead to a systematic position bias in responses, the items were asked in a random order for each respondent.

Some questions asked in this study were presented only to a subset of respondents. For example, only respondents with at least one child under the age of 18 in their household (Question 10) were asked whether their child(ren) had participated in a city recreation program, class, or activity in the past 12 months (Question 11). The questionnaire included with this report (see *Questionnaire & Toplines* on page 54) identifies the skip patterns used during the interview to ensure that each respondent received the appropriate questions.

PROGRAMMING, PRE-TEST & TRANSLATION Prior to fielding the survey, the questionnaire was CATI (Computer Assisted Telephone Interviewing) programmed to assist interviewers when conducting the telephone interviews. The CATI program automatically navigates the skip patterns, randomizes the appropriate question items, and alerts interviewers to certain types of keypunching mistakes should they happen during the interview. The survey was also programmed into a passcode-protected online survey application to allow online participation for sampled residents. The integrity of the questionnaire was pre-tested internally by True North and by dialing into random homes in the City prior to formally beginning the survey. The final questionnaire was also professionally translated into Spanish and Korean to allow for data collection in English, Spanish, and Korean.

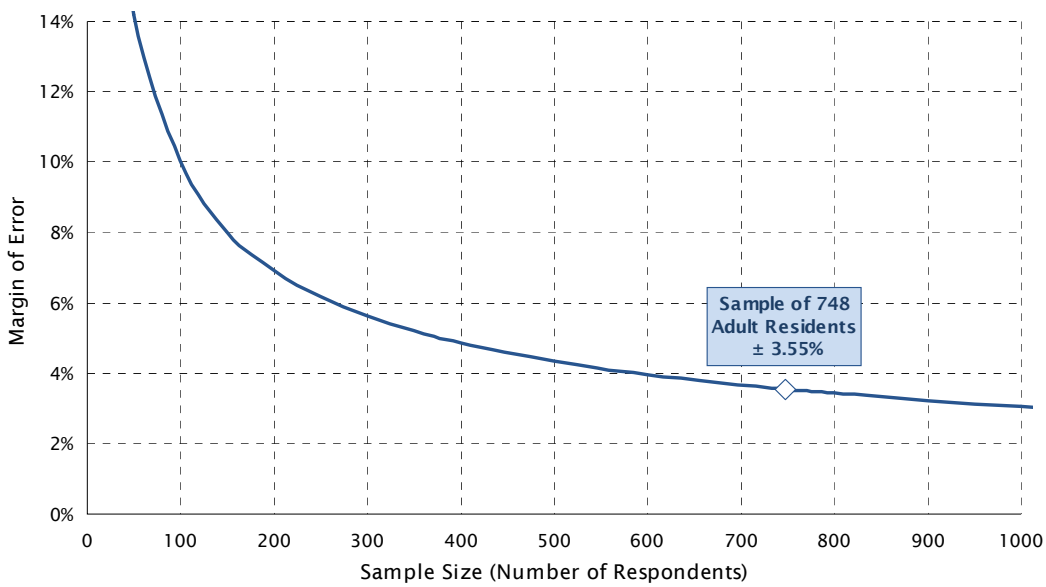
SAMPLE, RECRUITING & DATA COLLECTION A comprehensive database of Cypress households was utilized for this study, ensuring that all households in Cypress had the opportunity to participate in the survey. Households were recruited to participate in the survey through multiple recruiting methods. Using a combination of mailed and emailed invitations, a random selection of households was initially invited to participate in the survey online at a secure, passcode-protected website designed and hosted by True North. Each household was assigned a unique passcode to ensure that only Cypress residents who received an invitation could access the online survey site, and that the survey could be completed only one time per passcode. An email reminder notice was also sent to encourage participation among those who had yet to take the survey. Following a period of online data collection, True North began placing telephone calls to land lines and cell phone numbers of households throughout the City that had yet to participate in the online survey as a result of the emailed or mailed invitation.

Telephone interviews averaged 18 minutes in length and were conducted during weekday evenings (5:30PM to 9PM) and on weekends (10AM to 5PM). It is standard practice not to call during the day on weekdays because most working adults are unavailable and thus calling during those hours would bias the sample. A total of 748 completed surveys (652 English, 54 Spanish, and 42 Korean) were gathered online and by telephone between August 9 and August 27, 2018.

MARGIN OF ERROR DUE TO SAMPLING The results of the survey can be used to estimate the opinions of all adult residents of the City. Because not every adult resident of the City participated in the survey, however, the results have what is known as a statistical margin of error due to sampling. The margin of error refers to the difference between what was found in the survey of 748 adult residents for a particular question and what would have been found if all of the estimated 38,361 adult residents[3] had been interviewed.

Figure 53 provides a plot of the *maximum* margin of error in this study. The maximum margin of error for a dichotomous percentage result occurs when the answers are evenly split such that 50% provide one response and 50% provide the alternative response. For this survey, the maximum margin of error is ± 3.55% for questions answered by all 748 respondents.

FIGURE 53 MAXIMUM MARGIN OF ERROR



Within this report, figures and tables show how responses to certain questions varied by demographic characteristics such as length of residence and age of the respondent. Figure 53 is thus useful for understanding how the maximum margin of error for a percentage estimate will grow as the number of individuals asked a question (or in a particular subgroup) shrinks. Because the margin of error grows exponentially as the sample size decreases, the reader should use caution when generalizing and interpreting the results for small subgroups.

3. Source: U.S. Census Bureau, 2012-2016 American Community Survey 5-Year Estimates.

DATA PROCESSING & WEIGHTING Data processing consisted of checking the data for errors or inconsistencies, coding and recoding responses, categorizing verbatim responses, and preparing frequency analyses and cross-tabulations. The final data were weighted to balance the sample by age and ethnicity according to Census estimates.

ROUNDING Numbers that end in 0.5 or higher are rounded up to the nearest whole number, whereas numbers that end in 0.4 or lower are rounded down to the nearest whole number. These same rounding rules are also applied, when needed, to arrive at numbers that include a decimal place in constructing figures and charts. Occasionally, these rounding rules lead to small discrepancies in the first decimal place when comparing tables and pie charts for a given question.

TRUE NORTH RESEARCH

City of Cypress
Community Opinion Survey
Final Toplines (n=748)
August 2018

Section 1: Introduction to Study
Hi, may I please speak to _____? Hi, my name is _____ and I'm calling from TNR on behalf of the City of Cypress. We're conducting a survey about important issues in Cypress and we would like to get your opinions.
If needed: This is a survey about important issues in your community. I'm NOT trying to sell anything and I won't ask for a donation. *If needed:* The survey should take about 14 minutes to complete. *If needed:* If now is not a convenient time, can you let me know a better time so I can call back? *If needed:* Your responses to the survey will be confidential.

Section 2: Quality of Life			
To begin, I'd like to ask you a few questions about what it is like to live in Cypress.			
Q1	How long have you lived in the City of Cypress?		
	1	Less than 1 year	2%
	2	1 to 4 years	15%
	3	5 to 9 years	14%
	4	10 to 14 years	12%
	5	15 years or longer	56%
	99	Prefer not to answer	0%

Q2	How would you rate: _____? Would you say it is excellent, good, fair, poor or very poor?							
	Randomize A-D, always ask E last	Excellent	Good	Fair	Poor	Very Poor	Not Sure	Prefer not to answer
A	Cypress as a place to live	46%	43%	10%	0%	0%	0%	0%
B	Cypress as a place to raise a family	53%	39%	6%	0%	0%	1%	0%
C	Cypress as a place to retire	29%	32%	22%	5%	3%	9%	0%
D	Cypress as a place to work	19%	32%	17%	3%	2%	26%	2%
E	The overall quality of life in Cypress	38%	50%	9%	1%	0%	1%	0%

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Q3	What do you like most about Cypress that the city government should make sure to preserve in the future? Verbatim responses recorded and later grouped into categories shown below.	
	Safety, low crime	19%
	Parks, recreation areas	18%
	Not sure, can't think of anything specific	16%
	Open space areas, nature preserves	13%
	Clean, well-maintained city, landscape, trees	13%
	Good schools	11%
	Quiet, friendly town, family oriented	9%
	Community activities, events	8%
	Infrastructure, streets, sidewalks	5%
	Police, fire department	5%
	Small town atmosphere	5%
	Minimal traffic congestion	4%
	Public library	2%
	Everything, preserve as-is	2%
	Restaurants, shopping opportunities, small business	2%
	Affordable housing	1%
	Quality of life	1%
	Community Center, Senior Center	1%
	Maintaining city budget, fiscal responsibility	1%
	Balance of business vs residential construction	1%
Q4	If the city government could change one thing to make Cypress a better place to live, what change would you like to see? Verbatim responses recorded and later grouped into categories shown below.	
	Not sure, can't think of any	14%
	Limit growth, development	12%
	No changes needed, everything is okay	11%
	Improve public safety, crime, drugs, police presence	8%
	Reduce traffic congestion	6%
	Address homeless issues	6%
	Maintain, add park and recreation facilities	6%
	Provide more variety of restaurants, stores	5%
	Provide affordable housing	4%

	Provide more events, entertainment for different ages	4%
	Improve, maintain landscaping	3%
	Address parking issues	3%
	Enforce codes, ordinances	3%
	Improve, maintain infrastructure, roads, streets	2%
	Enforce traffic laws	2%
	Improve economy, jobs, business	2%
	Reduce cost of living	2%
	Improve, add more libraries	2%
	Improve Lincoln area buildings, streets, landscape	2%
	Improve government, communication	2%
	Fill vacant business, buildings	2%
	Add safer bike lanes, sidewalks	1%
	Clean, beautify public spaces	1%
	Reduce taxes, fees	1%
	Better city planning, development	1%
	Improve, add more public transportation	1%
	Provide more street lights	1%
	Improve fiscal responsibility, better budgeting	1%
	Reduce coyote, rat, gopher population	1%
	Improve, develop downtown area	1%
	Add dog park	1%
	Improve education, provide more schools	1%
	Address water issues	1%
	Improve environmental efforts, recycling	1%

Section 3: City Services

Next, I would like to ask a series of questions about services provided by the City of Cypress.

Q5	Generally speaking, are you satisfied or dissatisfied with the job the City of Cypress is doing to provide city services? *Get answer, then ask:* Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?	
1	Very satisfied	39%
2	Somewhat satisfied	49%
3	Somewhat dissatisfied	7%
4	Very dissatisfied	2%
98	Not sure	4%
99	Prefer not to answer	0%

Q6 For each of the services I read, please tell me whether the service is extremely important to you, very important, somewhat important, or not at all important.

Make sure respondent understands the 4 point scale.

	Randomize.	Extremely Important	Very Important	Somewhat Important	Not at all Important	Not sure	Prefer not to answer
A	Providing police and crime prevention services	73%	21%	4%	1%	0%	0%
B	Providing fire protection and emergency medical services	74%	22%	4%	0%	0%	0%
C	Providing senior services	36%	35%	25%	2%	1%	1%
D	Managing traffic congestion in the city	54%	32%	13%	1%	0%	0%
E	Maintaining city streets and roads	59%	33%	7%	0%	0%	0%
F	Managing growth and development	48%	32%	17%	2%	1%	1%
G	Providing recreation programs for all ages	37%	37%	24%	3%	0%	0%
H	Maintaining parks and recreation areas	54%	38%	7%	1%	0%	0%
I	Providing cultural and performing arts	23%	28%	38%	9%	1%	1%
J	Promoting economic development for a healthy business community	38%	38%	21%	2%	0%	0%
K	Keeping public buildings and facilities clean and attractive	47%	40%	12%	1%	0%	0%
L	Holding special community events like summer concerts in the park and holiday celebrations	28%	31%	31%	9%	0%	0%
M	Addressing homelessness	53%	29%	13%	3%	1%	0%

Q7	For the same list of services I just read, I'd like you to tell me how satisfied you are with the job the City is doing to provide the service. Are you satisfied or dissatisfied with the City's efforts to: _____, or do you not have an opinion? *Get answer. If 'satisfied' or 'dissatisfied', then ask*: Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?						
	Randomize.	Very Satisfied	Somewhat Satisfied	Somewhat Dissatisfied	Very Dissatisfied	Not sure	Prefer not to answer
A	Provide police and crime prevention services	54%	33%	6%	2%	2%	2%
B	Provide fire protection and emergency medical services	62%	31%	1%	1%	4%	1%
C	Provide senior services	30%	39%	6%	1%	22%	2%
D	Manage traffic congestion in the city	33%	43%	16%	6%	2%	1%
E	Maintain city streets and roads	51%	41%	5%	2%	0%	0%
F	Manage growth and development	24%	42%	17%	7%	9%	2%
G	Provide recreation programs for all ages	37%	45%	8%	2%	7%	1%
H	Maintain parks and recreation areas	47%	42%	7%	3%	1%	0%
I	Provide cultural and performing arts	28%	45%	9%	1%	14%	3%
J	Promote economic development for a healthy business community	26%	44%	13%	2%	14%	1%
K	Keep public buildings and facilities clean and attractive	45%	45%	6%	1%	2%	1%
L	Hold special community events like summer concerts in the park and holiday celebrations	44%	40%	6%	2%	7%	2%
M	Address homelessness	20%	33%	22%	12%	11%	2%

Section 4: Public Safety							
Q8	Next, I'd like to ask a few questions about personal safety and security in the City of Cypress. When you are: _____, would you say that you feel very safe, reasonably safe, somewhat unsafe, or very unsafe?						
Randomize		Very Safe	Reasonably Safe	Somewhat Unsafe	Very Unsafe	No Opinion	Prefer not to answer
A	Walking alone in your neighborhood during the day	69%	27%	2%	1%	0%	0%
B	Walking alone in your neighborhood after dark	29%	50%	15%	4%	2%	0%
C	Walking alone in commercial and retail areas during the day	57%	36%	4%	1%	1%	0%
D	Walking alone in commercial and retail areas after dark	18%	47%	24%	6%	5%	0%

Section 5: Recreation				
Next, I would like to ask a series of questions about your household's recreation activities and interests.				
Q9	Have you or another **adult** in your household participated in a recreation or Senior Center program, class or activity provided by the City of Cypress during the past 12 months?			
	1	Yes	23%	
	2	No	72%	
	98	Not sure	4%	
	99	Prefer not to answer	1%	
Q10	Do you have children under the age of 18 in your household?			
	1	Yes	37%	*Ask Q11*
	2	No	61%	*Skip to Q12*
	99	Prefer not to answer	2%	*Skip to Q12*
Q11	Have one or more of the **children** in your household participated in a recreation program, class or activity provided by the City of Cypress during the past 12 months?			
	1	Yes	52%	
	2	No	45%	
	98	Not sure	2%	
	99	Prefer not to answer	0%	
Q12	Are there any specific recreation programs, classes, or activities that you would like the City of Cypress to offer in the future?			
	1	Yes	31%	*Ask Q13*
	2	No	33%	*Skip to Q14*
	98	Not sure	35%	*Skip to Q14*
	99	Prefer not to answer	1%	*Skip to Q14*
Q13	Please briefly describe the recreation programs and activities you would most want to see offered by the City of Cypress. Verbatim responses recorded and later grouped into categories shown below.			
	Aquatic activities, swimming lessons		14%	
	Team sports (soccer, baseball, basketball, volleyball)		13%	
	Arts, craft classes		12%	
	Concerts, outdoor events		12%	
	Not sure, can't think of any		9%	
	Senior programs, activities		7%	
	Yoga, Pilates		6%	

	Dancing classes (jazz, hip hop, ballet)	6%
	Fitness classes	6%
	Cooking, wine tasting classes	5%
	Computer, programming classes	4%
	Table games (cards, chess)	4%
	Music classes	4%
	Classes in early mornings, evenings, weekends	3%
	Child programs, activities	3%
	Public swimming pool	2%
	Youth, teen programs, activities	2%
	Activities for people with special needs, disabilities	2%
	Languages classes	2%
	Theatre, acting classes	2%
	STEAM classes	1%
	Adult programs, activities	1%
	Martial arts (Jiu-Jitsu, Tai-Chi)	1%
	Safety, self-defense classes	1%

Q14	The City of Cypress is in the process of updating the recreation programs that it offers to residents. As I read a list of programs and activities, please indicate whether you or another member of your household would be very interested, somewhat interested, or not interested in participating in the activity if offered by the City. Here is the (first/next) one: _____.				
	Randomize	Very Interested	Somewhat Interested	Not Interested	Prefer not to answer
A	Children's Sport Classes, Camps, and Leagues	29%	25%	42%	3%
B	Adult Sports Classes and Leagues	26%	35%	36%	3%
C	Children's full day Summer Camps	26%	22%	49%	4%
D	Swim Lessons for all ages	38%	26%	34%	2%
E	Preschool-aged Programs	19%	18%	59%	4%
F	Music and Dance Classes	31%	33%	34%	2%
G	Art Programs and Craft classes	30%	35%	33%	2%
H	Theater Programs	24%	31%	42%	3%
I	Exercise, Fitness, and Yoga classes	40%	40%	18%	2%
J	Martial Arts and Self Defense Classes	27%	33%	37%	2%
K	First Aid and Emergency Preparedness Programs	40%	43%	15%	2%

L	Dog Training	23%	29%	45%	2%
M	Technology classes for Children or adults	37%	33%	28%	2%
N	Intergenerational or Parent/Child Participation Programs	18%	29%	50%	3%
O	Movies and Concerts on the Green	45%	37%	17%	2%
P	Holiday Special Events such as Egg Hunt, Halloween, Tree Lighting, and Holiday Sing	37%	35%	26%	2%
Q	Family Events and Excursions	33%	36%	28%	2%
R	Cooking and Culinary classes	35%	37%	26%	2%
S	Water-friendly gardening and landscaping classes	29%	35%	33%	3%

Section 6: Shopping & Economic Development

Next, I'd like to ask you a few questions about your shopping habits.

Q15	Excluding grocery shopping, what percentage of your household's retail shopping dollars do you spend locally in the City of Cypress? *If they are uncertain, ask them to estimate.*		
	1	Less than 10%	17%
	2	10% to 19%	16%
	3	20% to 29%	14%
	4	30% to 39%	10%
	5	40% to 49%	7%
	6	50% to 59%	10%
	7	60% to 69%	5%
	8	70% to 79%	6%
	9	80% to 89%	6%
	10	90% to 100%	3%
	98	Not sure	6%
	99	Prefer not to answer	1%

Q16	Thinking of the retail stores and restaurants that your household visits outside of the City, are there any that you would like to have available in Cypress?			
	1	Yes	65%	*Ask Q17*
	2	No	18%	*Skip to Q19*
	98	Not Sure	16%	*Skip to Q19*
	99	Prefer not to answer	1%	*Skip to Q19*

Q17	What are the names of one or two **restaurants** you would most like to have located in Cypress? Verbatim responses recorded and later grouped into categories shown below.	
	Fast food (In-N-Out, Chick-fil-A, Chipotle, Raising Cane's)	21%
	Family restaurant chains (Applebee's, BJ's, Cheesecake Factory)	19%
	Not sure, can't think of any	15%
	Asian cuisine (Chinese, Korean, Filipino, Japanese/Sushi, PF Chang's)	13%
	Bakeries, cafés (Denny's, Mimi's, Panera, Corner Bakery, Boudin)	9%
	Italian cuisine (Michael's on Naples, Buca di Beppo, Spaghetti Factory)	8%
	Seafood (Kickin' Crab, Red Lobster, Bubba Gump, Wahoo's)	7%
	Steakhouses (Outback, Black Angus, Lawry's)	7%
	Mexican cuisine (Acapulco, El Torito)	6%
	Organic markets with grab 'n go counters (Trader Joe's, Whole Foods, Sprouts)	5%
	BBQ (Lucille's Smokehouse, Korean)	4%
	Organic, vegan (Green Leaf, Tender Greens)	3%
	Upscale dining (Mastro's, Ruth's Chris)	3%
	Local, independent, no chain restaurants	3%
	Breweries, pubs, wine bars	3%
	Sports bars (Yard House, Buffalo Wild Wings)	1%
	Donut shops (Krispy Kreme, Dunkin' Donuts)	1%
	Mediterranean cuisine (Luna Grill)	1%
	Other ethnic cuisine (Indian, Cuban)	1%
Q18	What are the names of one or two **stores** you would most like to have located in Cypress? Verbatim responses recorded and later grouped into categories shown below.	
	Gourmet specialty grocery (Trader Joe's, Sprouts, Whole Foods)	37%
	Department stores (Walmart, Target, Kohl's)	22%
	Not sure, can't think of any	16%
	High-end department stores (Nordstrom, Neiman Marcus)	7%
	Apparel boutiques (American Eagle, Forever 21)	5%
	Supermarkets, grocery (Aldi, Food 4 Less, Ralph's)	5%
	Electronics (Best Buy, Apple, Fry's)	5%

	Sports, outdoors (Road Runner, Dick's, Bass Pro Shop, REI, Adidas, Nike)	4%
	Arts and crafts (Michael's, Hobby Lobby)	3%
	Home décor (Bed, Bath, & Beyond, Home Goods, IKEA)	3%
	Mid to upscale clothing stores (Anne Tylor, H&M)	2%
	Large discount stores (Costco, Sam's)	2%
	Brand names for less stores (Marshall's, Ross, TJ Maxx)	2%
	Bookstores (Barnes & Noble)	2%
	Entertainment (AMC Theaters, bowling alley)	1%
	Shopping malls, outlets	1%
	Beauty supply (ULTA)	1%
	Home improvement (Lowe's, Home Depot, Orchard Supply)	1%
	Footwear (Boot Barn, DSW, Sketchers)	1%
	Ethnic supermarkets	1%
	Pet supply (PetSmart)	1%

Section 7: Priorities

The City of Cypress has limited financial resources to provide local services and projects desired by residents. Because it can't fund *every* service and project, the City must set priorities.

Q19 As I read each of the following items, please indicate whether you think the City should make the item a high priority, a medium priority, or a low priority for future city spending. If you feel the City should not spend any money on this item, just say so. Please keep in mind that not all of the items can be high priorities.

Here is the (first/next) one: _____ Should this item be a high, medium or low priority for the City – or should the City not spend any money on this item?

	Randomize	High Priority	Medium Priority	Low Priority	Should not spend money	Not Sure	Prefer not to answer
A	Make more resources and City services available online for residents	25%	37%	30%	5%	2%	1%
B	Create a Cypress Recreation Center with a gymnasium, pool, and community facilities	39%	28%	23%	9%	1%	1%
C	Refurbish and improve the amenities at existing community parks	33%	49%	15%	1%	1%	1%
D	Maintain streets and roads in good condition	69%	27%	3%	1%	0%	1%
E	Provide incentives to attract new employers and jobs to the City	38%	39%	14%	6%	3%	1%
F	Work with property owners to revitalize older, outdated commercial centers	35%	38%	20%	5%	1%	1%

G	Attract more entertainment options to Cypress for families, kids, and adults	29%	34%	28%	7%	1%	1%
If Q19G=1, ask Q20.							
Q20	You indicated that attracting more entertainment options to Cypress for families, kids, and adults should be a high priority. Do you have any *specific* entertainment options that you'd like available in the City of Cypress? *If yes, ask:* Please briefly describe them to me. Verbatim responses recorded and later grouped into categories shown below.						
	Movie theater, cinemas	36%					
	Not sure, can't think of anything	26%					
	Concerts, events, plays	14%					
	Downtown area with shops, cafes, entertainment	8%					
	Bowling alley, arcade	7%					
	Skating areas (roller, ice)	6%					
	Large community park for all ages	6%					
	Mini golf	4%					
	Multi-cultural events, festivals	3%					
	Trampoline parks	3%					
	Community theatre	2%					
	Public swimming pool, aquatics	2%					
	Art center	2%					
	Movies at the park	2%					
	Sports bar	1%					
	Restaurants, high-end dinning	1%					
	Entertainment, fun center	1%					
	Nightlife, clubs	1%					

Section 8: Communication			
Q21	Overall, are you satisfied or dissatisfied with the City's efforts to communicate with residents through newsletters, the Internet, local media, and other means? *Get answer, then ask:* Would that be very (satisfied/dissatisfied) or somewhat (satisfied/dissatisfied)?		
	1	Very satisfied	29%
	2	Somewhat satisfied	50%
	3	Somewhat dissatisfied	11%
	4	Very dissatisfied	4%
	98	Not sure	5%
	99	Prefer not to answer	0%

Q22	Is there a particular topic or issue that you'd like to receive more information about from the City?			
	1	Yes	31%	*Ask Q23*
	2	No	63%	*Skip to Q24*
	99	Prefer not to answer	6%	*Skip to Q24*
Q23	Please briefly describe the topic. Verbatim responses recorded and later grouped into categories shown below.			
	Future plans, development, permits		22%	
	Safety, crime activity, reports, solutions		17%	
	Information about community events, activities		13%	
	Homeless issues in general		8%	
	Information about road work, traffic control		8%	
	City agenda, general information		7%	
	Not sure, can't think of anything		6%	
	City ordinances, codes, enforcement issues (house appearances, parking issues)		5%	
	Street cleaning, recycling, landscaping, city maintenance		5%	
	City budgeting, allocation of funds		4%	
	House rental information in general		2%	
	Animal, pest control		2%	
	City meeting schedule, outcomes		2%	
	Emergency preparedness		1%	
	School information, issues		1%	
Q24	In the past 12 months, have you visited the City's website or received communications from the City?			
	1	Yes	56%	
	2	No	36%	
	98	Not sure	7%	
	99	Prefer not to answer	1%	

Q25	As I read the following ways that the City can communicate with residents, I'd like to know if you think they would be a very effective, somewhat effective, or not at all effective way for the City to communicate with you.				
	Randomize	Very	Somewhat	Not at all	Not sure / Prefer not to answer
A	Email & Electronic Newsletters	54%	34%	8%	3%
B	Social Media sites such as Facebook, Twitter and Instagram	39%	37%	18%	7%
C	A Smart Phone application that would allow you to communicate with the City, report issues, and receive updates	53%	31%	10%	5%
D	City website	42%	44%	11%	3%
E	Materials mailed directly to your house	48%	36%	14%	2%
F	Advertisements in local papers	12%	34%	48%	5%
G	Text messages	39%	34%	20%	7%
H	Town-hall style meetings	20%	48%	26%	6%
I	Nextdoor	15%	30%	29%	26%
J	Channel 36 – Government Access Channel	8%	26%	55%	11%

Q26	How much attention do you pay to the issues, decisions and activities of your city government? Would you say that you are very attentive, somewhat attentive, slightly attentive, or not at all attentive?	
1	Very attentive	17%
2	Somewhat attentive	43%
3	Slightly attentive	29%
4	Not at all attentive	9%
98	Not sure	1%
99	Prefer not to answer	1%

Section 9: Background & Demographics			
Thank you so much for your participation. I have just a few background questions for statistical purposes.			
D1	In what year were you born? Year recoded into age groups below.		
	18 to 24		13%
	25 to 34		14%
	35 to 44		17%
	45 to 54		22%
	55 to 64		16%
	65 or older		17%
	Prefer not to answer		1%
D2	Do you own or rent your residence in Cypress?		
	1	Own	66%
	2	Rent	29%
	99	Prefer not to answer	5%
D3	Which of the following best describes your employment status? Would you say you are employed full-time, part-time, a student, a homemaker, retired, or are you in-between jobs right now?		
	1	Employed full-time	56%
	2	Employed part-time	6%
	3	Student	8%
	4	Homemaker	3%
	5	Retired	19%
	6	In-between jobs	3%
	98	Not sure	1%
	99	Prefer not to answer	4%
D4	What is your gender? (record by voice if telephone interview)		
	1	Male	49%
	2	Female	47%
	99	Prefer not to answer	3%

D5	What ethnic group do you consider yourself a part of or feel closest to*? Read list if respondent hesitates*		
	1	Caucasian/White	38%
	2	Latino/Hispanic	19%
	3	African-American/Black	3%
	4	American Indian or Alaskan Native	1%
	5	**Asian** -- Korean, Japanese, Chinese, Vietnamese, Filipino or other Asian	26%
	6	Pacific Islander	0%
	7	Middle Eastern	2%
	8	Mixed Heritage	3%
	98	Other	2%
	99	Prefer not to answer	8%

Thanks so much for participating in this important survey! This survey was conducted for the City of Cypress.

Post-Interview & Sample Items		
S1	Survey Language	
	English	87%
	Spanish	7%
	Korean	5%

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **19.**

FROM: Jeff Draper, Director of Recreation and Community Services

DATE: 01/10/2022

SUBJECT: **Consider Lexington Park Operating Policies, Field Allocations, and Rental Rates**

RECOMMENDATION

1. Introduce for first reading an Ordinance, by title only, amending Chapter 17-72 of the Cypress Municipal Code regarding synthetic turf; and

2. Set a public hearing for February 14, 2022, to consider revisions to the Recreation and Park District master fee schedule, to establish Lexington Park athletic field rental fees, pavilion rental fees, food truck fees, and equipment storage fees.

DISCUSSION

Cypress' newest public park, Lexington Park, will open early this year. Lexington Park includes two multipurpose athletic fields (one natural turf and one synthetic turf), shaded playgrounds, a multi-use sports court, a quarter-mile walking path, six picnic shelters, two exercise areas, restrooms, and 244 parking spaces.

This report follows a City Council workshop in May 2021 that provided direction regarding Lexington Park field allocation policies and funding strategies guidance. As Lexington Park's construction nears completion, it is recommended the City Council approve operating policies, athletic field allocations, and set a public hearing to establish rental rates.

General Park Operations

Lexington Park's has attracted attention throughout the community because of its outstanding amenities and because it is the first large park to open in Cypress since Veterans Park (1995) and the only park in recent history not built at the same time as the adjacent neighborhood.

Despite the unique aspects of its development, Lexington Park will operate under existing general park regulations and in the same manner as Cypress' other athletics-oriented parks (Arnold Cypress and Oak Knoll). Recreation and Community Services, working with the Recreation and Community Services Commission and the Advisory Committee on Use of

Athletic Facilities (ACUAF), is committed to ensuring Lexington Park is a neighborhood and citywide amenity.

In addition to ACUAF policies (attached) and permit requirements designed to manage traffic, parking and noise impacts, the Municipal Code's general park regulations (attached) ensure parks offer safe and attractive places for passive and active recreation and are compatible with surrounding neighborhoods. The regulations make it unlawful to:

- Enter or loiter in a closed park*
- Camp overnight
- Engage in any disorderly conduct
- Consume or possess alcohol*
- Hold an organized or sponsored event (including sporting competitions) in which more than 25 persons are expected to attend*
- Practice, carry on, conduct or solicit for any trade, occupation, business, or profession*
- Vandalize, tamper with or remove any building, structure or equipment
- Install, use or operate a loudspeaker or sound amplifying equipment*

* These activities may be (and are regularly) allowed with a Recreation and Community Services permit.

Synthetic Turf Regulations
Lexington Park has Cypress' first synthetic turf athletic field and a Municipal Code amendment to ensure the turf remains in first-class condition is recommended. The recommended regulations prohibit animals, food, flavored drinks, substances that can stain, metal cleats, equipment with sharp/narrow legs, and vehicles to preserve and protect the turf. These regulations are consistent with guidance from the turf manufacturer and other cities with synthetic turf fields. Violators are subject to a fine or the cost to clean/repair any damage, whichever is greater.

Multi-Use Sports Court
Lexington Park's multi-use sports court can accommodate a variety of sports (including basketball, volleyball, and pickleball) which may require specific equipment to be set-up before play. To encourage shared use of the court, RCS will schedule it based on demand. For example, one schedule option includes:

	Monday, Wednesday, Friday	**Tuesday, Thursday**	**Saturday, Sunday**
9:00 a.m. - 4:30 p.m.	Basketball	Basketball	Pickleball
4:30 p.m.- 9:00 p.m.	Pickleball	Volleyball	Basketball

Park Monitoring and Staffing
Part-time RCS employees will be present at Lexington Park during peak hours to assist park users, set-up and manage the sports court, athletic fields, and pavilion rentals. As it does at every park in Cypress, the Police Department will monitor Lexington Park (especially when the park is closed) and will enforce the general park regulations as necessary. The security camera system at Lexington Park allows the Police Department to monitor it in real-time and dispatch Officers when necessary.

Athletic Field Allocation
Lexington Park's athletic fields will operate under the City Council's Athletic Facility Allocation, Usage and Scheduling Policy (attached). The Policy controls city athletic facilities (Arnold Cypress Park and Oak Knoll Park), as well as school district sites and:

- Establishes procedures for user groups to reserve athletic fields.
- Provides residents priority access to city athletic facilities.
- Sets aside time for maintenance and renovation to maintain facility quality.

The Policy also establishes rules, regulations and a good neighbor policy for the benefit of the neighborhoods that host athletic facilities. Groups that fail to adhere to the Athletic Facility Allocation, Usage and Scheduling Policy may lose access to a facility.

Other Neighborhood Considerations
Lexington Park was developed to minimize impacts of park use on the surrounding neighborhood. It includes 244 parking spaces, the highest rate of parking per acre of any athletic field in Cypress:

Site	Parking Spaces	Athletic Fields	Athletic Field Acreage	Parking Spaces per Acre
Lexington Junior High	64	4 Soccer; 1 Baseball	6.00	10.67
Oak Knoll Park*	104	5 Baseball	5.67	18.34
Arnold Cypress Park**	192	4 Softball	3.70	51.89
Lexington Park	244	2 Multipurpose	2.88	84.72

*Graham Street parking lot; **Includes parking on Watson Street

The permitting process provides RCS another mechanism to manage parking and reduce parking in adjacent neighborhoods. RCS does this by limiting field sizes, the number of fields in play and types of use, and staggering programming. Public Works also made prohibited pedestrian crossing Cerritos Ave at Barbara Anne Street to discourage off-site parking.

Investments in new LED lighting technology at Lexington Park will reduce the glare associated with older athletic field lighting. The LED technology offers precise controls that provide a bright, uniform light directed down at the athletic field while virtually eliminating glare and spill into nearby neighborhoods.

Operating Costs and Rental Rates
At its May 2021 workshop, the City Council directed RCS to recommend funding strategies to ensure Lexington Park remains in first class condition and allow RCS to fund the park's future rehabilitation and replacement.

As presented in the workshop, the estimated annual cost to operate Lexington Park is $400,000. This includes $275,000 for RCS programming and maintenance and $125,000 to rehabilitate and replace amenities when they reach the end of their useful life. While the eventual redevelopment of Los Alamitos Race Course will generate new property tax revenue for the District, the new revenues will not be sufficient to fund both the parks envisioned in the Town Center and Commons 2.0 Specific Plan and the new residents' demand for recreational programs and services.

It is recommended that the City Council set a public hearing to consider park rental rates to ensure Lexington Park does not gradually obsolesce without a replacement-funding source.

Multi-Use Athletic Fields Rates
Lexington Park's athletic fields provide broad access to city programs, ACUAF, and the public. Its synthetic and natural turf fields provide the ability to match play to field size and type of use. For example, the synthetic turf field's durability is ideal for everyday/high impact uses such as practices, while the natural turf field is a great venue for games, tournaments, and special events.

RCS surveyed facilities similar to Lexington Park and found hourly rental rates vary considerably, ranging from no charge for city-supported youth groups to $161 for non-residents.

Cypress' hourly athletic field rental rates for Oak Knoll Park and Arnold Cypress Park are:

ACUAF - Recreational League	ACUAF - Competitive Teams	Residents	Non-Residents
$1.50	$7.50	$26	$31

Due to the wide range of fees, a range of $1.50 - $150 per hour for the natural and synthetic turf fields is recommended. The range allows for flexible pricing depending on demand, type of use, time of use, and field size. Rates for ACUAF would match those at Arnold Cypress Park and Oak Knoll Park and provide RCS the opportunity for dynamic pricing when RCS program participants and youth sports are not enjoying the athletic fields. Multipurpose athletic field rentals are estimated to generate $115,000 in annual revenue. The Recreation and Community Services Commission reviewed the recommended rates at its last meeting and advocated for increasing hourly ACUAF rates to reflect the quality of the athletic fields.

Pavilions
Picnic pavilions are the most requested park reservation. Reservations are limited to Cypress residents who can reserve pavilions at Veterans Park, Evergreen Park, and Arnold Cypress Park for $36 a day. Only one reservation is permitted per pavilion per day, reservations can be made up to 15 months in advance, and demand greatly exceeds supply. Lexington Park will add six pavilions to the city's inventory.

RCS recommends an hourly pavilion rental fee at Lexington Park to allow for more than one resident to reserve the pavilion each day. This approach will increase access to a highly sought after park amenity and provide revenue to RCS to manage the pavilions and fund their rehabilitation and replacement.

A survey of cities with hourly pavilion rental programs found fees vary based on pavilion size and residency. Smaller pavilions (less than 50 users) rent for $5 - $45 an hour for residents and $17-$91 an hour for non-residents. Larger pavilions (greater than 50 users) rent for $5 - $45 an hour for residents and $17-$103 an hour for non-residents.

It is recommended RCS continue to limit pavilion reservations to Cypress residents and that the rental rate be $20 per hour rate for the four smaller pavilions and $35 per hour rate for the two larger pavilions. Pavilion rentals are estimated to generate $35,000 in revenue.

If this program proves successful, the City Council may consider extending it to other parks.

Food/Concessions
Lexington Park provides an innovative concession amenity - designated space for food trucks to flexibly meet user/event needs with a variety of food offerings and without the expense of building, maintaining and operating a snack bar. Based on RCS's successful food truck partnerships at city events, a fee of 10% of gross sales or a range of $50-$300 depending on the event, estimated attendance, and type of food truck is recommended.

Sports League Equipment Storage
Sports equipment storage is a highly desired amenity by organizations who coordinate events or consistently use a park. Lexington Park includes ten storage containers to accommodate these organizations and allow RCS to store supplies. RCS recommends resident non-profit organizations be provided the opportunity to rent selected storage containers for $100 per month. Each storage container has its own lock, is secured behind a locked gate and is approximately ten feet wide and eight feet deep with a roll up door.

BUDGET IMPACT

Annual revenue from the recommended fees is approximately $150,000 and is intended to ensure the District can replace amenities when they reach the end of their useful life, as well as pay a portion of annual park operating costs.

With an expected opening date in February, revenues of $40,000 are forecasted in FY 2021-22. These revenues will be sufficient to pay the full cost of operations through June 30, 2022, while set-asides for amenity replacements will begin in FY 2022-23.

LEGAL REVIEW

The City Attorney has reviewed the Ordinance.

APPROVED BY: Peter Grant, City Manager

Attachments

Ordinance
Athletic Facility Allocation, Usage and Scheduling Policy
Municipal Code Section 17-72
Municipal Code Section 17-72 with Proposed Changes

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, AMENDING SECTION 17-72 OF CHAPTER 17; THE CYPRESS MUNICIPAL CODE RELATING TO PARK REGULATIONS

WHEREAS, the City of Cypress accepted a donation of parkland property from Cypress GC, LLC of 8.797 acres in 2018; and

WHEREAS, the Cypress City Council approved the design of Lexington Park with a synthetic turf athletic field in 2019, and

WHEREAS, construction of Lexington Park is nearing competition; and

WHEREAS, certain sections of the Cypress Municipal Code must be amended to include synthetic turf regulations for athletic fields.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS DOES ORDAIN AS FOLLOWS:

SECTION 1. That Section 17-72 of Chapter 17, "Park Regulations", of the Cypress Municipal Code is amended to add the following provisions :

(x) Lead, possess, consume, use the following equipment, or carry out any activity likely to do damage on synthetic turf athletic fields:

1. Pets or other animals.
2. Food, gum, seeds, tobacco products, or any other substances that can stain.
3. Drinks other than water in non-breakable containers.
4. Metal cleats, plastic cleats longer than one inch, or footwear containing mud or debris.
5. Equipment with sharp or narrow legs including but not limited to flags, shade structures, tents, stakes, and umbrellas.
6. Vehicles of any kind including but not limited to automobiles, bicycles, scooters, skateboards, RC cars, planes, drones, or other vehicles that use fuel.
7. Any person violating any of the provisions of subsections (X)1., 2., 3., 4., 5., or 6. shall be deemed guilty of an infraction and upon conviction thereof shall be punished by a fine not to exceed five hundred dollars ($500.00) or the cost to clean or repair any damage caused, whichever is greater.

FIRST READING at a regular meeting of the City Council of the City of Cypress held on the 10th day of January, 2022 and finally adopted and ordered posted at a regular meeting held on the ___ day of _____, 2022.

_____
MAYOR OF THE CITY OF CYPRESS

ATTEST:

_____
CITY CLERK OF THE CITY OF CYPRESS

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS

I, ALISHA FARNELL, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Ordinance was duly adopted at a regular meeting of said City Council held on the __ day of _____, 2022, by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

_____
CITY CLERK OF THE CITY OF CYPRESS

City of Cypress
Recreation and Community Services Department

Athletic Facility Allocation, Usage and Scheduling Policy

Adopted By City Council on September 27, 2010
Amendment 1 – November 28, 2011
Amendment 2 – June 10, 2013
Amendment 3 – October 27, 2014
Amendment 4 – February 26, 2018
Amendment 5 – August 26, 2019

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City of Cypress
Recreation and Community Services Department
Athletic Facility Allocation, Usage and Scheduling Policy

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1 Scope & Purpose

1.1 This document sets forth and supersedes previous policy for the City of Cypress (hereafter, "the City") to facilitate the allocation of available athletic fields and facilities under its ownership and/or scheduling control in an equitable and fair manner. This Athletic Facility Allocation, Usage and Scheduling Policy (hereafter, "Policy") is designed to advance the following public purposes:

1.1.1 To develop procedures for user groups to secure athletic facilities for games, practices and other events.

1.1.2 To avoid disputes among user groups over athletic facility usage, as the demand exceeds the ability to permit unlimited and/or unscheduled use by all participants.

1.1.3 To ensure that City residents have priority usage and access to City athletic facilities, since City residents shoulder the primary financial burden of the cost of constructing and maintaining City facilities.

1.1.4 To ensure that maintenance and renovation can be scheduled and implemented properly to maintain quality athletic facilities for use by the public.

2. Definitions

As used in this Policy, the following words shall have the following meanings:

2.1 **C.M.C:** Cypress Municipal Code.

2.2 **Director:** Shall mean the Recreation and Community Services Director and/or designee(s).

2.3 **ACUAF:** Advisory Committee for the Use of Athletic Facilities (aka Group B participants per Attachment B).

2.4 **Participant:** Participant(s) shall include only those players or users who are fully registered with the user organization. Coaches, officials, leaders, and staff are not considered participants.

2.5 **Organization:** Organization(s) shall include only those user groups listed in Section 4 and which otherwise comply with the requirements of this Policy.

2.6 **Resident:** A participant whose principal place of residence is within the City limits and whose residence has been verified in accordance with this Policy; or a participant whom attends an eligible school as listed within the City and School District's Joint Use Agreement,

2.7 **City Facility(ies):** Any field or athletic facility which is City-owned.

2.8 **School Facility(ies)**: Any field or athletic facility which is School-owned and/or the City has the primary allocation responsibility to include schools per the City's Joint Use Agreement.

2.9 **Season:** For the purpose of this Policy, sports shall be considered "In Season" and "Out of Season" covering two distinct time periods (Spring and Fall), in accordance with the following:

Usage	**Fall/Winter**	**Spring/Summer**
Opening Date	August 1	February 1
Closing Date	January 31	July 31
In Season	Football/Soccer	Baseball/Softball
Out of Season	Baseball/Softball	Football/Soccer
Allocation Requests Due	May 1	November 1
Allocation Meeting	June	December
Proof of Residency Due	September 15	March 15

For uses not covered above, sport seasons as governed and defined by California Interscholastic Federation regulations shall be considered in determining whether the sport is "In Season."

2.10 **In Season User:** An Organization whose sport is "In Season" and shall be given first priority access to City and School facilities.

2.11 **Out of Season User**: An organization whose sport is not "In Season" and is given second priority access to City and School Facilities.

2.12 **Light Charges:** Each organization and/or individual who utilizes lighted City fields will be billed in accordance with the rates listed in the City of Cypress Master Fee Schedule.

2.13 **Player Surcharge Fee:** Organizations within Group B have agreed to contribute a self-imposed fee per registered participant at each registration period or with each seasonal period. These monies are to be placed into the Capital/Maintenance Surcharge Fund per season. This amount is listed in Attachment A. The amount of this fund can change with a 66% (super majority) vote of all members of Group B, but at no time can the amount be lower than $3 per registered participant in each season of play. A group conducting an annual registration for participants will be subjected to paying the Player Surcharge Fee for the respective participants for the Fall/Winter Season (August through January) and the Spring/Summer Season (February through July). The concept of this fund is to assist with projects that are "above and beyond" normal maintenance/projects to athletic facilities and fields owned by the City of Cypress/District, Anaheim Union High School District, and Cypress School District.

2.14 **Non-Resident Fee:** The Cypress City Council has adopted a non-resident fee for the ACUAF organizations (Group B). This fee is charged to all non-resident participants who participate in the approved organizations during each season of play. For each registration period a group is conducting, the participants will be subject to paying the Non-Resident Fee (i.e., for respective participants playing in a Fall/Winter Season, August through January, and a Spring/Summer Season, February through July) which will be collected for both times of registration. This fee amount is listed in Attachment A.

2.15 **In Good Standing:** An individual or group that has complied with all City/School District financial and regulatory obligations, and has not been subject to any form of sanction, suspension or disciplinary action in the past 12 months.

2.16 **Paid Personnel:** Individuals, vendors, and organizations that receive any form of wages, stipend, monetary gift, or other trade of value for services performed.

3. Residency Verification

3.1 Organizations with at least 55% resident participants, and at least 55% resident Executive Board members, are given priority for athletic facility use. Proof of residency is required for participants who register as a resident. The City requires, at its request, one of the following to verify the residence of each participant the organization claims is a resident: either a utility bill, tax or escrow papers, credit card or bank statement, car registration, or report card, with the name of the participant whose residency is being verified set forth in print on the form of verification which has been postmarked within the last six months of submittal. P.O. Boxes are not acceptable. The address on the verification must match the address the organization has on file. If the participant's last name does not match the residency verification, documented proof that the person who is named on the verification is the parent or legal guardian of the participant must be submitted.

3.2 All organizations which are required to submit rosters for residency verification must submit an entire league roster complete with player's first and last names, accompanied by an address, phone number, and eligible school of attendance as substituted for residency eligibility, as sorted by residency. Additionally, individual team rosters shall also be submitted containing the organization's name, team/group name, division, team/group adult contact and phone number, and each participant's name, address, phone number, and eligible school of attendance as substituted for residency eligibility. All information shall be submitted to the City in Excel format.

3.3 Organizations requesting permits for the Fall/Winter period must submit residency verification by September 15th of each year. Organizations requesting permits for the Spring/Summer period must submit residency verification by March 15th of each year. These residency numbers will be used to verify current permitted use and to assist with the following year's allocation process.

3.4 Any organization found to be purposely misrepresenting its residency status will have its permit revoked immediately for the season and will lose its membership and privileges in ACUAF. Revoked groups may reapply for membership after a period of one year from time of revocation subject to the provisions of Section 5.

4. Classifications of User Groups

Facility Use Permits shall be approved and space allocated based on the following priority:

Group A: City sponsored or co-sponsored organizations, activities, and/or events.

Group B: City approved youth non-profit organization uses (ACUAF Groups) in good standing and in which *at least 55%* of their participants and *at least* 55% of

the Executive Board are residents. ACUAF Groups may fall in one of two categories:

1) Base recreation league ("Base") - A Base league serves under the governance and operations of a City approved ACUAF group and must hold open registrations, (participants are not excluded based on a skills bias), and invoke a minimum play rule per game for all participants. Coaching, training, camps, workshops and Board/Committee service must be on a volunteer basis and at no time shall there be paid personnel (game officials excluded).

   All-Star teams are allowed to be formulated concurrently at the end of a Base league's season, (inclusive of the same registered players from within that season) solely for the purpose of conducting the end-of-season All-Star tournament play. Tournament play must start at the conclusion of the Base league season and last no more than six (6) weeks. Extended tournament play time may be given for extraordinary circumstances. Such All-Star teams will receive the same benefits and qualifications as a Group B Base recreation league.

2) Next league ("Next") - A Next league serves under the governance and operations of a City approved ACUAF group and represents a level of competition that is one step higher than Base league play. Next league and Base league teams shall register and play concurrent seasons and at no time shall the Next league play in the capacity as Club Teams. A Next league may hold tryouts to determine if a player's skill level merits placement on a Next team and the league must invoke a minimum play rule per game for all participants. Players not chosen to play on a Next team are guaranteed a spot to play on a team concurrently playing within the Base league. Coaching, training, camps, workshops and Board/Committee service must be on a volunteer basis and at no time shall there be paid personnel (game officials excluded).

Next league privileges shall not be equal to, or better than, those received by a Base league.

Tournament play involving Next teams are subject to Group D rental costs of City/School fields.

At all times, games and practices involving Base or Next league play held on City and School District fields must include a resident team registered in the current season of the ACUAF approved Base or Next league.

Group B qualifications are listed on Attachment B.

Group C: Organizations with written Joint Use Agreements with the City (i.e., Anaheim Union High School District and Cypress School District); rental contracts or other form of valid agreements approved by the City.

Group D: "In Season" followed by "Out of Season" youth non-profit organization uses; youth sports leagues whose participants are selected based on a skills bias without an ACUAF affiliated Base recreation league operating concurrent play; youth sports groups that play competitively against similar teams from other jurisdictional areas (including independent travel teams); youth non-profit organizations that provide Board/Committee service, coaching, training, camps and workshops by commercial or paid personnel (i.e., Club Sports, commercial sports camps); and youth leagues which do not invoke a minimum play rule per game. In order to qualify under the Group D classification, the non-profit group must be in good standing and *at least 55%* of the participants of such an organization, as well as the head coach or manager, must be Cypress residents. Verification of the head coach or manager's residency shall be submitted in accordance with the verification requirements for a participant.

ACUAF activities, events, camps, and workshops, as well as any play involving any form of teams formulated as an extension of the current league that are <u>not</u> inclusive of the same registered players from the league, and without play occurring within the same season.

Group E: Individual residents, businesses, and adult non-profit entities with an office or principal location in the City; or non-residents, or competitive youth sports organizations with *less than 55%* of the participants from the City of Cypress.

Group F: Any other group or individual not listed above.

Groups D, E, and F are not eligible for consideration of low-to-no cost usage fees through the City's Non-Profit Contribution Policy and/or Joint Use Agreements.

5. Requirements to Establish a Group B Organizations

5.1 Organizations desiring to apply for Group B status, or current Group B organizations that anticipate a split to form a new organization, must meet the proposed qualifications, follow the application process as outlined in Attachment B, and submit a Non-Profit Grant Request Application (provided by the Recreation and Community Services Department).

5.2 Existing and approved Group B Organizations that desire to cease their operations in favor of becoming a new but similar organization must also follow the application process as outlined in Attachment B.

5.3 Any organization found to be purposely misrepresenting its Group B status will have its permit revoked immediately and will lose its membership and privileges in ACUAF. Revoked groups may reapply for membership after a period of two years from time of revocation subject to the provisions of Section 5.

6. Usage Request Requirements for Group B through F Organizations:
Facilities will only be permitted for activities that the facility is designed or classified for, or for activities that do not compromise the facility quality and integrity, or the general welfare or safety of the public.

6.1 Group B organizations are required to submit athletic facility usage requests by November 1st of each year for the following spring/summer usage and by May 1st of each year for the following fall/winter usage. All usage requests that are not completed or turned in properly shall be returned to the organization for resubmission. The organization must resubmit the usage request within 72 hours of the City's request for resubmission. Any usage requests submitted or still incomplete after this time shall result in the organization being processed as Group F status.

6.1.1 Allocation meetings for spring/summer usage shall be held in December each year and for fall/winter usage shall be held in June each year. All organizations that have timely field usage requests shall be notified of the allocation meetings.

6.2 Each organization is allowed a maximum of two designated organization contacts in order to represent them on City/School athletic facility usage requests for all teams and/or all City/School communications and it is required that one of these representatives must be the President. All communications between the City/School and the organization shall go through the established primary contact(s).

6.3 In the event that two or more requests are received for the same field from groups with equivalent priority scheduling status, the groups shall first work together to resolve the issue through compromise. If the issue cannot be resolved by the groups, City staff will use good judgment in determining the field allocation for the season. In these cases, priority consideration shall be given in the order stated below:

A. Total number of Cypress residents served.
B. The organization with a history of past field use on specific fields.
C. Highest percentage of Cypress residents served.
D. Greatest number of games between two Cypress based teams.
E. Number of strikes accumulated within the past two years.
F. Field allocation formula.

For organizations classified in Group B, the City shall determine the field allocation formula based on the total number of resident participants per organization, divided by 12, which equals the number of teams for each organization.

For example:

Organization Blue has 800 participants, 600 are residents (600 divided by 12) = 50 teams
Organization Red has 350 participants, 250 are residents (250 divided by 12) = 21 teams
Organization Green has 200 participants, 150 are residents (150 divided by 12) = 12 teams

Total number of Teams = 83

Organization Blue's allocation: 50 divided by 83 = 60% of available field inventory
Organization Red's allocation: 21 divided by 83 = 25% of available field inventory
Organization Green's allocation: 12 divided by 83 = 14% of available field inventory

When percentages do not equal a whole number, (i.e., 34.35%), the percentage shall be rounded down to the nearest whole number (i.e., 34%).

6.4 Group B organizations that desire to create an expanded sports program within their league must register the proposal with the City in conformance with above Section 5 at least nine months prior to the estimated starting date of the new or expanded league. The City reserves the right to deny the proposal and use of any City athletic facility to any organization or group if the City determines that a new or expanded program shall negatively impact the allocation of any City athletic facility. The City cannot guarantee the use of any City athletic facility.

6.5 All organizations are required to submit schedules for athletic facility usage for each season. The schedule(s) shall clearly separate games and practices. Requests not separating games from practices shall be returned and are subject to provisions of 6.1

6.6 Organizations are to schedule athletic facility uses in a manner that maximizes time and use of space by incorporating back-to-back games and practices as opposed to using staggered times.

7. Fees and Permits

7.1 Pursuant to this policy the City of Cypress Master Fee Schedule determines all fees to be charged for City-owned facilities; and School Districts determine all fees to be charged for school-owned facilities, including security deposits.

7.2 Requests for permits to use City athletic facilities are made through the City of Cypress Recreation and Community Services Department, 5700 Orange Avenue, Cypress, CA 90630, (714) 229-6780. An application and agreement request for use of City facilities is required. In order for the permit to be valid all fees must be paid in full.

7.3 Except for Group B classifications, requests for permits to use School athletic facilities are made through the school district offices. Group B classifications shall file school permit requests through the City of Cypress Recreation and Community Services Department.

7.4 Except in athletic facilities at which a permit is required for groups of ten (10) persons or more, no person shall hold a gathering, celebration, event, or activity

of twenty-five (25) persons or more in any park without a written permit for such use.

7.5 City staff will issue invoices to the approved youth organizations during their permitted allocation. Invoices are to be paid in full within 30 days of receipt. The balance of invoices not paid in full after 30 days will be taken from the Security Deposit (Section 20). Delay of payment of City-issued invoices subjects a group to the Three-Strikes Policy listed in Section 19. Organizations must adhere to the Permit Cancellation Policy in order to be eligible for refunds or credits. City staff will update permits monthly to ensure billing accuracy (refer to Section 8).

7.6 Organizations must have a copy of their valid permit available at each scheduled site and be able to present the permit to City or school officials upon request. Failure to produce a permit when requested may result in denial of field use by City or School District.

7.7 All tournaments will be classified per Section 4 of this policy and are subject to payment of applicable City/School facility use fees. Group B Base league's All-Star tournaments held on City facilities shall be limited to two (2) per year, per host organization under Group B rental costs. Youth athletic tournaments held on School facilities are subject to approval by the School District. Notification of the tournament(s) shall be submitted to the City or School at least three months prior to the tournament date(s) and shall only be approved if City or School facilities are available.

7.8 Youth camps on City facilities shall be limited to one (1) camp per year, per organization, with a maximum time period of one week and shall only be approved if City facilities are available. All camps will be classified per Section 4 of this policy and are subject to payment of applicable City/School facility use fees.

7.9 If City athletic facilities are not used as requested, permits may be rescinded. Individuals, groups, or organizations not using City athletic facilities as set forth in the permit may lose their permit and/or priority allocation consideration in future allocations.

7.10 Non-profit organizations that desire to sell or prepare foods on City or school facilities during a permitted activity must obtain prior written permission from the property owners to do so (exception: permanent snack bars). The City or school district will work with the group to acquire the necessary information (i.e., activity specifics, set-up diagrams, insurance, etc.) in order to determine whether an approval is given to the group.

8. Permit Cancellation

8.1 Permits cancelled by the City may be rescheduled as available or fees paid may be credited to the permittee's account or refunded in full.

8.2 If the City determines a City field must be closed due to inclement weather, the permittee is responsible for rescheduling the use by the end of the next business day. If the City determines there are no fields available to reschedule, a refund or credit may be issued at the City's discretion.

8.3 Athletic facility permits canceled by the permittee at least ten (10) days prior to the event shall be refunded or credited. No refunds or credits shall be issued if canceled less than ten (10) days.

8.4 When canceling or rescheduling permits and/or permit dates, all requests must be made in writing, by fax, e-mail, or in person. Verbal cancellations shall not be effective.

8.5 Refunds for City facility use shall be charged the standard City processing fee. Refunds take approximately four (4) to six (6) weeks to process. Account credits and/or re-scheduling are exempt from a processing fee.

9. Notice of Non-Use of Field/Facility

9.1 Any user that has been allocated City athletic facility use and does not intend to use it must notify the City so the City athletic facility may be re-allocated or otherwise scheduled. If proper notification is given to the City at least ten days prior to the event, the appropriate credit shall be applied to user's account.

10. Notice of Exchange of Athletic Field/Facility

10.1 No user can re-assign, sublet or exchange its allocation, or any part thereof, to another user without written approval of the City. Any such desired modification must be filed with the City in writing by both parties at least ten (10) business days prior to the requested exchange.

10.2 Users found to be reassigning, subletting or exchanging their allocation in any form without prior written approval of the City shall have all future permits revoked, and will be subjected to penalties within the Three Strike Policy outlined in Section 19.

11. Rules and Regulations for Use

All groups are responsible for ensuring that their participants obey all of the rules outlined in Sections 11, 12, and 13. Failure to adhere to such may result in the potential loss of privileges and use of facilities.

11.1 Each user group must have a representative, who is at least 18 years of age, present during all scheduled use.

11.2 Organized City field use can begin no earlier than 8:00 a.m., ending no later than 10:00 p.m. on lighted fields, and at dusk on unlighted fields. At no time will users be allowed to remain on, or in, a City facility overnight.

11.2.1 Facility hours: Indoor usage can begin no earlier than 8:00 a.m. and end no later than 10:00 p.m. Outdoor picnic area and open space permitted use can begin no earlier than 9:00 a.m. and end no later than dusk.

11.3 No use shall be scheduled for holidays including, but not limited to the following, without prior written approval from the Director:

Martin Luther King Jr. Day, President's Day, Easter Sunday, Memorial Day, July 4th, Labor Day, Veterans Day, Thanksgiving Day and the day after Thanksgiving, Christmas Eve, Christmas Day, and New Year's Day.

11.4 Users must comply with all local, State and Federal regulations at all times.

11.5 Any special use request must comply with the C.M.C., such as amplified sound or the use of portable equipment, and requires prior written permission from the Director.

11.6 Use of artificial noisemakers, horns, rattles, bells, or whistles by spectators is prohibited.

11.7 Smoking is prohibited on all City athletic facilities, playgrounds, and on all School properties.

11.8 Alcoholic beverages are prohibited at all City and School facilities.

11.9 No group or person shall enter an area posted as "Closed to the Public" or "Facility Closed." No persons shall remove such postings.

11.10 No user/group shall make or kindle a fire for any purpose, except at places so designated.

11.11 No user/group shall litter, soil, or defile the field, restrooms, or other areas of the facility.

11.12 No user/group shall indulge in riotous, boisterous, threatening, or indecent conduct.

11.13 Dogs are allowed in areas unless posted and must be led by a leash of suitable strength not more than 6' in length. Owner/person in control of the dog is responsible for cleaning after it.

11.14 At the conclusion of each use, the user must leave promptly and quietly, and all facilities must be cleaned and cleared of debris.

11.15 At no time may teams from group B play against groups C, D, E and F at any City or School facility unless it is part of an approved youth athletic tournament as set forth in Section 7.7.

11.16 Use is limited to the areas specifically outlined in the facility permit. Use of areas outside of the permit shall be considered unauthorized uses.

11.17 For Group B permits: A resident team must be present at all times of permitted use on a City or School District facility.

11.18 Next league teams are required to wear identified uniforms (separate in color and style than Base league teams) at all times of permitted use on a City or School District facility,

11.19 All coaches, board members, and league officials holding Group B permits, must have league issued identification cards present when they are taking part in any league sponsored event, practice, game, or activity.

12. Traffic & Parking

12.1 Users shall comply with traffic and parking regulations of the California Vehicle Code and the C.M.C. The City may impose parking conditions on any permit, as well as neighborhood notification requirements on an event-by-event basis. User groups shall be solely responsible for any costs associated with such conditions,

including any traffic control, which costs shall be billed based on the then-existing City employee's billable hourly rate.

12.2 No user shall operate a vehicle in a park or school, except upon designated paved or improved park roads or driveways, or in or upon designated areas or trails set aside for use by such vehicles unless directed to do so by a law enforcement officer or City official, or by official signs or markings. In certain cases, the operation of a vehicle during an event permitted by the City Council or sponsored or permitted by the City may be allowed, but only with prior written approval. To this, a City issued vehicle permit, obtained at the Recreation and Community Services Department, must be placed in a visible location on the dashboard of each vehicle approved to drive onto a park site.

13. Good Neighbor Policy

Permit holders shall:

13.1 Give priority to traffic safety and strive for an overall parking reduction through carpooling and alternative transportation to practice/game locations. Not park in or block neighbors' driveways, public alleys, and sidewalks, which are violations of the law.

13.2 Educate organization participants and guests about neighborhood parking restrictions and encourage safe and responsible driving.

13.3 At least two weeks before a permitted special event, provide a written notice to neighbors adjacent to a park/facility (and all other persons who have requested that permittees or City provide them with notices) listing details of the special event at the park/facility. The organization is responsible for distributing the notification to neighbors.

13.4 Educate participants and guests to arrive quietly and to depart in the same manner to avoid disrupting the neighborhood.

13.5 Respect and follow speed limits.

13.6 Minimize the use of car horns in parking lots.

13.7 Ensure that participants/spectators demonstrate good sportsmanship and respect others at all times.

13.8 Foster and maintain good community relations and cooperation with neighborhood and authorities.

13.9 Observe quiet hours for lighted fields after 10:00 p.m. and dusk for unlighted fields.

13.10 Respect the rights of neighbors and follow existing laws and ordinances.

13.11 For Group B - Designate a league board member as a "neighborhood liaison" for each permitted facility, including Anaheim Union High School District, Cypress School District, and City fields alike. Neighborhood liaisons can vary at each location, but all liaisons must be listed in the City's bi-annual field application packet. Liaisons are expected to proactively communicate information with the neighbors, address concerns, and maintain positive relationships with the community.

14. Maintenance

The City/School's first priority is the proper maintenance of City/School facilities and then providing such City/School facilities for organized use. Per the established priority of maintenance of City/School athletic facilities, game requests shall be honored first, and practice use last.

14.1 The City shall determine and schedule annual maintenance programs at all City facilities. The City shall attempt to be flexible in accommodating user groups, but, ultimately, safety and City facility maintenance shall take priority. The City shall determine the closure of any City facility and the availability of alternate sites for use.

14.2 The City/School shall have the authority to close any field/facilities for any of the following:

14.2.1 City/School engages in maintenance involving any field or facility.

14.2.2 When health and safety of participants are threatened due to impending or existing conditions, including but not limited to, rain, muddy conditions, smog alerts, winds, pesticide application or earthquakes or other natural occurrences and/or disasters.

14.3 The City will evaluate all athletic fields on an annual basis. This will include an evaluation to determine the need for the addition of infield mix, mound mix and other materials that may be needed. After they are evaluated, fields requiring material will have deliveries scheduled as user groups are able to receive the material, coordinate timely distribution of the materials, and proper grading of the infield areas. For additional material beyond what the City has determined is required, a written request must be to the Recreation and Community Services Department. If it is determined that there is a need for additional materials, the requesting group will work directly with Recreation and Community Services staff to obtain such material.

14.4 Lining any City or School facilities with chalk, paint, or the equivalent is not permitted without permission of the City or School.

14.5 Burning of lines or other markings on any City or School facility is prohibited.

14.6 The City and Schools encourage groups to rotate the location of drills and practice plans to ensure optimal playing conditions.

14.7 It is the responsibility of Group B organizations to provide field preparation such as dragging and lining of fields, and providing and placing bases/non-permanent goals at City fields. All portable equipment must be removed from the facility daily. No long-term storage is permitted unless approved in writing by the City.

14.8 No work to modify, repair, alter, or improve any City or School facility shall be done without the City or School's written approval per Section 14.9.

14.9 Group B participants may submit a written Capital Project request to modify, repair, alter or improve any City facility as part of the Capital/Maintenance Surcharge program. Such submittals shall be accepted twice a year, during the semi-annual ACUAF meetings held each spring and fall with the City. Submittals made outside of this schedule will be reviewed on an emergency basis and must be submitted 30 days in advance of the requested work in order to call a special

ACUAF meeting for consideration of the project's funding approval and acceptance by the City. All requests shall include detailed information as outlined in Attachment C. The City shall review the request and make a determination at its earliest convenience. Submittals will only be accepted for Capital Projects: Infrastructure and facility projects involving construction, improvements, and land acquisitions that upgrade and maintain the nature and useful life of the facility. All completed Capital Improvement Projects and their associated equipment become the property of the City. Submittals for Capital Outlay will not be considered. Capital Outlay is the purchase of assets such as uniforms, playing equipment, tools, machinery, and vehicles that are otherwise the responsibility of each ACUAF group to purchase for their operations.

14.10 Vendors involved in the design, construction, and/or installation of the project shall meet all licensing, bonding, and certification requirements of the City.

14.11 No permanent structures or equipment shall be erected on City facilities unless approved in writing by the City. Approved permanent structures become the property of the City.

14.12 All league representatives (paid or volunteer) must be at least 18 years of age and have a valid driver's license to operate basic field preparation vehicles on City facilities.

14.13 In the case where any group has undertaken or completed unauthorized maintenance, repair and/or improvement to a City facility, the group is 100% responsible to reimburse the City for the full cost to return the facility to its original condition. Such work will be completed under the timeframes established by the City, and shall be done by City employees or City-approved contractors. The group committing the offense will also be subject to immediate sanctions of facility use by the City.

15. Storage/Concessions Use

15.1 The City, at its discretion and upon terms and conditions it imposes, may permit designated areas for storage or for concessions. No permanent storage containers or shelves are allowed without prior written permission of the City.

15.2 The City assumes no liability or responsibility for any equipment, items, or storage units kept in the storage or concession areas.

15.3 User groups are not allowed to alter or change locks on any City facilities. The City shall issue up to three (3) sets of keys to the user group for seasonal use. Duplication of keys by user group is not allowed. All keys must be turned in at time of final inspection. Applicable facility fees/deposits, if any, shall be charged per the Master Schedule of Fees and Charges.

15.4 All facilities, at all times, should be kept clean with all items properly stored for safety and no equipment shall be left out. At the conclusion of each seasonal permit, the user shall remove all equipment and clean the area and equipment thoroughly.

15.5 Any flammable and/or toxic substances are strictly prohibited in any enclosed or indoor area, including, but not limited to, storage containers.

15.6 No person shall make or kindle a fire except in an appropriate device approved for that purpose.

16. Concession Stand Policy

16.1 The primary user of the park facility will receive priority use of the concession stand. All other use must be approved by the City.

16.2 The user group is responsible for maintaining a hygienic and safe environment at all times. This includes proper storage of all food and the prevention/removal of any insect or rodent infestation.

16.3 The primary user must abide by all water quality, health and safety standards and regulations and be available for inspections by the Health Department and/or City staff.

16.4 A refundable deposit (see Section 20) must be on file prior to permits being issued and will remain on file at all times for use of the concession stand. The user group shall be responsible for the cleaning of the concession stand (sweeping, trash removal, wiping counters) after each use.

16.5 Up to three (3) keys are issued to the user group for the concession stand and cannot be duplicated. The cost for lost keys or the need to re-key will be deducted from the deposit.

16.6 The deposit on file will be forfeited if stored material, with the exception of City owned capital equipment, is not removed within fourteen (14) days of completion of the season or activity. The facilities must be free of any perishable items. All primary user group equipment must be disconnected from electrical outlets. Tanks containing helium or propane must be properly secured. All primary user group equipment that is not removed from the facility at the end of the season will be removed by the City at the expense of the primary user.

16.7 The City may conduct random inspections of the facilities at any time to ensure compliance to guidelines.

16.8 The user group is responsible and liable for loss or damage to any items brought in to the concession stand.

16.9 Adult supervision must be maintained at all times for children under the age of 18 working in the concession stand.

16.10 User groups are responsible for adhering to the City's Ordinance concerning water quality and illegal discharges as listed in Chapter 13, Article IV of the Cypress Municipal Code as well as Chapter 13, Article VIII of the Cypress Municipal Code relative to the City's Fats, Oils and Grease (FOG) Program. Failure to do so will result in a fine and the group's discontinued use of the concession stand for an indefinite period.

16.11 Repairs for damage or replacement of equipment to the concession stand or City owned capital equipment due to misuse, or as a result of the facility being left unlocked; or fines imposed upon the City due to a group's violation of health, safety and/or water quality regulations will be deducted from the deposit. All damage or fines in excess of the deposit will be billed to the user group and must be paid prior to any future permits being issued.

16.12 The City reserves the right to discontinue a group's use of a concession stand due to a group's negligence in maintaining a hygienic and safe environment and/or

due to excessive misuse and damage to the facility and/or failure to adhere to the City regulations including, but not limited to, water quality mandates.

17. Banners/Signs

17.1 Sponsorship banners may be displayed at an athletic facility by a Group B user who holds permits at that facility during their primary season. A portion of the sponsorship proceeds received by Group B users will be retained by the Cypress Recreation and Community Services Department. Announcement banners or signs may only be placed in designated areas where the group's activity occurs, and are only allowed with the permission from the City via the Temporary Use Permit process. The City's form for a Temporary Use Permit serves as the group's banner request form and must be submitted to the Recreation and Community Services Department at least three weeks prior to desired installation for City consideration.

17.2 The City reserves the right to prohibit displays of banners that would otherwise be deemed inappropriate to the public and unsuitable for youth groups.

18. Field Reservation Hotline (including inclement weather and field closures)

18.1 In the event of inclement weather or other unforeseen circumstances, fields may be closed. It is the user's responsibility to call the City's Reservation Hotline at (714) 229-6734 after 2:00 p.m. Monday through Friday, and after 8:00 a.m. Saturday and Sunday, to check the hotline throughout the day and repetitive days as conditions warrant to verify field closures. Groups cannot play on fields that are closed. If a group plays on closed fields the City may bill the user for damage to the fields and revoke future permits. Violations shall constitute a strike against the user (see Section 19).

19. Three Strikes Policy for Allocated Users

19.1 Purpose
The purpose of this policy is to implement a systematic method of enforcing the local, State and Federal laws, and the Athletic Field Allocation, Usage and Scheduling Policy. The City reserves the right to cancel or suspend field/facility permits for games, practices, and other usages based upon users violating a local, State or Federal laws, or the established Athletic Field Allocation, Usage and Scheduling Policy. Notwithstanding this Policy of Three Strikes, the City reserves the right to revoke any user group's right to use any City facility for any single serious violation and/or which causes damage to property or injury to person(s).

19.2 Strike One:
Strike One consists of documented activity in direct violation of any portion of this Athletic Facility Allocation, Usage and Scheduling Policy. A seven (7) day delay of payment on City-issued invoices is an automatic strike against a group.

Penalty: A disciplinary letter shall be written to the user's organization/president and copied to each board member documenting the violation. The letter shall be placed in the organization's file. Strike Ones are not subject to appeal.

19.3 Strike Two:
Strike Two occurs after a second documented violation within one year from Strike One. In the case of a fourteen (14) day delay of payment on a City-issued invoice the group will receive an automatic two strikes regardless if it has occurred more than a year from the previous bill payment delay.
Penalty: A disciplinary letter revoking the group's use permit for up to 50% of the group's total field permits based on severity of violation. For example, should a group continue to practice and play on a field that is closed due to maintenance or inclement weather, the group will lose permitted field time immediately.

19.4 Strike Three:
A Strike Three documented violation within one year from Strike Two. In the case of a direct violation of a local, State or Federal law, and/or a twenty-one (21) day or more delay of payment of a City-issued invoice the group will receive an automatic three strikes against the group regardless if it has occurred more than a year from a previous strike.
Penalty - Revocation of permit in direct violation or revocation of all permits held by user group.

19.5 Violation Examples (Not exclusive)

- Use of a field that has been closed due to inclement weather or for other reasons as set forth in Section 14.
- If an organization has a field permitted at 8:00 a.m. and teams start to practice at 7:30 a.m.
- If permitted user #1 allowed non-permitted user #2 to use their permitted field without City approval, this violation would constitute a strike against both users.
- After permitted use the organization fails to maintain restrooms and/or leaves trash/litter on the premises.
- Unauthorized upgrades, maintenance, or repairs conducted on City or school facilities.

20. Security Deposits for Athletic Facilities

20.1 All organizations, regardless of classification, must have a $150 security deposit on file as designated by the City. Organizations using City concession stands must have an additional $150 security deposit on file at all times as designated by the City. Security deposits will be collected at the June and December allocation meetings. Security deposits will be returned within four to six weeks of organization's final payment each season unless the group has incurred damages or outstanding fees. For accounting purposes, security deposits cannot be rolled over year to year. Organizations have up to 30 days to replace funds if deducted

due to non-compliance from original security deposit. If it is determined that a user group has caused damage, security deposits will be used for (but not limited to) repairing said damaged fields, facilities, and property. This includes staff time to collect trash or for additional maintenance to fields damaged by use during inclement weather or field closures. Any 30-day delay of payment of City issued invoices will be deducted from the Security Deposit (Section 7.4) and is subject to the strike provision (Section 19).

21. Appeal Process

21.1 An organization that has been the subject of disciplinary action, or that wishes to challenge an action imposed by the City as related to this Athletic Field Allocation, Usage and Scheduling Policy has the right to file a written appeal to the Director within 15 days of the date of their disciplinary letter. The Director shall make a determination of the appeal within 20 working days of receipt of the group's appeal notice. Actions related to Strike One violations are not subject to appeal.

An organization may appeal the administrative decision upheld by the Director via an appeal to the Recreation and Community Services Commission. To do so, the organization shall provide a written appeal to the Commission within 15 days of the date of the Director's determination letter concerning the original appeal. The Commission shall properly post a scheduled meeting within 35 days from the receipt of the appeal notice. A majority vote of the Commissioners will overturn the action imposed by the Director.

21.2 In the case of suspension of field use or other privileges, the City reserves the right to uphold the discontinuation of the group's facility usage, or other privileges, during the appeal process. The City will determine the issue on a case-by-case basis based on the best interests of the City and the overall general health, safety and welfare of the community.

21.3 Decisions and appeals of the Director and the Recreation and Community Services Commission may be overturned by the City Council should the Council decide to agendize the item. City Council has the final authority on all matters.

ATTACHMENT A

FEES

Per Section 2.12 - Player Surcharge Fee: There exists a Player Surcharge Fee to be paid by each ACUAF participant at each registration period for the purpose of seeding a Capital/Maintenance Surcharge Fund. This is an ACUAF self-initiated charge as determined by a unanimous vote of the ACUAF members in March of 1997. The fee amount is provided to ACUAF groups semi-annually and may only be changed upward and must receive a passing vote of two-thirds of the ACUAF members. At no time shall this fee go below the introductory charge of $3 per participant per registration period.

The Player Surcharge Fees are to be used for desired ACUAF projects that are "above and beyond" the normal Maintenance/Capital projects undertaken by the City and/or those school districts with joint use agreements.

Per Section 2.13 - Non-Resident Fee: Recognizing that City residents shoulder the primary financial burden to construct and maintain City athletic facilities, the Cypress City Council adopted a non-resident fee for the ACUAF organizations (Group B) and is outlined in the City of Cypress Master Fee Schedule. This fee is charged to all non-resident ACUAF participants at each registration period.

Effective July 1, 2018, all ACUAF Next leagues shall pay a Non-Resident Fee that is 50% higher than the Base Non-Resident Fee. Any future change to this fee will outlined in the City of Cypress Master Fee Schedule.

ACUAF Field Rental Fee

Effective July 1, 2020, all ACUAF organizations shall pay an hourly field rental fee of $1.00 per hour per field of usage. Hourly field usage fees will increase an additional $.50 per year until hourly fees reach $2.00 per hour per field.

ACUAF Next League Field Rental Fee

Effective July 1, 2018, all ACUAF Next leagues shall pay a Field Rental Fee that is 50% higher than the Base Field Rental Fee, or a minimum of $7.50 per hour. Any future change to this fee will outlined in the City of Cypress Master Fee Schedule.

All other fees and deposits are specified within the City of Cypress Master Fee Schedule.

ATTACHMENT B

GROUP B INFORMATION AND QUALIFICATIONS

Group B/Advisory Committee on Use of Athletic Facilities (ACUAF) Information

Group B Organizations are also referred to as members of the Advisory Committee on Use of Athletic Facilities (ACUAF). This group was first established in 1978 by the Recreation and Parks Commission in order to assist in scheduling athletic facilities on a fair basis in order to meet the needs of the various leagues within the District as well as District programming. Recreation and Park staff serves on the committee and is recognized as the chairperson responsible for calling the meetings. The current recognized member/youth sports of ACUAF are City-affiliated youth leagues (or their equivalent as approved by the City) of:

AYSO Soccer, Cypress Girls Softball, Pony Colt Baseball, Cypress Youth Baseball (Pony League).

Group B Use of School Facilities

Joint-use agreements for priority use of school district property for City/Recreation and Park District and recognized City sponsored groups, such as ACUAF, exist between Cypress School District and Anaheim Union High School District. The agreements afford Group B/ACUAF members a privilege to use school facilities at low-to-no-cost. Recreation staff serves as the point of contact for the school permit processing for ACUAF groups.

The City and School District reserve the right to renegotiate their Joint-use agreements to amend terms or address changes in operations.

In order for Group B to use school district facilities that qualify under an existing joint use agreement with the City, such groups must comply with **AB 1557, Mathis. School facilities: use by nonprofit youth organizations: recreational youth sports leagues.** This law amends Section 38134 of the California Education Code and expands the Civic Center Act and allows an ACUAF group ***whose monthly participant charge averages no more than $60 per month*** to be granted the use of qualified school facilities. Such use applies to practices and games only and does not apply to fundraising activities.

When using AUHSD facilities, Group B organizations shall only play against other teams from the same league serving under the governance and operations of a City approved ACUAF group (i.e., Intra-league play).

I. Group B Qualifications

In order to qualify and be considered as a member of Group B, all of the following criteria must be met:

1. A new organization must have two continuous years or more of documented athletic facility usage within the City as permitted by the Cypress Recreation and Community Services department. Existing Group B organizations anticipating a split to form a new

organization, or individuals planning to organize an expanded sports program, must have completed an application to be considered as a Group B member at least nine months prior to the estimated starting date of the new or expanded league.

2. Group B membership is limited to non-profit youth sports organizations in good standing that serve community youth 19 years of age and under.
3. The program must not duplicate a service provided directly through the City/Recreation and Park District or the Advisory Committee on Use of Athletic Facilities (ACUAF).
4. The organization must have a minimum of 150 participants per season and provide proof that they have a minimum Cypress residency rate as listed within Section 4, under Group B at the time of application. Residency rate requirements are subject to change and must be adhered to in order to maintain Group B status. 5. The group's Executive Board must have at least 55% residents at the time of application to receive the highest priority for membership consideration. Executive Board residency rate requirements are subject to change and must be adhered to in order to maintain Group B status.
6. Composition of youth sports teams within an ACUAF group may fall into one of two categories:
    a) Base recreation league – A Base league must allow for open registration (i.e., there are no exclusions to registration such as a tryout or a skills bias to determine participation). Base leagues must have a minimum of 125 participants per season.
    b) Next league – A Next league may hold tryouts to determine if a player's skill level merits placement on a Next team. Players not chosen to play on a Next team are guaranteed a spot to play on a team concurrently playing within the Base league. Next leagues must have a minimum of 25 participants, but shall not exceed more than 30% of the Base league. Cypress Pony Baseball shall be grandfathered in until such a time when their Base recreation league achieves a participation rate of 125 players for one season.
7. There shall be an "Everyone Plays" philosophy; therefore, the organization's rules of play must allow for a minimum playing time for all participants per game.
8. Coaching, training, camps, workshops and Board/Committee Service given to the participant during league practice or play must be on a volunteer basis and at no time shall a player be coached or trained by paid personnel.
9. The organization shall not limit or discriminate membership, or be exclusive to membership, based on race, religion, socioeconomic status, and ability/disability (exception: an organization exclusively involving special needs youth is allowed to be considered as a Group B organization).

II. Submittals Required

As outlined in Section 5, organizations desiring to apply for Group B status must follow the application process and submit a Non-Profit Grant Request Application which is provided by the Recreation and Community Services Department to include the following information:

- A current roster of the board of directors or other governing body
- The organization's by-laws
- Current rosters of Base league and/or Next league registrants with proper participant residency verification (as set forth in Section 3)

- The name, address, phone number, and email address of no more than two designated organization contacts
- Organization's website address
- Statement of purpose, objectives, philosophy of service
- Statement of type and number of facilities needed
- Statement of projected growth pattern over the next five years
- Draft agreement that includes the following:
  a) Insurance requirements
  b) Assurances of applicant to follow policies and guidelines for membership
  c) Indemnification of City/School Districts by applicant
  d) Length of agreement and review for renewal
  e) Cancellation clause
  f) Financial statement requirements
  g) Mandatory participation in payment of ACUAF related fees (i.e., Athletic Facility Surcharge Fees, Non-Resident Fees)
  h) Mandatory representation to all ACUAF meetings
- A field security deposit (see Section 20)
- Proof of registration as a not-for-profit corporation with the State of California or the IRS Determination letter dated within the past year
- A current budget summary including a Balance Sheet, Profit/Loss statement and the group's operation budget for the coming year (additionally, the organization's Form 990 is highly desired)
- Certificate of insurance evidencing coverage in the amounts and type of insurance required
- A Code of Conduct applicable to the organization that stipulates a sportsmanship requirement of all participants as well as outlining tenets for participants to follow that match the intent of the Good Neighbor Policy outlined in Section 13

III. Application Process

A Selection Committee consisting of Recreation and Community Services staff will review and process the organization's submittals.

The following process will be used for review of submittals:

IV. Process for Review of Submittals by Selection Committee

The Selection Committee shall:

1. Determine if the application is complete.
2. Determine if the groups meet the overall qualifications and its non-profit status is in good standing.
3. Determine if applicant has at least 55% of its participants and executive board members residing in
4. the City of Cypress.
5. Determine if the group's program or service is needed or duplicated.

6. Determine if the proposed program or service could be provided as an extension of an existing organization or agency.
7. Determine if space is available to accommodate the group's size and needs at current levels and at levels projected five years from the date of review.
8. Determine if the service could be provided without the subsidy of the City/Recreation and Park District.
9. Determine longevity of needed sponsorship. Specifically, will the proposed program be added as "all in" or will it be added as a "pilot program" and offer continued assistance only as long as it is seen as a mutually beneficial partnership.
10. Provide a summary report and recommendation for consideration by the Recreation and Community Services Commission.

V. Approval Process

1. Once the Selection Committee has provided a summary report, the item shall be agendized for consideration at a meeting of the Recreation and Community Services Commission, wherein the submittals, program proponents, and the Committee's recommendation will be presented for the Commission's consideration.
2. A determination for approval must be made by a two-thirds vote (five members) of the Recreation and Community Services Commission.
3. Upon approval of a new ACUAF Group, the group will need to abide by the schedule listed in Section 2.9 for submittal of athletic facility allocation requests.
4. The Cypress City Council has the final authority on all matters, thus, decisions of the Director of Recreation and the Recreation and Community Services Commission may be overturned by the City Council should the Council decide to agendize the item.

ATTACHMENT C

SUBMITTAL AND REVIEW OF A PARK/ATHLETIC FACILITY IMPROVEMENT PROPOSAL

Per Section 14.9 of this policy, the guidelines apply to ACUAF (Group B) members only.

BACKGROUND

In 1997, a Capital/Maintenance Surcharge Fund was created in the form of a surcharge fee charged to each ACUAF Player at every registration period in order to create a pool of funds for Capital/Maintenance projects for athletic facility improvements. The funds are to be used for projects that are "above and beyond" the normal Maintenance/Capital projects undertaken by the City and/or those school districts with joint use agreements. The guiding force for all proposals shall be on a focus of safety over aesthetics.

Proposals for projects are made to the City for initial review and those deemed acceptable are then considered by the ACUAF members in allocating the shared funds for the projects.

PROCESS AND REQUIREMENTS FOR PROPOSALS

ACUAF groups may submit a written proposal to the City for consideration of Capital Projects to modify, repair, alter, or improve any park or athletic facility as part of the Capital/Maintenance Surcharge program.

Such submittals shall be accepted twice a year for consideration during the semi-annual ACUAF meetings held each spring and fall with the City. The submittal deadline to the City shall be 30 days in advance of the semi-annual ACUAF meeting date in order to allow time for staff to review proposals for completion and for feasibility prior to placing the matter on the agenda for the pending ACUAF meeting.

Submittals made outside of this schedule will only be considered on an urgency basis due to unforeseen circumstances and must be submitted 30 days in advance of the requested work in order to call a special ACUAF meeting for consideration of the project's funding approval and acceptance by the City.

The City will only accept submittals from ACUAF members whose fees are paid and current with the City.

Submittals will only be accepted for Capital Projects which include infrastructure and facility projects involving construction, improvements, and land acquisitions that upgrade and maintain the nature and useful life of the facility.

Submittals for Capital Outlay will not be considered. These include the purchase of assets such as uniforms, playing equipment, tools, machinery, and vehicles that are otherwise the responsibility of each ACUAF group to purchase for their operations.

The City reserves the right to reject any proposal that is deemed incomplete, incompatible, or otherwise deemed to be unnecessary.

At no time shall installations, repairs, and/or alterations to any City facility commence without the authorization of and required permits issued by the City's Building Department.

All submittals shall include the following information in order to determine the need, scope, and feasibility of the proposed project, equipment specifications, construction details, and all other necessary documents for the City's Building Department to determine compliance and safety.

- Statement of need
- Documentation of the scope of proposed project
- Sources of funding
- Certification from vendor/manufacturer of equipment cost/specifications
- Two (2) sets of construction/installation plans detailing structural calculations of the project, including any electrical work, for the review of the City's Building Department
- Proof that all contractors involved in the design, construction and/or installation of the project meet all licensing, bonding, and certification requirements of the City

All City projects will be subject to assessment by City's Building Inspectors during any essential phase of the enterprise.

All completed Capital Improvement Projects and their associated equipment becomes the property of the City.

School District projects are subject to review and approval by school district personnel.

<u>Proposal Review Process</u>
Staff will review all proposals to:

1. Determine if the application is complete.
2. Determine if the project is needed or duplicated, and incorporates safety over aesthetics.
3. Determine if the group's project is feasible and acceptable by the City. For School District projects, City staff will serve as the liaison to facilitate the ACUAF group's proposal for the school's review.
4. Determine if the project's scope requires additional public action (i.e., conduct a Public Hearing) or obtain City Council/School Board approval.

If the proposal meets all of the required elements it will be placed on the ACUAF meeting agenda for consideration by the ACUAF members.

<u>ACUAF Surcharge Fund Allocation Process:</u>
This process outlines the method to which ACUAF Surcharge Funds can be applied to proposed Capital/Maintenance projects

1. Available funds – The fund will never be expended in its entirety. Recognizing the importance of these pooled funds, ACUAF members must remit their portion of the

maintenance surcharge funds collected at each registration period before the close of the season in which the funds were collected.

2. Limits of allocating annual funds for projects – No more than one-half of the total available funds may be allotted per fiscal year for Capital/Maintenance projects. This amount, or parts thereof, shall be considered for projects at the spring and fall ACUAF meetings. City staff shall be responsible for the accounting of funds and the provision of designated funding amounts available at each proposal period.
3. Approvals for Funding – Each ACUAF organization is represented by one vote. A quorum of "50% plus one" of the groups must be present for all voting matters. A majority approval of ACUAF members is required to approve funds for project proposals. A tie vote does not approve funding as it is not a majority vote.
4. For any ACUAF Capital/Maintenance project requiring more than one-half of the total annual allocation, a supermajority vote of two-thirds of the ACUAF members is required.
5. Changes to the Allocation Process – Elements of the allocation process may be changed upon the unanimous agreement of the ACUAF groups and will take effect with the next semi-annual meeting held after the changes are approved.

Guidelines for ACUAF Groups to Consider for Allocation of Funds

The following criteria may be considered when awarding ACUAF Capital/Maintenance Surcharge Funds toward proposed Capital Projects by ACUAF groups:

1. Is the project focused on safety aspects over aesthetics?
2. Does the project enhance programming for the community youth?
3. Are other funding sources included in the project that enables the ACUAF Capital/Maintenance Surcharge funds to be leveraged?
4. Does the project meet the needs of, or potentially infringe upon, other ACUAF groups?
5. Is the project of a community benefit in that it upgrades the useful life or nature of the facility?

Unauthorized Projects or Maintenance Conducted on City or School Facility

In the case where an ACUAF group has undertaken or completed unauthorized maintenance, repair and/or improvement to a City or School facility, the ACUAF group will be made 100% responsible to reimburse the City or School for the full cost to return the facility to its original condition. Such work will be completed under the timeframes established by the City or School, and shall be done by City/School employees or City/School approved contractors. The ACUAF group committing the offense will also be subject to immediate sanctions of facility use as outlined in Section 19.

Sec. 17-72. Park regulations.

It shall be unlawful for any person within the limits of any park or other recreation facility (as those terms are defined in subsection (v) below) owned and operated by the city to:

(a) Lead or let loose any animal except:

1. Dogs on a leash or cats, which are under the immediate control of the custodian of the same; or
2. Small pets which are held by a custodian at all times.

The provisions of this section shall not apply to any city-sanctioned event which makes an exception to this subsection.

(b) Distribute any handbill or circular on or within any city park or recreation facility, or post or affix to any city park or recreation facility property, any bills, notice, paper or advertising device or matter of any kind. The distribution of fliers at any city sanctioned event shall be conducted only at the times and locations determined by the city.

(c) Camp or lodge overnight. No person shall erect tents, shacks, or any other temporary shelter for the purpose of overnight camping in violation of Section 17-4, nor shall any person leave in a park after closing hours any movable structure or vehicle that could be used for such purpose in violation of Section 17-4. The provisions of this section shall not apply when in connection with a city-sanctioned event.

(d) Construct or erect any building or structure of whatever kind, whether permanent or temporary in character, without permit from the city for such purpose.

(e) Enter, remain within, or loiter in or upon any park or recreation facility during the hours such park or facility is deemed closed by posted signs except to attend a city sanctioned event or pursuant to an authorization issued by the city and then only in such park area or recreation facility area as designated by the city. This section shall not be enforced against homeless persons sitting, lying, or sleeping on any park or recreation facility when no alternative shelter is available in accordance with the holding in *Martin v. City of Boise* (9th Cir. 2018) 902 F.3d 1031, and only during the timeframe that the case of *Martin v. City of Boise* (9th Cir. 2018) 902 F.3d 1031 is applicable law within the jurisdiction of the Ninth Circuit unless the procedures in Section 17-4(e)(2) are followed.

(f) Engage in any disorderly conduct. Disorderly conduct includes, but is not limited to:

1. To engage in riotous, threatening or indecent conduct, or using abusive, threatening, or profane language
2. Any other violation of any section of the Penal Code section of the State of California regarding disorderly conduct

(g) Consume, distribute, or be in the possession of any alcoholic beverage except pursuant to an authorization issued by the city.

(h) Possess, transport, purchase, sell, giving away, or consume or ingest any nonprescription narcotics or illegal drugs.

(i) Hold any organized or sponsored event, service, sporting event, concert, exercise, parade or exhibition at which more than twenty-five (25) persons are expected to attend without first obtaining a permit for such event from the city.

(j) Light or maintain any fire except in designated picnic stoves, barbecues, fire pits or other area provided for such purposes.

(k) Operate fuel powered model or miniature helicopters or airplanes, rockets or missiles of any type except in areas designated by the city for such purposes.

(l) Play, practice or in any way engage in the game of golf except at times and places designated by the city for such purposes.

(m) To practice, carry on, conduct or solicit for any trade, occupation, business or profession of whatsoever kind or character without permission of the city. Nothing in the Subsection is intended to prevent any person from

expressing freedoms protected by the First Amendment.

(n) Dig or remove any soil, rock, stone, tree, shrub or plant, down-timber or other wood materials, or make any excavation by tool, equipment, blasting, or other means, except in designated sandboxes of the city. No materials, substances or objects shall be placed in the sandbox sand.

(o) Willfully mark, deface, disfigure, injure, tamper with, displace or remove, any building, bridge, table, bench, fireplace, railing, paving, water line or other public utility, sign, notice or placard, monument, post, or other structure or equipment.

(p) Install, use or operate a loudspeaker or any sound-amplifying equipment for the purpose of giving instruction, direction, talks, lectures, or of transmitting music to any persons in any park except under permit issued by the city and when operated in accordance with the terms of such permit. No person shall play any radio, tape recorder or other electronic sound-producing device, including those inside vehicles, at such a volume so as to be audible at a distance of 150 feet or more.

(q) For any female to expose the areola(s) of her breast(s), except while breastfeeding an infant, or for any person, male or female, to expose his or her genitalia or buttocks. The provisions of this section shall not apply to persons four (4) years of age or younger.

(r) Throw, discard or dispose of any garbage or refuse upon the ground or in any place other than a garbage can or other receptacle maintained for such purpose. Large construction trash, waste, or motor oil may not be disposed of in any garbage can or receptacle in a city park.

(s) Molest, injure or kill any animal.

(t) Drive or otherwise operate a vehicle upon surfaces other than those maintained and open to the public for purposes of vehicular travel. No person shall ride or propel a bicycle, scooter, skateboard, or roller skates outside of areas designated for such use.

(u) Swim, fish in, bathe in, wade in, release pet animals in or pollute the water of any fountain, pond, lake, stream, reservoir or other area not designated for such purposes except by permission of the city.

(v) For the purposes of this section, the following terms shall have the meanings set forth herein:

1. *Park* means any public park or portion thereof, including a body of water, a publicly owned recreation or playground area, or any building or recreation facility thereon, including parking lot areas adjacent thereto, within the city which is owned and maintained by the city and/or the Cypress Recreation and Park District as a public park whether or not such has been formally dedicated to such purpose.

2. *Recreation facility* means any building or structure which is located on public property and available for use by the public for recreation purposes which is owned and maintained by the city and/or the Cypress Recreation and Park District.

(w) 1. No owner or other person having the charge, custody or control of any dog(s) shall permit, either willfully or through failure to exercise due care, any such dog(s) to defecate and to allow any such feces to remain in any park or recreation facility, as those terms are defined in subsection (v) above.

2. Any person having charge, custody or control of any dog(s), in a park or recreational facility, shall have in possession a suitable disposable bag or container for the purpose of complying with the requirements of this section.

3. For purposes of this subsection, a “suitable disposable bag or container” shall not be considered to be an article of clothing.

4. The provisions of this section shall not apply to blind persons being accompanied by a trained guide dog.

5. Any person violating any of the provisions of subsections (w)1., 2., or 3. shall be deemed guilty of an infraction and upon conviction thereof shall be punished by a fine not to exceed one hundred dollars ($100.00).

(Ord. No. 1064, § 1, 11-22-04; Ord. No. 1187, §§ 3, 4, 5-10-21.)

View the mobile version.

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(t) Drive or otherwise operate a vehicle upon surfaces other than those maintained and open to the public for purposes of vehicular travel. No person shall ride or propel a bicycle, scooter, skateboard, or roller skates outside of areas designated for such use.

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3. For purposes of this subsection, a "suitable disposable bag or container" shall not be considered to be an article of clothing.

4. The provisions of this section shall not apply to blind persons being accompanied by a trained guide dog.

5. Any person violating any of the provisions of subsections (w)1., 2., or 3. shall be deemed guilty of an infraction and upon conviction thereof shall be punished by a fine not to exceed one hundred dollars ($100.00).

(x) Lead, possess, consume, use the following equipment, or carry out any activity likely to do damage on synthetic turf athletic fields:

1. Pets or other animals.

2. Food, gum, seeds, tobacco products, or any other substances that can stain.

3. Drinks other than water in non-breakable containers.

4. Metal cleats, plastic cleats longer than one inch, or footwear containing mud or debris.

5. Equipment with sharp or narrow legs including but not limited to flags, shade structures, tents, stakes, and umbrellas.

6. Vehicles of any kind including but not limited to automobiles, bicycles, scooters, skateboards, RC cars, planes, drones, or other vehicles that use fuel.

7. Any person violating any of the provisions of subsections (X)1., 2., 3., 4., 5., or 6. shall be deemed guilty of an infraction and upon conviction thereof shall be punished by a fine not to exceed five hundred dollars ($500.00) or the cost to clean or repair any damage caused, whichever is greater.

(Ord. No. 1064, § 1, 11-22-04; Ord. No. 1187, §§ 3, 4, 5-10-21.)

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **20.**

FROM: Ad Hoc Subcommittee, Mayor Morales and Council Member Peat

DATE: 01/10/2022

SUBJECT: **Consider California Voting Rights Act - City Council Election Format Community Forums Informational Presentation**

RECOMMENDATION

Approve California Voting Rights Act - City Council Election Format Community Forums informational presentation.

DISCUSSION

On September 20, 2021, the city received a letter from attorney Kevin Shenkman of Shenkman & Hughes, PC on behalf of the Southwest Voter Registration Education Project alleging voting within Cypress is racially polarized, resulting in Asian-American vote dilution, and therefore, that the city's at-large system for electing Council Members violates the California Voting Rights Act (CVRA). Mr. Shenkman threatens to sue the city to force a change to its election system if the City Council does not voluntarily transition from at-large elections prior to the November 2022 City Council election.

In at-large election systems like Cypress', voters of an entire city elect all members of the City Council. Nearly every city that has received a CVRA violation challenge has transitioned to by-district elections which divide a city into districts. Voters in each district elect their Council Member, who must also live in that district. However, there are other election systems that may comply with the CVRA, including cumulative voting.

Since receiving Mr. Shenkman's threat of litigation, the City Council has met eight times in closed session to discuss the alleged CVRA violation and the city's options for a response. To date, the City Council has engaged a demographer to assess the merits of the claim and negotiated an extension to the deadline Mr. Shenkman set for the city to respond to his demand that Cypress change its system for electing Council Members at-large.

At its November 22 meeting, the City Council created an ad hoc subcommittee to recommend a series of public forums and an outreach plan to inform the community about the CVRA, at-large and by-district election systems, and collect input from residents about this important issue. The information gathered from the community forums and public

outreach will play an important role in the City Council's assessment and deliberation of the CVRA violation claim and the manner by-which Cypress elects its leaders.

Working with the City Manager and community outreach specialists from Communications LAB, Mayor Morales and Council Member Peat recommended a schedule and format for the community forums along with an informational presentation and outreach plan.

At its December 27 special meeting, the City Council approved the subcommittee's recommendation for three community forums beginning in the middle of January. The approved forums are different days, times and locations to provide the greatest opportunity for participation. Communications LAB will provide translation resources.

Date	**Start Time**	**Location**
Wednesday, January 19	6pm	Virtual
Tuesday, February 15	5pm*	Navy Golf Course banquet rooms
Saturday, February 26	10am	Community Center

* The 5pm start time at Navy Golf Course was dictated by the facility's schedule and projected staff resources.

The January 19 virtual meeting will be recorded and posted on the city's website and residents will have the opportunity to provide written input to the City Council after viewing the recording or attending a community forum.

The approved format includes a moderator (Communications LAB), a short welcome from the Mayor, and a pre-recorded 20 to 30 minute informational explainer video presentation, followed by community input. Each public speaker will have two minutes for comments or short questions/clarifications of the City Council; more complicated questions will be recorded and responded to on the website; the City Council will take comments until all attendees have had the opportunity to speak; and attendees may have a second opportunity to speak if there are no remaining first-time speakers, and it is less than two hours since the start of the meeting.

The City Council reviewed and provided direction on the narrative presentation (attached) on December 27. Upon City Council approval, Communications LAB will translate the presentation into the explainer video for the community forums and website. Representatives from Communications LAB will attend the January 10 City Council meeting virtually to answer questions and collect any City Council-directed changes. Following the January 10 meeting, Communications LAB will script, record and edit the informational video ahead of the first community forum on January 19.

BUDGET IMPACT

None.

LEGAL REVIEW

The City Attorney has reviewed the narrative presentation.

APPROVED BY: Peter Grant, City Manager

Attachments

Presentation

Presentation

ELECTION SYSTEMS

At-Large or District
Electoral Processes

City of Cypress
5275 Orange Avenue, Cypress, CA 90630 • www.CypressCA.org

Welcome

About this Presentation

- Overview of Voting Rights protections
- Explain the City's recent CVRA Challenge
- Present Cypress' Election History
- Provide Overview of different Electoral Systems
- Solicit feedback from our Community

National

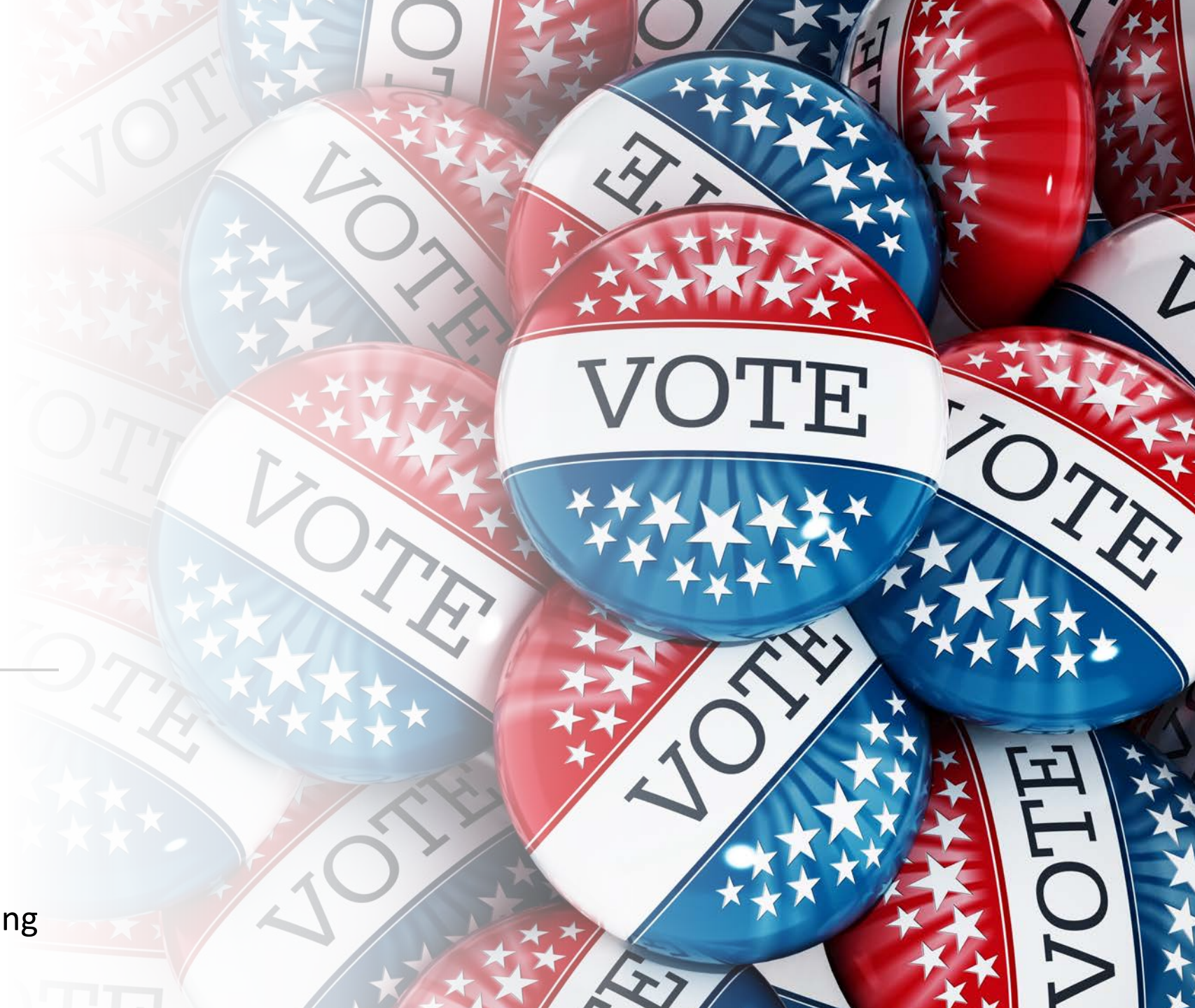
Voting Rights Act (1965)

- Landmark federal legislation
- Born out of the 1960's Civil Rights Movement
- Prohibits racial discrimination in voting
- Enforces 14th & 15th Amendments

State

California Voting Rights Act (CVRA)

- Initially passed in 2001
- Revised in 2015
- Enhances federal protections
- Prohibits racially polarized voting



State

Two Decades of Change

- 216 school districts
- 34 community college districts
- 137 cities
- 35 water and other special districts
- All counties are now by-district

Local

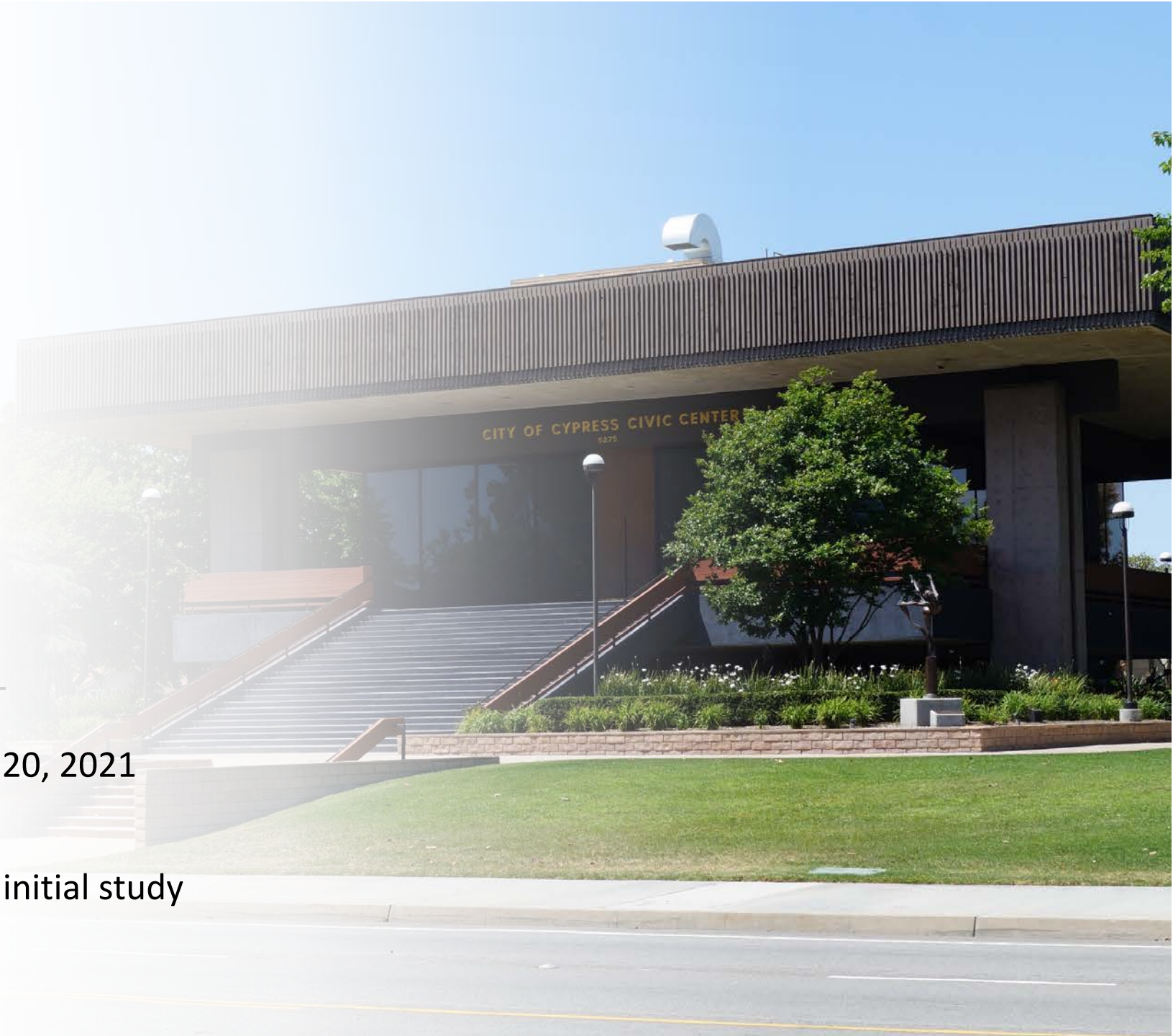
The Cypress CVRA Challenge

- Cypress has received notice on behalf of a Plaintiff(s)
- Alleges that current election system is diluting Asian votes
- Not a formal legal action, typically precedes legal action
- Cypress must decide to defend or accept the challenge

Local

What Has Happened to Date?

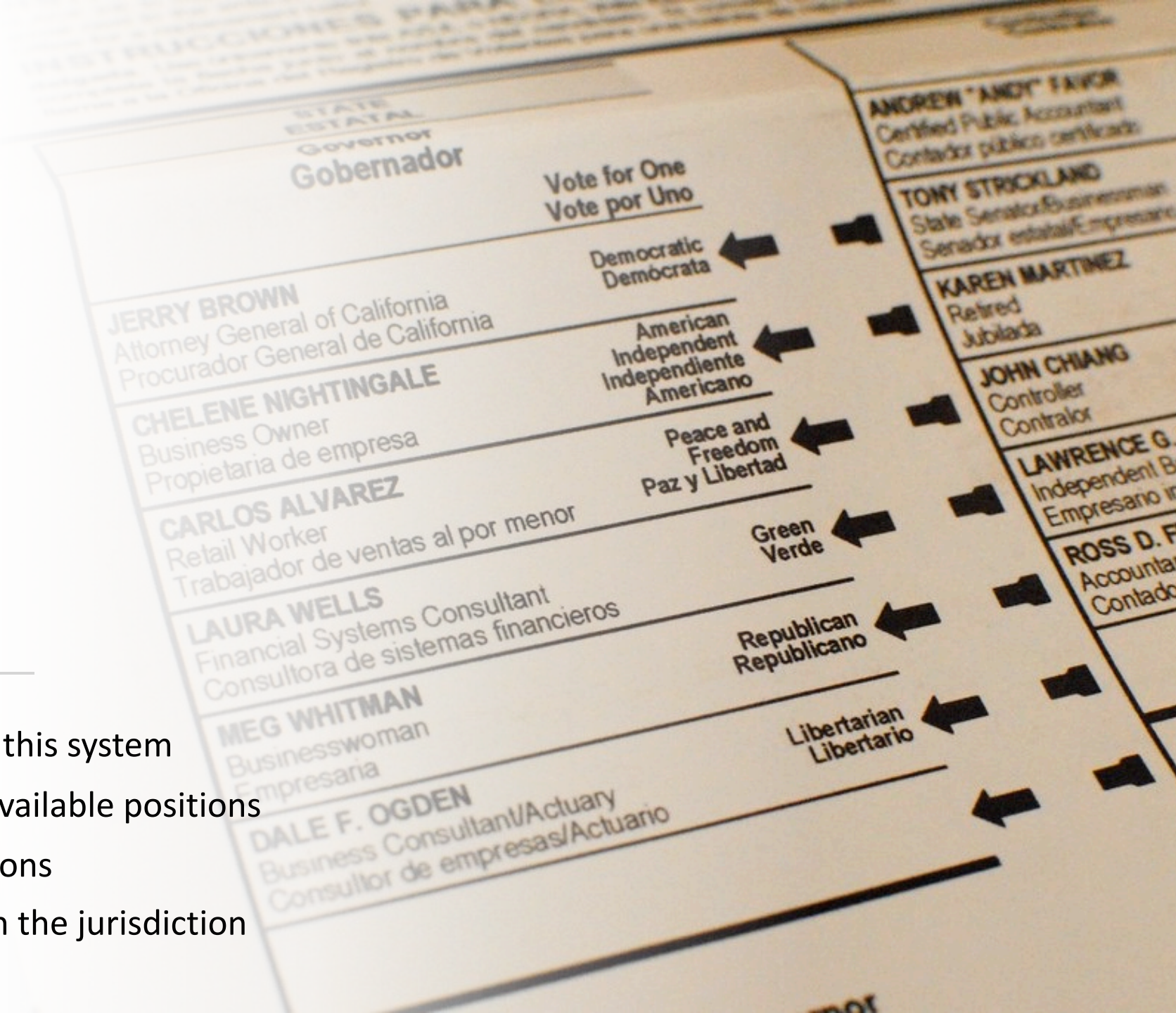
- Challenge received on September 20, 2021
- City Council is assessing challenge
- Demographer engaged to provide initial study
- City Council must make a decision



State & Local

What Are At-Large Elections?

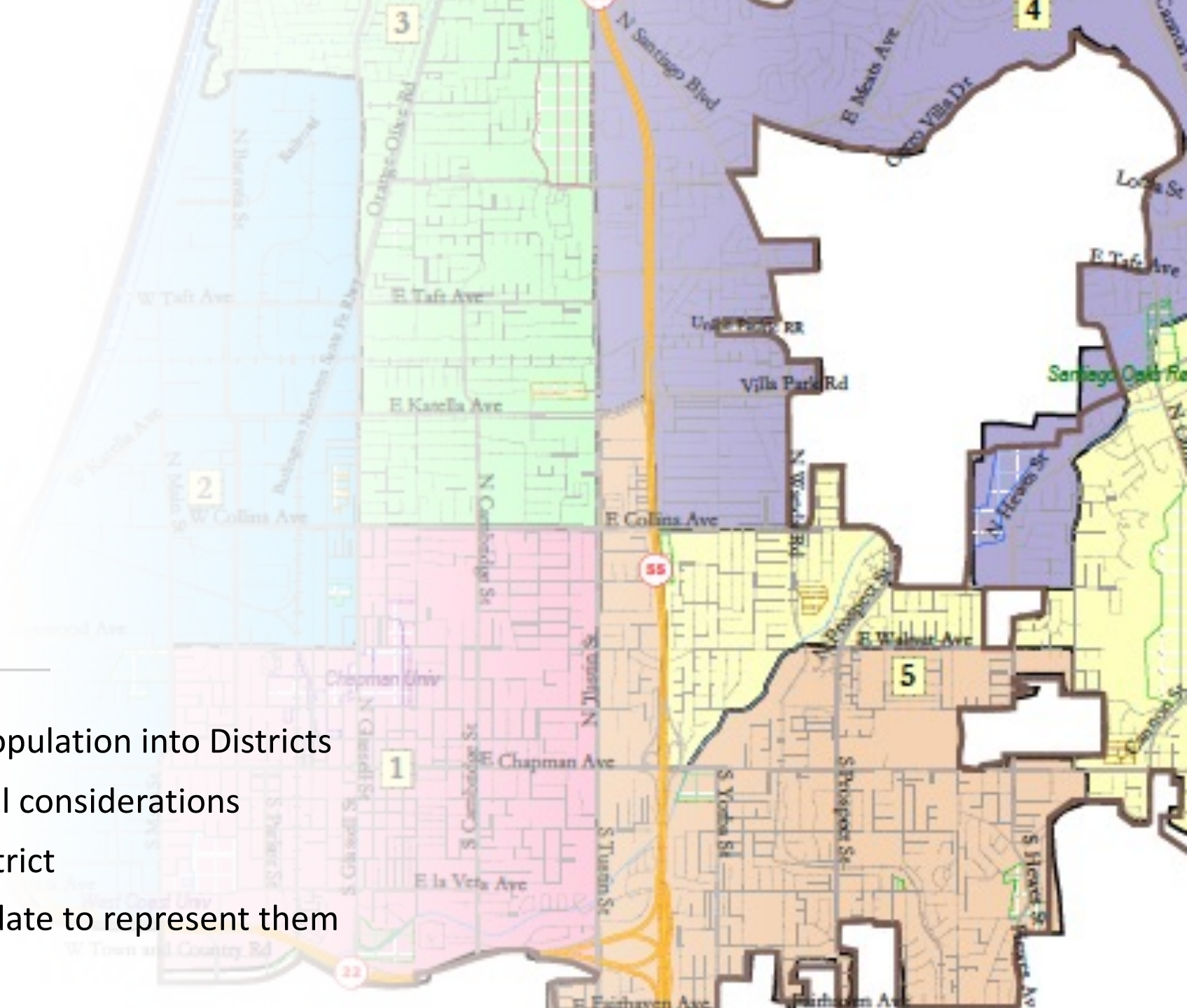
- City of Cypress currently utilizes this system
- All Voters may vote upon each available positions
- Similar to statewide office elections
- Candidates may live anywhere in the jurisdiction



Elections

What Are By-District Elections?

- Cypress would be divided by population into Districts
- CVRA Challenges add additional considerations
- Candidates must live in the District
- District Voters elect one Candidate to represent them



Elections

Are There Different Types of District Elections?

- Yes – there are several different models
- School & Special Districts most likely to use alternatives
- Include: At-Large Voting By-District, Multi-Winner Contests, Plurality, Ranked Choice and, Cumulative Voting.
- Not all meet the stated CVRA goals

Local

What Happens Next?

- The deliberative process continues
- The City Council must decide to defend against the challenge or voluntarily move to a By-District system
- There are two possible outcomes

Local

What have Other Cities Done?

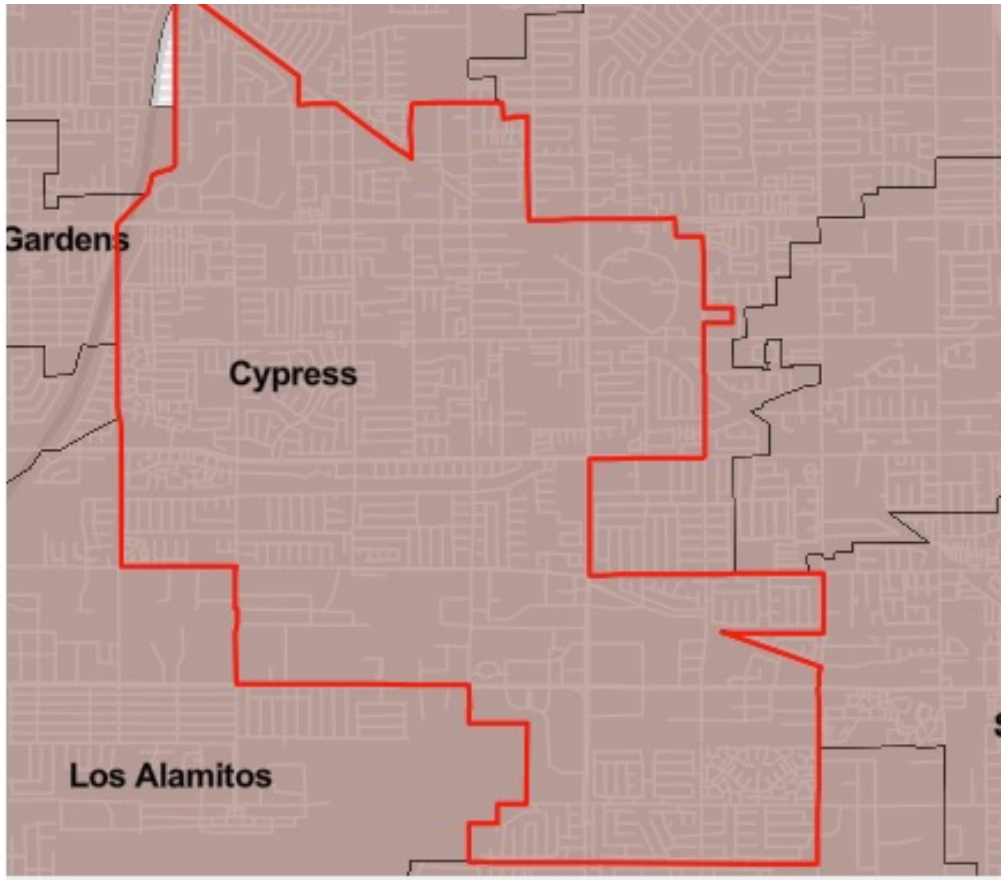
- Cypress is not alone in this matter
- Cypress has not been formally sued
- Other cities have…and paid heavy settlements

Local

Where Does Cypress Stand?

- Demographer has made initial review
- Assessment was inconclusive
- Demographics do not clearly show IF the City is racially polarized or if Asian votes are diluted

Population, Census, April 1, 2020	50,151
Population, Census, April 1, 2010	47,802
Age and Sex	
Persons under 5 years, percent	4.8%
Persons under 18 years, percent	22.9%
Persons 65 years and over, percent	15.1%
Female persons, percent	51.5%
Race and Hispanic Origin	
White alone, percent	50.6%
Black or African American alone, percent (a)	3.9%
American Indian and Alaska Native alone, percent (a)	0.5%
Asian alone, percent (a)	35.2%
Native Hawaiian and Other Pacific Islander alone, percent (a)	0.3%
Two or More Races, percent	5.1%
Hispanic or Latino, percent (b)	20.2%
White alone, not Hispanic or Latino, percent	36.3%



By the Numbers

Total Population:
50,151

50.6% White
35.2% Asian Pacific Islander
20.2% Latino

Source: U.S. Census, https://www.census.gov/quickfacts/fact/dashboard/cypresscitycalifornia/PST045221

Election History 2020

- At-Large Voting in place
- Multiple Candidates
- Winners:

  Hertz (1) **& Marquez** (2)

General Election Results for 2020
City of Cypress City Council

Candidate	Asian Voters	Overall
Bhence	6	5
Thompson	4	8
Gersten	8	9
Hayashida	2	3
Hertz	3	1
Strong	7	6
Mauss	9	4
Marquez	1	2
Fuller	5	7

Election History 2018

- At-Large Voting in place
- Multiple Candidates
- Winners:

  Peat (1) **& Berry** (2)

  Morales (3)

General Election Results for 2018
City of Cypress City Council

Candidate	Asian Voters	Overall
Peat	2	1
Marquez	5	4
Morales	4	**3**
Bradley	1	5
Bryan	6	6
Berry	**3**	2

How are Districts Created?

- Include communities of interest
- Be compact
- Be contiguous
- Have visible (natural and man-made) boundaries
- Include respect for past voter selections
- Plan for future growth

Characteristics of the At-Large System

- All Voters vote on all available seats
- Candidates represent entire city
- Candidates answer to all voters

Characteristics of the By-District System

- Voters elect a single District representative
- Candidates represent a Single District
- Candidates answer to their District voters

Questions

Community Feedback

- Provide feedback during meeting
- Submit a Question Online
- Send an email to City Council
- Take the Survey

Presentation

ELECTION SYSTEMS

At-Large or District
Electoral Processes

City of Cypress
5275 Orange Avenue, Cypress, CA 90630 • www.CypressCA.org