AMENDED AGENDA

REGULAR MEETING
CYPRESS CITY COUNCIL
January 23, 2023
5:00 P.M. - Closed Session
6:00 P.M. - Open Session

www.cypressca.org

Council Chambers
5275 Orange Avenue
Cypress, California

AGENDA AMENDMENT

- Added Closed Session Item: Conference with Real Property Negotiator, pursuant to Government Code Section 54956.8, regarding property at 5121 Myra Avenue, Cypress (APN 241-044-01); Agency Negotiator: Peter Grant, City Manager; Negotiating Parties: Robert S. Ferrier; Under Negotiations: Price and terms of potential acquisition.

NOTICE

Effective January 2023, the general open session of all regular City Council meetings will begin at 6:00 p.m.

PUBLIC PARTICIPATION

Members of the public can participate in this meeting as follows:

1. Attend In-Person. First-come, first-served seating is available in the Council Chambers. Face coverings are recommended and all in-person attendees 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/6682541831096695382** 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 393-665-422 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 23, 2023 will be added to the City Council agenda as a Consent Calendar item.

CALL TO ORDER

5:00 P.M.
Executive Board Room

ROLL CALL

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

Mayor Anne Hertz-Mallari
Mayor Pro Tem Scott Minikus
Council Member David Burke
Council Member Frances Marquez
Council Member Bonnie Peat

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

The public may address the City Council on matters appearing on the Closed Session 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 shall 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 23, 2023. All comments submitted via email prior to the deadline will be added to the agenda as a Consent Calendar item.

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Youngsma, et al. v. Cypress School District, et al.
Case No. 30-2021-01220176-CU-EI-CXC
Orange County Superior Court

CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)
Southwest Voter Registration Education Project v. City of Cypress
Case No. 30-2022-01270865-CU-CR-CJC
Orange County Superior Court

CONFERENCE WITH REAL PROPERTY NEGOTIATOR
Pursuant to Government Code Section 54956.8
Property: 5121 Myra Avenue, Cypress (APN 241-044-01)
Agency Negotiator: Peter Grant, City Manager
Negotiating Parties: Robert S. Ferrier
Under Negotiation: Price and terms of potential acquisition

RECONVENE
6:00 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 Anne Hertz-Mallari
Mayor Pro Tem Scott Minikus
Council Member David Burke
Council Member Frances Marquez
Council Member Bonnie Peat

PLEDGE OF ALLEGIANCE

INVOCATION The Church of Jesus Christ of Latter-Day Saints

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.

REPORT OF WORKSHOP AGENDA / CLOSED SESSION
City Manager/City Attorney

PRESENTATIONS

Orange County Transportation Authority Measure M2 Streets and Roads Milestone Update

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.

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comments to no more than three minutes.

Alternatively, comments may be submitted to cityclerk@cypressca.org prior to 3:00 p.m. on January 23, 2023. All comments submitted via email prior to the deadline will be added to the agenda as a Consent Calendar item.

PUBLIC HEARINGS

Public comments – five minutes per speaker, unless extended by the City Council.

If you would like to provide comments on a Public Hearing item in person, please complete a Speaker's Card available at the podium. If you would like to provide comments on a Public Hearing item 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. Members of the public providing comments via webinar are encouraged to also submit a written copy of their comments to cityclerk@cypressca.org prior to 3:00 p.m. on January 23, 2023. This will ensure your comments are included in the record should you experience any technical difficulties during the public hearing.

Council Members should disclose communications with anyone relevant to a Public Hearing item.

1. **Approve Conditional Use Permit No. 2023-01 to Permit the Sale of Beer and Wine for an Existing Restaurant at 4720 Lincoln Avenue**

   Prepared by: Alicia Velasco, Planning Director

   Recommendation: Adopt a Resolution approving Conditional Use Permit No. 2023-01, with conditions, and confirm the project is exempt from the California Environmental Quality Act requirements.

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.

2. **Receive and File Public Comments Submitted for the January 23, 2023 City Council Meeting**

   Prepared by: Alisha Farnell, City Clerk

   Recommendation: Receive and file submitted public comments.

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

4. Approve Minutes - Meeting of January 9, 2023

Prepared by: Alisha Farnell, City Clerk

Recommendation: Approve as submitted.

5. Adopt the 2023 Federal and State Legislative Platform

Prepared by: Peter Grant, City Manager

Recommendation: Adopt the 2023 Federal and State Legislative Platform.

6. Approve a Task Order for Landscape Inspection Services

Prepared by: Doug Dancs, Director of Public Works

Recommendation:

1. Approve a task order with Richard Fischer Associates for an amount not to exceed $63,000 to perform landscape inspection services; and

2. Approve a $63,000 budget transfer from personnel costs to contract landscape services in the General Fund ($56,700) and City Central Services Fund ($6,300).

7. Approve Purchase of Police Mobile Data Computers

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

Recommendation: Approve the purchase and installation of Police Department mobile data computers and associated hardware and software from Dell Marketing LP U.S., under the National Association of State Purchasing Officers Valuepoint Master Price Agreement for $159,906.90.

8. Award Contract for Traffic Camera Upgrades, Project 339

Prepared by: Doug Dancs, Director of Public Works

Recommendation: Award a contract for traffic camera upgrades to Macadee Electrical Construction for $76,022, and authorize a contingency of $7,600.

9. Receive an Update on the Strategic Plan Six-Month Objectives

Prepared by: Peter Grant, City Manager

Recommendation: Receive an update on the Strategic Plan six-month objectives.

10. Receive and File the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022

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, 2022.

11. Receive and File the Report on the City's Appropriations Limit for the Fiscal Year Ended June 30, 2022

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, 2022.

12. Receive and File the Independent Accountants' Report on the Cypress Recreation and Park District's Appropriations Limit for the Fiscal Year Ended June 30, 2022

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, 2022.

13. Receive and File the Cypress Recreation and Park District's Financial Statements and Auditors' Report for the Fiscal Year Ended June 30, 2022

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, 2022.

14. Receive and File the Audit Letter to the City Council for the Fiscal Year Ended June 30, 2022

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, 2022.

15. Receive and File the Audit Letter to the District Board for the Fiscal Year Ended June 30, 2022

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, 2022.

16. Receive and File the Investment Report for the Month Ended December 31, 2022

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

Recommendation: Receive and file the attached investment reports.

17. Approve Register of Warrants, Transfers, and Wires Issued for the Period of December 24, 2022 through January 6, 2023

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

Recommendation: Approve the attached payment register summarized below for the period of December 24, 2022 through January 6, 2023:

- Electronic Funds Transfers 12468 through 12517
- Warrants 61452 through 61508
- Payroll Transfers W1492

NEW BUSINESS

None.

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

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COUNCIL MEMBER REPORTS AND REMARKS

CITY MANAGER REMARKS

ADJOURNMENT - IN MEMORY OF FORMER CYPRESS MAYOR OTTO LACAYO AND RIVERSIDE COUNTY SHERIFF DEPUTY DARNELL CALHOUN

The next meeting will be an adjourned Regular Meeting, to be held on Monday, February 13, 2023, 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 18th day of January, 2023.

_____
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: Alicia Velasco, Planning Director

DATE: 01/23/2023

SUBJECT: **Approve Conditional Use Permit No. 2023-01 to Permit the Sale of Beer and Wine for an Existing Restaurant at 4720 Lincoln Avenue**

RECOMMENDATION

Adopt a Resolution approving Conditional Use Permit No. 2023-01, with conditions, and confirm the project is exempt from the California Environmental Quality Act requirements.

DISCUSSION

Project Description

The applicant is requesting a Conditional Use Permit (CUP) for the sale of beer and wine at an existing restaurant (Hiyori Sushi) at 4720 Lincoln Avenue. This location has operated as a sushi restaurant for many years (most recently Aki Sushi), with Hiyori Sushi opening in September of 2022. The restaurant is open for lunch and dinner (10 AM to 12 AM), seven days a week.

Subject Property and Surrounding Uses

The restaurant is 1,320 square feet and seats approximately 40 patrons. It is located at the southeast corner of Lincoln Avenue and Sumner Place in an existing shopping center that includes a grocery store, restaurants, retail, and service businesses. The property is zoned PC – Planned Community (Lincoln Avenue Specific Plan) and the General Plan designation is Specific Plan Area. The shopping center is surrounded by:

Direction	Land Use	Zoning
North	Condominiums	PC - Planned Community
South	Condominiums	RM-20 Residential Multiple-Family
East	Condominiums	PC - Planned Community
West	Commercial Center	PC - Planned Community

A vicinity map is attached.

Analysis

Alcohol Beverage Sales

Restaurants are permitted in the Lincoln Avenue Specific Plan. The sale of alcoholic beverages requires a CUP. The restaurant's CUP application is consistent with the alcoholic beverage sales guidelines in Section 3.17.030.B of the Zoning Ordinance. Two other restaurants in the shopping center serve alcohol (Coaches Corner Pizza and Howard's Coffee Shop).

Conditional Use Permit

The commercial center complies with all development standards, including parking. With the recommended conditions, the restaurant will not have an adverse effect on adjacent properties or other businesses in the center, and the sale of beer and wine at Hiyori Sushi will not change the character of the commercial center. The Police department reviewed the application and recommends approval subject to the conditions of approval.

Required Findings

The project is consistent with the findings required by Zoning Code Section 4.19.070E (Conditional Use Permit) and Section 3.17.030.B (Alcoholic Beverage Sales):

1. The proposed location of the conditional use is consistent with the requirements of the General Plan and the zoning district in which the site is located:

   The site is zoned PC – Planned Community (Lincoln Avenue Specific Plan), which is consistent with the Specific Plan Area land use designation in the General Plan. The PC Zone's intent is to permit a compatible mix of land uses, planned commercial developments, business parks, and a variety of housing styles and densities. The PC Zone permits uses listed in the associated Specific Plan.The Lincoln Avenue Specific Plan permits restaurants with alcohol sales, subject to a Conditional Use Permit and the existing restaurant building site meets all development standards. The restaurant is in a commercial shopping center with surrounding retail and service type businesses. The restaurant, with beer and wine sales, will complement the surrounding uses.

2. The location of the conditional use and the conditions under which it would be operated or maintained will not be detrimental to the public health, safety or welfare, or be materially injurious to properties or improvements in the vicinity:

   A restaurant is a permitted use at this location. The addition of on-site beer and wine sales will not be detrimental to the public health, safety or welfare, or injurious to properties in the vicinity. No new construction is included with this project and the project site meets all development standards. With the recommended project conditions, including restricted hours of operation, the beer and wine sales will comply with Municipal Code and Alcohol Beverage Control regulations. The Police department reviewed the restaurant's application and found no indication that the addition of beer and wine sales would cause an undue burden on police resources.

3. The proposed conditional use will comply with each of the applicable provisions of the Zoning Ordinance:

   The use as proposed and conditioned is consistent with the criteria for approving conditional use permits for alcoholic beverage sales, as set forth in Section 3.17.030.B

of the Zoning Ordinance.

Recommendation
The CUP meets the requirements and intent of the Municipal Code and standards for the sale of alcohol. The restaurant and surrounding shopping center meets all development standards and the addition of beer and wine sales will provide a full-service dining option. It is recommended the City Council approve the Conditional Use Permit resolution and confirm the project is exempt from California Environmental Quality Act requirements.

Public Hearing
Notices of the public hearing were posted and mailed to the owners of all properties located within 500 feet of the site. To date, no communication regarding this item has been received.

Alternative Action
In the event the City Council determines there are concerns which should be addressed prior to taking any action on this item, the City Council should continue this application and instruct staff to work with the applicant to resolve the issues. A second alternative is to make the required finding for denial and deny the project.

BUDGET IMPACT
None.

LEGAL REVIEW
None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Resolution
Project Conditions
Vicinity Map
Project Plans
Notice of Exemption

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS APPROVING CONDITIONAL USE PERMIT NO. 2023-01, A REQUEST TO ALLOW ON-SALE BEER AND WINE AT AN EXISTING RESTAURANT LOCATED AT 4720 LINCOLN AVENUE, WITHIN THE PC – PLANNED COMMUNITY ZONE AND FINDING THE REQUEST EXEMPT FROM CALIFORNIA ENVIROMENTAL ACT REQUIREMENTS

WHEREAS, the City Council of the City of Cypress has considered an application for a conditional use permit in accordance with the provisions of Section 4.19.070 of the Zoning Ordinance of the City of Cypress to allow on-site sale of beer and wine at a restaurant located at 4720 Lincoln Avenue, within the PC Planned Community Zone.

WHEREAS, the subject site is designated Specific Plan Area in the City's General Plan, and is zoned PC – Planned Community Zone (Lincoln Avenue Specific Plan), which allows restaurants with alcohol sales subject to a conditional use permit. Additionally, Section 3.17.030 of the Cypress Zoning Ordinance requires a conditional use permit and has special use provisions for restaurants with alcohol sales.

WHEREAS, the City Council, after proper notice thereof, on January 23, 2023, held a duly noticed public hearing on the application and took public testimony.

WHEREAS, the proposed project is categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines, Section 15301 – Existing Facilities. Section 15301 involves the permitting, licensing or leasing of existing private or public buildings, which involves negligible changes in use of the building. The proposed project consists of a request to permit a restaurant, with an on-sale beer and wine license, within an existing 1,320 square-foot commercial building. Besides tenant improvements for the restaurant, including the alcoholic beverage storage area, there is no new building construction related with the project.

WHEREAS, it has been determined by the California Department of Alcoholic Beverage Control (ABC) that there is not an "undue concentration" in relation to the number of alcohol licenses that currently exist within the subject census tract of the City (Census Tract: 1101.11).

WHEREAS, the City Council finds that the applicant agrees with the necessity of and accepts all elements, requirements, and conditions of this Resolution as being a reasonable manner of preserving, protecting, providing for, and fostering the health, safety, and welfare of the citizenry in general and the persons who work, visit or live in this development in particular.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, DOES HEREBY RESOLVE, based upon substantial evidence taken from

the administrative record and at the public hearing, AS FOLLOWS:

SECTION 1. Findings. Pursuant to the Section 4.19.070E of the Cypress Zoning Ordinance, the City Council finds, after due study and deliberation that the following circumstances exist:

1. The proposed location of the conditional use is consistent with the requirements of the general plan and the zoning district in which the site is located:

   The site is zoned PC – Planned Community (Lincoln Avenue Specific Plan), which is consistent with the Specific Plan Area land use designation in the General Plan. The PC Zone's intent is to permit a compatible mix of land uses, planned commercial developments, business parks, and a variety of housing styles and densities. The PC Zone permits uses listed in the associated Specific Plan. The Lincoln Avenue Specific Plan permits restaurants with alcohol sales, subject to a Conditional Use Permit and the existing restaurant building site meets all development standards. The restaurant is in a commercial shopping center with surrounding retail and service type businesses. The restaurant, with beer and wine sales, will complement the surrounding uses.

2. The location of the conditional use and the conditions under which it would be operated or maintained will not be detrimental to the public health, safety or welfare, or be materially injurious to properties or improvements in the vicinity:

   A restaurant is a permitted use at this location. The addition of on-site beer and wine sales will not be detrimental to the public health, safety or welfare, or injurious to properties in the vicinity. No new construction is included with this project and the project site meets all development standards. With the recommended project conditions, including restricted hours of operation, the beer and wine sales will comply with Municipal Code and Alcohol Beverage Control regulations. The Police department reviewed the restaurant's application and found no indication that the addition of beer and wine sales would cause an undue burden on police resources.

3. The proposed conditional use will comply with each of the applicable provisions of the Zoning Ordinance:

   The use as proposed and conditioned is consistent with the criteria for approving conditional use permits for alcoholic beverage sales, as set forth in Section 3.17.030.B of the Zoning Ordinance.

SECTION 2. CEQA. The City Council finds that the proposed project is categorically exempt pursuant to California Environmental Quality Act (CEQA) Guidelines, Section 15301 – Existing Facilities. Section 15301 involves the permitting, licensing or leasing of existing private or public buildings, which involves negligible changes in use of the building. The proposed project consists of a request to permit a restaurant, with an on-sale beer and wine license, within an existing 1,320 square-foot commercial building. Besides tenant

improvements for the restaurant, including the alcoholic beverage storage area, there is no new building construction related with the project. Therefore, the City Council has determined that there is no substantial evidence that the project may have a significant effect on the environment.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Cypress does hereby approve Conditional Use Permit No. 2023-01, subject to the conditions attached hereto as Exhibit "A".

Any challenge to this Resolution, and the findings set forth therein, must be filed within the 90-day statute of limitations set forth in Code of Civil Procedure 1094.6.

PASSED AND ADOPTED by the City Council of the City of Cypress at a regular meeting held on the 23rd day of January, 2023.

_____
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 Resolution was duly adopted at a regular meeting of the said City Council held on the 23rd day of January, 2023, by the following roll call vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

_____
CITY CLERK OF THE CITY OF CYPRESS

EXHIBIT A

CONDITIONAL USE PERMIT NO. 2023-01
(On-sale Beer and Wine at Restaurant)
4720 Lincoln Avenue

CONDITIONS OF APPROVAL

1. General Conditions

1.1. Prior to the issuance of building permits or commencement of the use, the project applicant shall sign and return a City-provided affidavit accepting these conditions of approval. *(Planning)*

1.2. The applicant shall defend, indemnify, and hold harmless, the City and any agency thereof, or any of its agents, officers, and employees from any and all claims, actions, or proceedings against the City or any agency thereof, or any of its agents, officers or employees, to attack, set aside, void or annul, an approval of the City, or any agency thereof, advisory agency, appeal board, or legislative body, including actions approved by the voters of the City, concerning the project, which action is brought within the time period provided in Government Code Section 66499.37 and Public Resources Code, Division 13, CH. 4 (§ 21000 et seq. - including but not by way of limitation § 21152 and 21167). City shall promptly notify the applicant of any claim, action, or proceeding brought within this time period. *(City Attorney)*

1.3. The applicant shall comply with all provisions of the Code of the City of Cypress. *(Planning)*

2. Planning

2.1. The alcoholic beverage sales associated with the restaurant shall be limited to on-sale beer and wine (Type 41 ABC License). The beer and wine consumption activities shall be confined within the restaurant lease area and shall comply with the restrictions of the ABC License. Any expansion or modification of the approved use beyond what is approved as part of this Conditional Use Permit will require an amendment to the conditional use permit. *(Planning)*

2.2. This conditional use permit may be modified or revoked by the City Council should the Council determine that the proposed use or conditions under which it is being operated or maintained is detrimental to the public health, safety, or welfare, or materially injurious to properties or improvements in the vicinity. *(Planning)*

3. Signage

3.1. The property owner/tenant shall not erect or display on the subject property any signs which have not been approved in writing by the Community Development Department. *(Planning)*

4. Operational

4.1. All product and material storage shall occur within the building. Exterior storage is specifically prohibited. *(Planning)*

4.2. If complaints are received regarding business hours of operation, noise, property/building maintenance, or vehicles not adhering to the approved parking, traffic and circulation plans, and relevant mitigation measures, the City, in its discretion, may have the City Council review the conditional use permit to, without limitation, revise the business hours, add conditions, or revoke the permit. When a complaint is received, the restaurant owner will engage with the City, to determine if the complaint is verified. Three unique verified complaints within 30 days or 10 unique verified complaints in a 12-month period shall indicate the use is creating an adverse impact upon neighboring properties. (Planning)

5. Property Maintenance

5.1. Commercial - The property owner shall maintain the site, the publically accessible interior, and publically viewable exterior of the building(s) clear of all graffiti, including but not limited to bathrooms and dining areas if applicable. All graffiti shall be removed within 24 to 48 hours once notified in writing by the City. *(Planning)*

6. Fees

6.1. Within 48 hours of the approval of this project, the applicant/developer shall deliver to the Community Development Department a check payable to the County Clerk-Recorder in the amount of $50.00 County administrative fee, to enable the City to file the Notice of Exemption pursuant to the California Environmental Quality Act (CEQA) Guidelines. *(Planning)*

7. Building and Safety

7.1. Applicant/developer shall obtain the required permits and comply with applicable provisions of the 2022 California Residential, Building, Plumbing, Electrical, and Mechanical Codes, the 2022 California Green Building Standards Code, Title 24, and the City of Cypress Codes. *(Building & Safety)*

8. Security

8.1. All exterior commercial doors, during the hours of darkness, shall be illuminated with a minimum of one foot-candle of light. All exterior bulbs shall be protected by weather and vandalism resistant cover(s). *(Police Department)*

9. Alcohol – On-Sale

9.1. The applicant shall satisfy all necessary requirements of the State Department of Alcoholic Beverage Control prior to this conditional use permit becoming effective. *(Planning)*

9.2. The hours of operation shall be from 10:00 a.m. to 12:00 a.m., seven days a week. *(Planning)*

9.3. Signs shall be posted at the restaurant exit prohibiting open alcoholic beverages from leaving the confines of the restaurant. *(Police Department)*

9.4. At any time when the licensee(s) are absent from the premises they shall designate a responsible party on the premises who can assist or facilitate any peace officer inquiries. *(Police Department)*

9.5. The occupancy of the premises shall be prominently posted and monitored at all times. *(Police Department)*

9.6. There shall be no live entertainment permitted on the premises unless a special event permit is received pursuant to Cypress Municipal Code, Chapter 9.

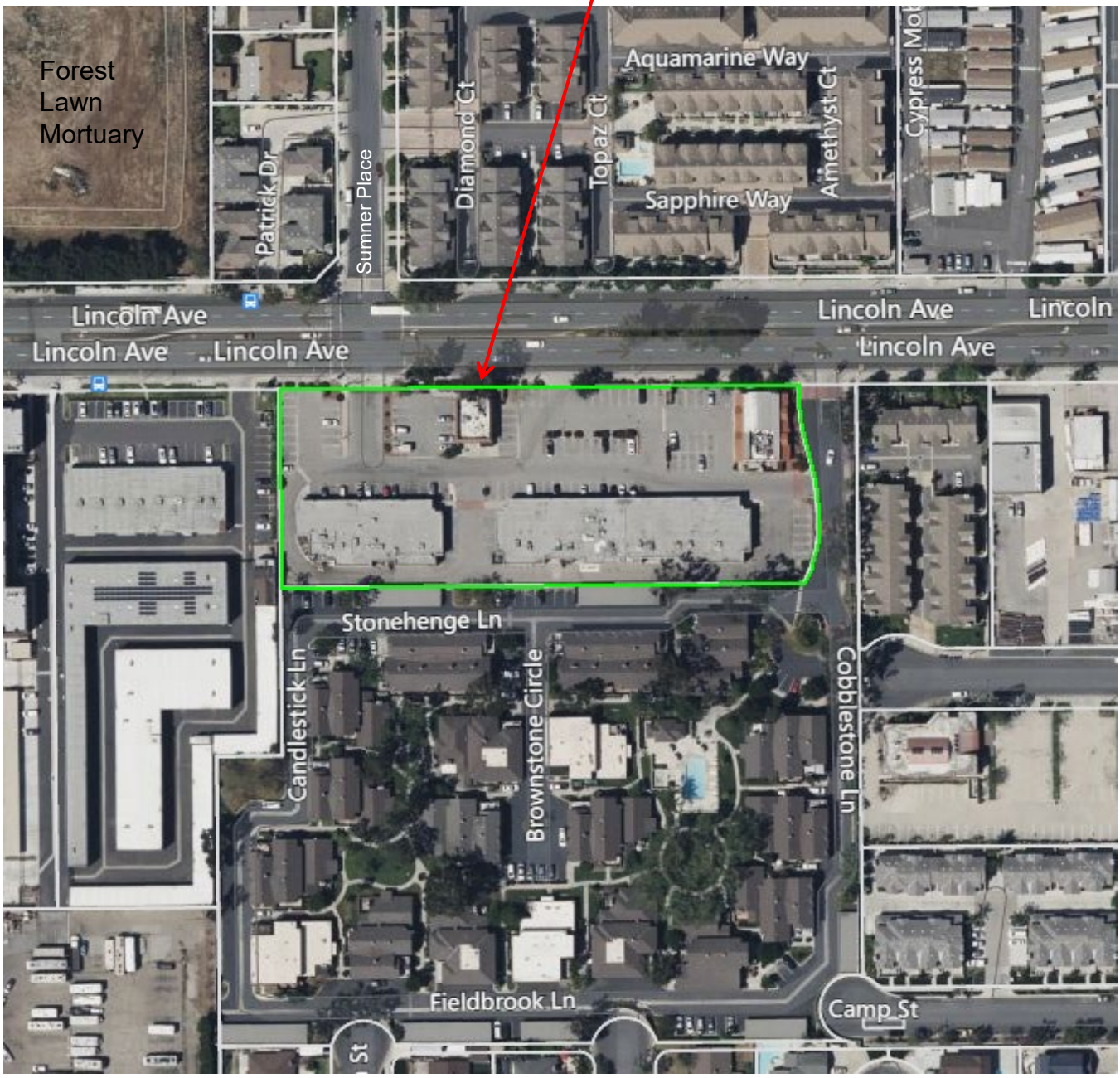
9.7. All employees of the business who sell or serve alcoholic beverage products shall be required to complete a training program in alcoholic beverage compliance, crime prevention techniques and the handling of violence. For new employees, such training program must be completed within 30 days of the date of hire. The employees must provide the City of Cypress Police Department, Criminal Investigations Bureau a copy of the completed Alcohol Management Program (AMP) certificate. *(Police Department)*

9.8. The business shall install a surveillance camera system, colored monitor, and silent alarm. *(Police Department)*

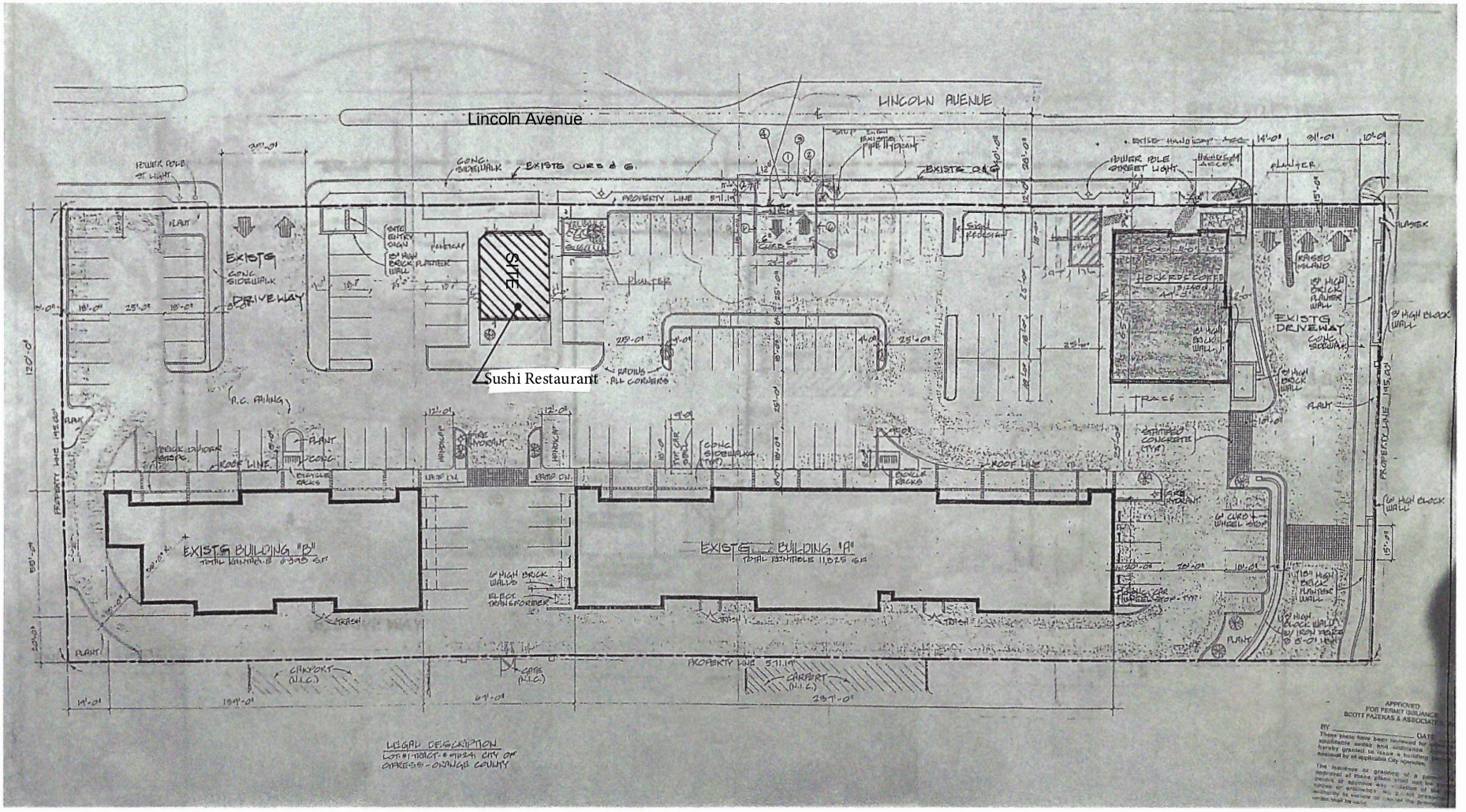
Effective: 1/23/2023

Conditional Use Permit No. 2023-01

PROJECT SITE
4620 Lincoln Avenue

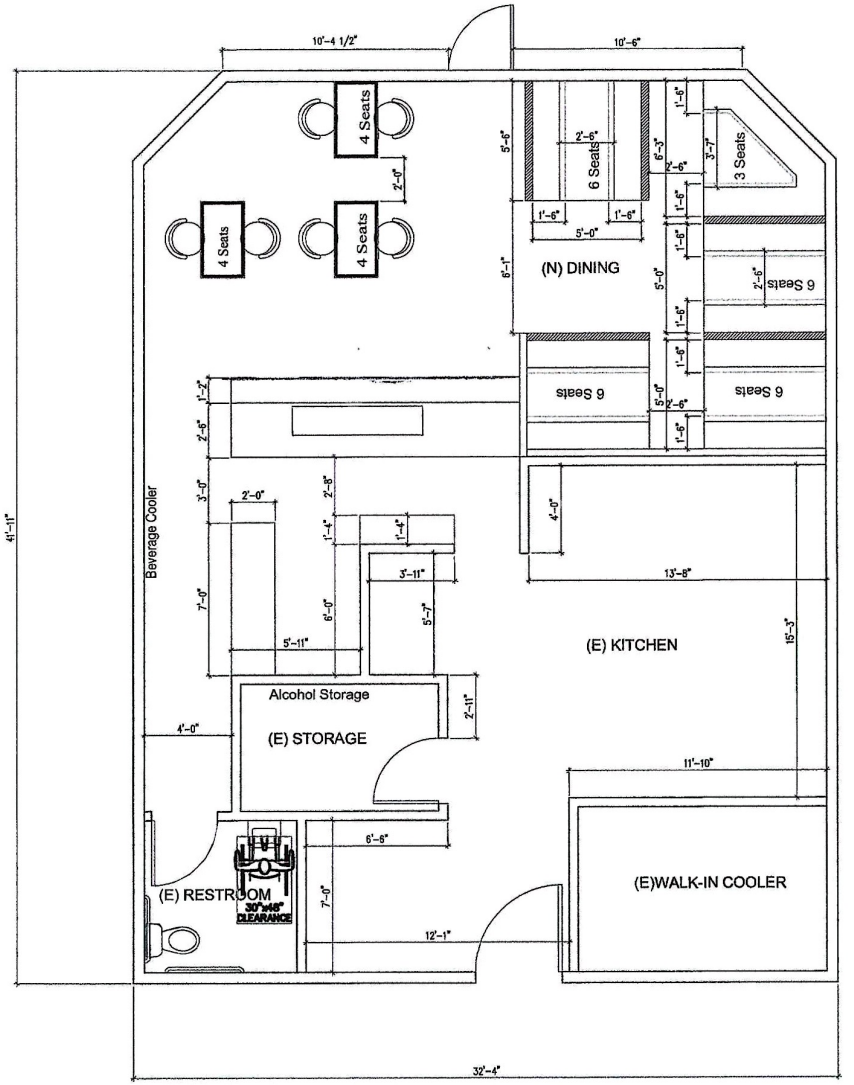


VICINITY MAP


Lincoln Avenue
LINCOLN AVENUE
SITE
Sushi Restaurant
EXISTG BUILDING "B"
EXISTG BUILDING "A"
EXISTG DRIVEWAY
PROPERTY LINE
LEGAL DESCRIPTION

FLOOR PLAN

1,320 SQUARE FEET
39 Interior seats



NOTICE OF EXEMPTION

FROM: City of Cypress
5275 Orange Avenue
Cypress, CA 90630

TO: __X__ County Clerk-Recorder
Public Services Division
P.O. Box 238
Santa Ana, CA 92702

Project Title Conditional Use Permit No. 2023-01		
Project Location - Specific 4720 Lincoln Avenue		
Project Location - City Cypress		**Project Location - County** Orange
Description of Nature, Purpose, and Beneficiaries of Project A request to allow on-sale beer and wine at a new restaurant, owned and operated by Young Ju Lee.		
Name of Public Agency Approving Project City of Cypress		
Name of Person or Agency Carrying Out Project (Applicant's Name and Address) Ms. Young Ju Lee, 6651 Western Avenue, #2, Buena Park, CA 90621		

Exempt Status: (Check One)
___ Ministerial (Sec. 21080(b)(1);15268);
___ Declared Emergency (Sec. 21080(b)(3);15269(a));
___ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
__X__ Categorical Exemption, Class 1.a (Sec. 15301(a))		

Reasons why project is exempt: The project consists of ABC licensing and minor interior alteration for an existing business within an existing commercial center.		
Lead Agency Contact Person Ms. Kori Sanders, Associate Planner	**Area Code** (714)	**Telephone Number** 229-6724

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a notice of exemption been filed by the public agency approving the project?
   Yes __X____ No _____

_____
Signature Date

Alicia Velasco
Planning Director

☒ Signed by Lead Agency

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **2.**

FROM: Alisha Farnell, City Clerk

DATE: 01/23/2023

SUBJECT: **Receive and File Public Comments Submitted for the January 23, 2023 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 **4.**

FROM: Alisha Farnell, City Clerk

DATE: 01/23/2023

SUBJECT: **Approve Minutes - Meeting of January 9, 2023**

RECOMMENDATION

Approve as submitted.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

January 9, 2023 Minutes

REGULAR MEETING
CYPRESS CITY COUNCIL
JANUARY 9, 2023
5:15 P.M.

A regular meeting of the Cypress City Council was called to order at 5:15 p.m. by Mayor Hertz-Mallari in the Council Chambers, 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 Anne Hertz-Mallari
Mayor Pro Tem Scott Minikus
Council Member David Burke
Council Member Frances Marquez
Council Member Bonnie Peat

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
Director of Finance and Administrative Services Matt Burton
Director of Public Works Doug Dancs
Director of Recreation and Community Services Jeff Draper
Chief of Police Mark Lauderback
Planning Director Alicia Velasco
City Clerk Alisha Farnell
Lieutenant Scott Ausmus
Assistant Director of Finance and Administrative Services Donna Mullally
Assistant City Engineer Daniel Co
Information Systems Manager Adrian Smith
Acting Maintenance Superintendent Jose Guerra
Network Administrator Rheza Sanusi
Senior Management Analyst Kirsten Graham

ORAL COMMUNICATIONS

None.

CLOSED SESSION

THREAT TO PUBLIC SERVICES OR FACILITIES
Pursuant to Government Code Section 54957
Consultation with: Cypress Police Department, Chief of Police

Mayor Hertz-Mallari recessed the meeting at 5:17 p.m.

RECONVENE

Mayor Hertz-Mallari called to order the 6:00 p.m. session of the City Council meeting at 6:03 p.m.

ROLL CALL

Mayor Anne Hertz-Mallari
Mayor Pro Tem Scott Minikus
Council Member David Burke
Council Member Frances Marquez
Council Member Bonnie Peat

STAFF PRESENT

City Manager Peter Grant
City Attorney Fred Galante
Director of Finance and Administrative Services Matt Burton
Director of Public Works Doug Dancs
Director of Recreation and Community Services Jeff Draper
Planning Director Alicia Velasco
Chief of Police Mark Lauderback
City Clerk Alisha Farnell

PLEDGE OF ALLEGIANCE Chief of Police Mark Lauderback led the Pledge of Allegiance.

INVOCATION Pastor Mike McKay, Cypress Neighborhood 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, Threat to Public Services or Facilities in consultation with the Cypress Police Department, Chief of Police. He stated the City Council received a briefing and no further reportable action was taken.

PRESENTATIONS

Director of Public Works introduced Assistant City Engineer Daniel Co.

Director of Finance and Administration introduced Network Administrator Rheza Sanusi.

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

Katie Shapiro, Cypress, spoke regarding snowy owl in Cypress, Agenda Item No. 8 and franchise fees.

Beth Culver, Cypress, spoke regarding Constitutional rights and documents received under a CPRA request.

Marilyn Reames, Cypress, spoke regarding tenor of new City Council and personal goals for the new year.

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.

Mayor Pro Tem Minikus stated that Agenda Item No. 8, the Warrant Register, includes electronic fund transfer No. 12022 for $286.18 and electronic fund transfer No. 12175 for $286.18 as reimbursement for medical coverage he is entitled to receive as a CalPERS annuitant. He indicated that in voting for any motion to approve the Warrant Register, he would not be voting on electronic fund transfers No. 12022 and No. 12175 for the reason disclosed.

Council Member Burke asked questions regarding Agenda Item No. 5.

A motion was made by Mayor Pro Tem Minikus, seconded by Council Member Burke, to approve Consent Calendar items No. 1 through 8.

The motion was unanimously carried by the following roll call vote:

AYES:	5	COUNCIL MEMBERS:	Burke, Marquez, Peat, Minikus and Hertz-Mallari
NOES:	0	COUNCIL MEMBERS:	None
ABSENT:	0	COUNCIL MEMBERS:	None

Item No. 1: Receive and File Public Comments Submitted for the January 9, 2023 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 14, 2022 and December 12, 2022

Recommendation: Approve as submitted.

Item No. 4: Approve a Resolution of the Successor Agency to the Cypress Redevelopment Agency Notifying the Oversight Board Regarding the Disposition of Successor Agency Assets, Requesting the Oversight Board Adopt a Final Resolution to Dissolve the Successor Agency, and Directing the Successor Agency be Dissolved Upon the Oversight Board's Adopting of the Final Resolution

Recommendation: Approve a Resolution which notifies the County Oversight Board regarding the disposition of Successor Agency assets, request the Oversight Board adopt a final Resolution to dissolve the Successor Agency, and directs the Successor Agency be dissolved upon the Oversight Board's adopting of the final Resolution.

Item No. 5: Approve a Task Order for the Myra Avenue Pump Station No. 1 and Veterans Park Pump Station Evaluation

Recommendation: Approve a task order to AKM Consulting Engineers to evaluate the Myra Pump Station No. 1 and Veterans Park Pump Station for $84,022 and authorize a contingency of $8,400.

Item No. 6: Receive the Conceptual Design for Cerritos Avenue Frontage Landscape Improvements, Project 320

Recommendation: Receive the conceptual design for Cerritos Avenue Frontage Landscape Improvements, Project 320.

Item No. 7: Receive and File the Investment Reports for the Months Ended October 31, 2022 and November 30, 2022

Recommendation: Receive and file the attached investment reports.

Item No. 8: Approve Register of Warrants, Transfers, and Wires Issued for the Period of October 29, 2022 through December 23, 2022

Recommendation: Approve the attached payment register summarized below for the period of October 29, 2022 through December 23, 2022

- Electronic Funds Transfers 12008 through 12467
- Warrants 60997 through 61451
- Payroll Transfers W1487 through W1491

NEW BUSINESS

Item No. 9: Approve City Council Appointments to Organizations and Committees

Mayor Hertz-Mallari made the following appointments:

COMPENSATED:

Orange County Fire Authority	Anne Hertz – Representative (No Alternate)
Orange County Mosquito & Vector Control District (Term ending Jan. 2024)	Bonnie Peat – Representative (No Alternate)
Orange County Sanitation District	Scott Minikus – Representative Bonnie Peat – Alternate

NON-COMPENSATED:

Bridges at Kramer Place Community Advisory Board	David Burke - Representative (No Alternate)
City/Anaheim Union High School District Ad Hoc Subcommittee	Anne Hertz-Mallari Scott Minikus
City/Cypress College Ad Hoc Committee	Anne Hertz-Mallari Bonnie Peat
City/Cypress School District Ad Hoc Subcommittee	David Burke Anne Hertz-Mallari
Economic Development Ad Hoc Subcommittee	Anne Hertz-Mallari Bonnie Peat
Joint Forces Training Base Cities Group	Scott Minikus – Representative Frances Marquez – Alternate
League of California Cities General Assembly	Anne Hertz-Mallari – Representative Scott Minikus – Alternate
League of California Cities Orange County District	Anne Hertz-Mallari – Representative Scott Minikus – Alternate
Orange County City Selection Committee	Anne Hertz-Mallari – Representative Scott Minikus – Alternate
Orange County Council of Governments General Assembly	Anne Hertz-Mallari - Representative Scott Minikus – Alternate
Orange County Library Advisory Board (2-year Term ending Jan. 2025)	David Burke - Representative Bonnie Peat – Alternate

Santa Ana River Flood Protection Agency	Frances Marquez – Representative Bonnie Peat – Alternate
Southern California Association of Governments – General Assembly	Scott Minikus - Representative David Burke – Alternate
Veterans Recognition Ad Hoc Subcommittee	Frances Marquez Scott Minikus
West Cities Police Communications Center	Scott Minikus – Representative Anne Hertz-Mallari – Alternate

City Council discussion ensued.

It was moved by Mayor Pro Tem Minikus, and seconded by Council Member Peat, to confirm the Mayor's appointments to organizations and committees.

The motion was carried by the following roll call vote:

AYES:	5	COUNCIL MEMBERS:	Burke, Marquez, Peat, Minikus and Hertz-Mallari
NOES:	0	COUNCIL MEMBERS:	None
ABSENT:	0	COUNCIL MEMBERS:	None

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

Bob Youngsma, Cypress, spoke regarding new City Council.

COUNCIL MEMBER REPORTS AND REMARKS

Council Member Marquez:

Congratulated Cypress High School Coach Feldman for being recognized as Orange County Football Coach of the Year. Congratulated new School Resource Officer Diana Martinez. Attended P.A.C.E. graduations for Vessels, Cerritos and Holder Elementary Schools. Attended the Holiday Sing and Tree Lighting event. Attended the Police Volunteer luncheon. Attended Sergeant Donald Sowma memorial. Attended the Southern California Association of Governments Economic Summit event.

Council Member Peat:

Attended retirement party for Recreation Supervisor Shelly Meyers. Attended swearing-in ceremonies for Assemblywoman Sharon Quirk-Silva and State Senator Janet Nguyen.

Council Member Burke:

Reminded residents that Council Meetings start at 6:00 p.m. Thanked Department heads for meeting with him and answering his questions. Announced his city email and encouraged residents to contact him with any questions or concerns.

Mayor Pro Tem Minikus:

Attended the Cypress College Americana Awards kick-off event. Attended the Police Volunteer luncheon. Attended the Buena Park Mayor's Prayer Breakfast. Attended the Orange County Mosquito and Vector Control District Board meeting. Attended State Senator Janet Nguyen's swearing-in ceremony. Attended Sergeant Donald Sowma memorial. Attended the Holiday Sing and Tree Lighting event. Attended the P.A.C.E. graduation at Landell Elementary. Met with Pastor Mike McKay from Cypress Neighborhood Church. Attended the Westmont Holiday Mixer. Attended Joe Schmoe's Christmas Toy Drive. Attended the swearing-in ceremony for newly-elected City of La Palma Council Members. Announced Modern Cellar is celebrating their one-year anniversary. Attended the Police Academy graduation. Met with Cypress High School student regarding homeless population.

Mayor Hertz-Mallari

Stated her focus this month has been on engagement with colleges, the community and surrounding cities. Will host Town Hall meetings. Will be meeting with the Mayor's from the cities of La Palma, Seal Beach, Los Alamitos, Buena Park and Anaheim. Stated it is National Law Enforcement Appreciation Day.

CITY MANAGER REMARKS

Spoke regarding upcoming rain storms and the City's efforts to keep the public safe. Announced Congresswoman Michelle Steele will open a district office in Cypress.

The City Attorney provided an update in state law regarding Conflict of Interest rules.

ADJOURNMENT – IN MEMORY OF RIVERSIDE COUNTY SHERIFF DEPUTY ISAIAH CORDERO

Mayor Hertz-Mallari adjourned the meeting at 7:13 p.m. to an adjourned Regular Meeting, to be held on Monday, January 23, 2033, 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 **5.**

FROM: Peter Grant, City Manager

DATE: 01/23/2023

SUBJECT: **Adopt the 2023 Federal and State Legislative Platform**

RECOMMENDATION

Adopt the 2023 Federal and State Legislative Platform.

DISCUSSION

The Legislative Platform is a tool to protect and promote the City's interests on priority issues, legislative, and regulatory matters that may impact Cypress. Maintaining a legislative platform allows for timely response to legislative and regulatory issues important to the City. It is a useful tool to monitor pending legislation and determine if action is warranted. Action may include letters from the Mayor consistent with the adopted platform, as well as conversations with legislators and their staff. Before taking any action or recommending a letter for the Mayor's signature, legislative proposals are evaluated with department input, legislative advocate analysis, legal input, and City Manager guidance. New or complex policy proposals may lead to additional City Council direction as appropriate.

The Legislative Platform provides broad guidance when evaluating legislation that may impact local control, fiscal stability, and the City's opportunity to compete for grants and funding. Additionally, the Platform establishes City legislative priorities to provide the foundation for advocacy efforts at the federal, state, and local levels. The legislative priorities articulate City Council policy direction and are presented in alignment with the League of California Cities.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

2023 Legislative Platform

CITY OF CYPRESS
2023 STATE AND FEDERAL LEGISLATIVE PLATFORM

The Legislative Platform is a tool to protect and promote the City's interests on priority issues, legislative and regulatory matters that may impact Cypress. The Legislative Platform defines the City Council's policy guidelines and legislative priorities to provide the foundation for advocacy efforts at the federal, state, and local levels. Maintaining a legislative platform allows for timely response to legislative and regulatory issues important to the City, including letters from the Mayor or City Manager to the Legislature and/or Congress consistent with the Platform. The Legislative Platform also summarizes the City Council's positions on priority issues without precluding the consideration of additional legislative and budget issues that arise during the year.

POLICY GUIDELINES

I. PRESERVE LOCAL CONTROL

Preserve and protect the City's charter powers, duties and the ability to enact legislation and policy direction concerning local affairs, and oppose legislation that preempts local authority. Local agencies should preserve and enhance authority and accountability for revenues raised and services provided.

II. PROMOTE FISCAL STABILITY

Support measures that promote fiscal stability, predictability, and financial independence. Support measures that preserve the City's revenue base and local control over local government budgeting, recognizing that economic cost is a factor in considering the merits and/or impacts of proposed legislation or regulation. Oppose measures that make cities more dependent on the County, State or Federal governments for financial stability, such as mandated costs with no guarantee of local reimbursement or offsetting benefits. Oppose measures that shift local funds to the County, State or Federal governments, without offsetting benefits.

III. SUPPORT FUNDING OPPORTUNITIES

Support opportunities that allow the City to compete for its fair share of regional, state and federal funding, and that maintain funding streams. Opportunities may include competitive grant and funding programs. Opportunities could also include dedicated funding streams at the regional, state and federal levels that allow the City to maximize local revenues, offset and leverage capital expenditures, and maintain City standards and goals.

LEGISLATIVE PRIORITIES

Community Services

- Support funding, measures, and legislation that provide for constructing, rehabilitating and maintaining public facilities, parks and open space.

- Oppose state legislation that might limit local government's ability to collect or allocate park in-lieu fees.

- Support legislation and grants that facilitate the provision of recreational activities for all segments of the population.

Environmental Quality

- Oppose legislation that imposes undue hardship on local agencies to implement environmental regulations.

- Support measures that expand markets for recyclable materials and maintain local authority and flexibility to regulate solid waste and recyclables.

- Oppose waste and resource recovery measures imposing State-mandated costs when there is no guarantee of local cost recovery or offsetting benefit.

- Support legislation that establishes funding opportunities that provide for compliance with environmental regulations.

Governance, Transparency and Labor Relations

- Monitor mandates in connection with proposed administrative or legislative action that would modify the governing responsibilities and authority of city councils.

- Support legislation that modernizes requirements for publication of legal notices to allow for electronic posting.

- Support measures to achieve and maintain fair and proportionate representation on county-wide and regional boards.

- Oppose measures that reduce local control or create additional financial burden related to employee relations and collective bargaining issues that can be negotiated at the bargaining table.

- Support reform measures that provide sustainable and secure public pensions and other post-retirement benefits to ensure responsive and affordable public services.

Housing, Community and Economic Development

- Support legislation that strengthens local control and decision making on land use and zoning matters.

- Oppose legislation that erodes the ability of cities to condition and deny projects that inadequately mitigate impacts to the community.

- Support reforms and improvements to housing element law to provide clear processes and flexibility to allow regional cooperation and establish realistic housing goals and performance standards.

- Support economic development initiatives that preserve and enhance a positive business climate and maintains and grows the business tax base.

- Support legislation that provides tangible and productive tools and investment to support job creation, job retention and local business.

- Support legislation that provides funding, resources, and flexibility to provide affordable, transitional, supported, and emergency housing to prevent homelessness and assist individuals experiencing homelessness.

Public Safety

- Support legislative efforts to improve local law enforcement, fire suppression and prevention, hazardous materials mitigation, rescue, emergency medical services and disaster preparedness.

- Support legislation and seek funding to assist local law enforcement to reduce crimes related to illicit drugs, burglary, assault, and domestic violence.

- Support measures that protect children and youth from tobacco, alcohol and drug use and related products, and that support related prevention and intervention programs.

- Support legislation to deter drivers from operating motor vehicles while under the influence of alcohol and drugs.

- Support measures that provide frontline funding for law enforcement services associated with the “early release” of prisoners resulting from State-mandated criminal justice realignment provisions.

- Support increased funding for disaster preparedness, prevention, recovery and responses for all hazard threats.

- Support legislation that strengthens cities' authority to regulate business that serve as fronts for illegal conduct such as human trafficking, prostitution, etc.

Revenue and Taxation

- Oppose legislation that would increase the City's dependence on the State for financial stability and policy direction.

- Support the preservation and enhancement of the City's ability to generate and retain sales and use tax revenue, and local point-of-sale revenue allocations.

- Oppose legislation to alter the manner by which transient occupancy taxes are calculated and collected.

Transportation, Communications and Public Works

- Support and pursue funding that specifically benefits Cypress' transportation and public works projects.

- Support protection of dedicated transportation-related tax revenues and enhance the ability of local agencies to finance local transportation programs and facilities.

- Support efforts to maintain cities ability to retain existing fees on telecommunications services for public, educational and governmental channels.

- Oppose efforts to restrict cities' authority to zone and plan for the deployment of telecommunications infrastructure.

- Support cities' ability to maintain and manage the public right-of-way and receive compensation for its use.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **6.**

FROM: Douglas Dancs, Director of Public Works

DATE: 01/23/2023

SUBJECT: **Approve a Task Order for Landscape Inspection Services**

RECOMMENDATION

1. Approve a task order with Richard Fischer Associates for an amount not to exceed $63,000 to perform landscape inspection services; and

2. Approve a $63,000 budget transfer from personnel costs to contract landscape services in the General Fund ($56,700) and City Central Services Fund ($6,300).

DISCUSSION

In April 2022, the City Council approved a five-year on-call landscape inspection services agreement with Richard Fischer Associates (RFA) through an open and competitive selection process. The city assigns work to on-call contractors through task orders, which establish the scope, cost and timeframe for each assignment. Task orders above $25,000 require City Council approval.

The on-call contract with RFA provides professional services to assist with the management of landscape maintenance contracts in the event of staffing vacancies. The $100,800 task order issued in April 2022 provided landscape inspection services for medians, parkways and park facilities through December 31, 2022. Due to ongoing staffing vacancies within the Maintenance division and the specialized nature of the inspection services, additional on-call landscape maintenance management services are necessary. The recommended task order would authorize additional landscape inspection assistance from RFA through June 30, 2023.

BUDGET IMPACT

Due to ongoing staffing vacancies in Public Works Maintenance, salary savings are available in the General fund and City Central Services fund to pay for the task order through the end of FY 2022-23. The recommended appropriation transfer will not impact budgeted fund balance projections at June 30, 2023.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Task Order

Task Order

On Call Contract Date	4/11/2022	Contract Approved by Council	Yes
Consultant	Richard Fisher Associates		
Project	Landscape Inspection Services		

Amount	$63,000 maximum
Service	Landscape inspection services for ongoing maintenance of landscape and trees in the City's medians, parkways and park facilities.
Hourly Rates	Principal Landscape Architect – Rate $145 / hour per contract. Arborist – Rate $140 / hour per contract. Landscape Inspector – Rate $135 / hour per contract.
Schedule	Up to 20 hours per week. Work amount may vary dependent on needs or assigned by the Director. The task order may be discontinued at any time upon written notice of the Director.

Reviewed: Douglas Dancs Digitally signed by Douglas Dancs Date: 2023.01.12 09:26:16 -08'00' Director of Public Works	Approved by City Council on:

Notes

1. All Task Orders must be performed within the budgetary limits established by the Task Order.
2. Provide sufficient back up for hours charged, as required by the Director.
3. Any work by the Principal Landscape Architect requires prior written approval of the Director.
4. Reimbursable for reprographics, postage, shipping and messenger service. Mileage travel costs are not reimbursable, as they are included in hourly rates.
5. Inspections shall apply standards set forth in applicable maintenance contracts (Right-of-Way, Park and Facilities, and Lexington Park Landscape Maintenance Services; and Citywide Tree Maintenance)

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **7.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Approve Purchase of Police Mobile Data Computers**

RECOMMENDATION

Approve the purchase and installation of Police Department mobile data computers and associated hardware and software from Dell Marketing LP U.S., under the National Association of State Purchasing Officers Valuepoint Master Price Agreement for $159,906.90.

DISCUSSION

The replacement mobile data computers (MDCs) are included in the Five-Year Technology Master Plan and FY 2022-23 Budget. MDCs are an integral part of Police department operations and wirelessly connect vehicles to the city's computer network. MDCs allow Officers to access computer-aided dispatch and records databases, transmit criminal information to the mobile units, run license plates and check identification, and provide a graphic display of the location of vehicles. The current MDCs were purchased in November 2016 from Dell, and show significant wear as they have operated 24 hours a day for the last six years. The units are no longer under warranty and are considered to be end-of-life by the manufacturer.

Information Technology and the Police department researched MDC replacement options, and after testing several options, recommend the Dell rugged laptop. The new MDCs offer improved performance while maintaining similar functionality to the current MDCs, which will allow replacement with little to no training. Technical support, repair, and administration are also unchanged from the current MDC.

Dell offers competitively pricing to California state and local governments under the NASPO ValuePoint Master Price Agreement for Computer Equipment, Peripherals, and Related Services. Using this agreement provides the city discounted equipment and installation pricing while meeting the requirements Municipal Code Section 21A-10(e).

BUDGET IMPACT

Sufficient amounts are budgeted in the Capital Replacement Fund for the purchase and installation of the 44 mobile data computers and associated hardware and software.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Dell-Installation-SoW
Dell Quote - MDCs for Assignment
Dell Quote - MDCs for Vehicles and Hardware
NASPO - Master Agreement
NASPO - California Addendum
Cost Summary - MDC Replacement

Statement of Work for

Rugged Mobility Managed Deployment

City Of Cypress Police Department (“Customer”)

5275 Orange Ave.

Cypress, CA 90630

SFDC # 21662904

Dell Marketing L.P. (“DT Services”)

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1 INTRODUCTION

This SOW and the Services described in this SOW are governed by and subject to the terms and conditions set forth in: Customer's separately signed master services agreement with DT Services to the extent such agreement authorizes Customer to order the Services; or, in the absence of such an agreement, the applicable terms and conditions at the following website: www.dell.com/cts, available in hardcopy upon request and incorporated by reference in its entirety into this SOW, and the parties acknowledge having read and agree to be bound by such online terms ("Agreement").

Capitalized terms used herein but not otherwise defined will have the meanings ascribed to such terms in the Agreement. To the extent that this SOW conflicts with the Agreement, the terms and conditions of this SOW shall control. Prevailing terms will be construed as narrowly as possible to resolve the conflict while preserving as much of the non-conflicting terms as possible, including preserving non-conflicting provisions within the same paragraph, section, or sub-section.

The following appendices are attached hereto and incorporated by reference:

- Appendix A – Supported Sites
- Appendix B – Definitions
- Appendix C – Major Metropolitan Areas
- Appendix D – Hardware Quotes and Services Quotes

2 TERM

The term of this SOW will begin on the date of the last signature to the SOW ("Effective Date") and, unless terminated in accordance with this SOW or the Agreement, expires on the date that DT Services completes the provision of Services in accordance with this SOW.

3 SUMMARY OF SERVICE

This section provides an overview of the Services.

- Project is expected to occur at approximately one (1) location in the Continental US.
- The duration of the project is expected to be up to one week for installations.
- Services are estimated to affect 20 units.
- Security clearance required is None.
- The start date of the deployment shall be contingent upon completion of the Scheduling Assumptions.
- DT Services will deliver Services for Customer's sites identified in Appendix A (each, a "Customer Site").

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General Overview:

Rugged Laptops –Installation of new equipment, to include the following: Same equipment for all 20 vehicles

- Dell Rugged Latitude 5430.
- Dock Swaps - Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station – VGA.
- Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable.
- MMS VEHICLE POWER DISTRIBUTION UNIT W/SHUTDOWN (Charge Guard).
- GAMBER-JOHNSON RUGGED USB HUB WITH BARE.
- All legacy equipment will be place at a customer specified location (Legacy Docks).
- Run New Power to the Battery.
- On - site Trash.

4 ENGAGEMENT DETAILS

In connection with this SOW, DT Services will perform the Services as specifically described herein.

4.1 Scope of Services

DT Services will perform the following Services under this SOW:

4.1.1 Pre-Deployment Activities

DT Services and Customer will complete the activities listed below before managed deployment services begin. These activities will validate the assumptions, requirements, procedures, and responsibilities set forth in this SOW. In the event any assumption, requirement, procedure, or responsibility is found to be incorrect, the pricing and/or scope of Services will be modified using the Change Management Process to reflect the actual operating environment.

1) **Site Survey and End-User Profiles**. Customer will complete a site survey for each Customer Site. The site survey is used to collect information needed for the deployment. Customer will complete end-user profile surveys, if applicable.

2) **Schedules**. DT Services and Customer will mutually agree in writing to a deployment schedule by Customer Site and Schedule Group (collectively, the "Deployment Schedule"). Customer will promptly notify DT Services of any conflicts in order to lock the schedule prior to the scheduled installation date. Any modifications or cancellations occurring prior to the scheduled installation date may be subject to additional fees.

   The installation schedule will attempt to provide a continuous flow of Customer vehicles through each established installation bay, so that the DT Services installation technicians will not experience "down time". Customer will not be responsible for any down time incurred by DT Services staff due to lack of work and vehicle flow. Once the deployment schedule is agreed upon the Customer is responsible for communicating the schedule to its personnel and is responsible for setting appointments with each individual to bring his/her vehicle in to the installation bay according to the established schedule.

   Customer will require each individual to bring his/her vehicle to the install location at the prescribed date and time. The installation schedule will be matched to the vehicles ID, vehicle configuration and any other necessary information.

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3) **Deployment Facilities.** Indoor installation facilities will be used where necessary or accessible due to bad weather conditions.

Customer will provide a single point of contact to DT Services and will assist in coordinating and implementing the deployment as necessary. Customer agrees to provide a single site per location for installation services and vehicles will be provided in a continuous flow to the DT Services installation technicians. Customer installation locations will contain at least one (1) bay where the installs will occur.

4) **Materials.** DT Services will provide a detailed listing of mounting equipment required for each vehicle make and model scheduled to receive an installation.

Dell will drop ship the Dell Laptops directly to the Customer location. Vehicle Details:

- See Appendix A

DT Services will provide its technicians all the necessary tools required to install the project components. Customer will provide the following at each scheduled installation site:

- Each site must have one (1) full available bay to complete the work. It must have electricity and adequate lighting.

At the completion of the project, DT Services will supply a report with completed installation information. DT Services is responsible for providing the DT Services Project Manager with documentation of the installation and Customer acceptance. Reports must be in a consistent, repeatable format that is mutually agreed-upon between the DT Services Project Manager and the Customer.

4.1.2 Rugged Mobility Installation Services

DT Services will be conducting the following deployment activities.

4.1.2.1 Vehicle Inspection

Service Description

All vehicles are subjected to a pre- and post- inspection. For tracking the inspections DT Services utilizes a “VCD” (Vehicle Completion Document). Both of these inspections are logged on the VCD.

Pre- and post-installation Vehicle Inspection:

This inspection includes checking the following for damage and functionality:

- Dents and dings.
- Cracked windshields.
- Parking lights.
- Brake lights.
- Head lights.
- Dome lights.
- Existing equipment such as two-way radios and other current equipment.

4.1.2.2 Installation of New Equipment

Service Description

- Work with Customer to develop installation specifications of new mounting solution to be installed into vehicles.

Rugged Laptops –Installation of new equipment, to include the following: Same equipment for all 20 vehicles.

- QTY 20 - Dell Rugged Latitude 5430.

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- Dock Swaps - Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station – VGA.
- Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable.
- MMS VEHICLE POWER DISTRIBUTION UNIT W/SHUTDOWN (Charge Guard).
- GAMBER-JOHNSON RUGGED USB HUB WITH BARE.
- All legacy equipment will be place at a customer specified location (Legacy Docks).
- Place Customer-provided test laptop into docking station.
- Power on laptop and confirm operation per supplied procedure.
- Complete installation data sheet to confirm installation meets specifications.
- Remove installation trash from vehicle and place in designated Customer-provided disposal container at installation site.
- Supply all proper installation tools and installation parts, e.g., tie straps, tape, connectors, wire loom, etc., used for installation.
- SOW is based on 20 vehicles.
- All other activities will be out of scope and not part of this SOW.

Installation Process

Below is the process for scheduling, installing and coordinating the DT Services-delivered Rugged Mobility installations:

- One week out: Call from project team to schedule installation location.
  - Confirm site data.
  - Confirm vehicle quantity.
  - Confirm site access (e.g., PINs, codes, keys etc.).
  - Confirm date and time.
  - Confirm contact info.
  - Confirm on-site location area for old mounting hardware, docking stations and wire harnesses.

Note: DT Services recommends that Customer resolve any site issues, such as vehicle(s) in shop, product not on site, etc., at this time.

- One day out: Call from installation team to site contact.
  - Confirm site contact.
  - Confirm address.
  - Confirm vehicle quantity.
  - Confirm site access.
  - Confirm start time.
- Day of Installation:
  - Arrive on site, typically one (1) hour before vehicles are available, to facilitate setup.
  - Meet Customer site contact, discuss plan for De-installations and installations.
  - De-installation of existing equipment and install new hardware listed in this SOW.
  - Follow DT Services testing procedures.
  - Batch vehicle installation data for Customer sign-off (hard copy tear-off form/electronic data capture) on VCD.

Service Specific Assumptions

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- Dell will use one of the Customer's Rugged Laptop units as a test unit to be used to validate all new installations.
- SOW pricing is based on 4-5 vehicles per technician per day for up to 1 week providing installation services.
- SOW installation pricing is based on a total QTY of 20 installations at one (1) location in Cypress CA.

4.1.3 Project Management

DT Services will assign a Single Point of Contact ("**SPOC**") to manage the delivery of this engagement.

DT Services Project Management Responsibilities.

DT Services and/or its Project Manager will perform the following activities:

- Serve as SPOC for all service delivery issues.
- Manage DT Services tasks and resources associated with the Services and coordinate activities with Customer.
- Conduct meetings to communicate roles, responsibilities, review assumptions, and schedule activities.
- Use standard industry recognized project management tools and methodologies.
- Employ a reporting mechanism to identify project tasks, next steps, and issues.
- Implement changes associated with the Services in compliance with the Change Management Process described in this SOW.
- Daily project reporting: Provide an end-of-day call/report that provides a summary of the installation activity for that day.
- Daily Recap Report: At the end of each installation day, DT Services Field Managers will complete the Daily Recap Report. This report includes the following:
  - Number of units installed.
  - Number of units completed.
  - Number of units missed.
  - Missed Reasons listing (reason why each vehicle was missed, e.g., vehicle not at location, no keys, etc.).
  - Notes and Comments.
- Weekly Recap Report: Total weekly installations are compiled into a weekly report in MS Excel format. DT Services utilizes the Weekly Recap Report to document how many vehicles were completed for that week.

  Below is a sample reporting template used for the Weekly Recap Report compiled by DT Services to provide status on installs:

Week of xx/xx/2021										
Site #	Dell Technician	Installation Location	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday	Weekly Total
			xx/xx/2021	xx/xx/2021	xx/xx/2021	xx/xx/2021	xx/xx/2021	xx/xx/2021	xx/xx/2021	
1	Joe Tech	123 Main St.	10	10	11	10	12	0	0	53
2	Bob Tech	456 Main St.	11	10	10	11	12	0	0	54
									Weekly Total	**107**

- Vehicle Completion Document ("VCD"): DT Services utilizes the VCD for tracking individual vehicle installations. The VCD includes the following information:
  - Customer location data – street address, city, state, and zip.

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- Vehicle data – make, make, model, year, VIN# and fleet #.
- Product installed – make, model, serial # or other #'s.
- Technician signature and date.
- Customer signature and date.
- Warranty repair, service or other information performed on the vehicle.

A hard copy of each VCD is then passed onto Customer for invoicing and Customer billing purposes. The VCD is also used as a vehicle tracking document for future reference. DT Services archives every VCD from every installation.

- Problem Resolution and Reporting: Any DT Services technician that experiences any type of issue (e.g., unit not working, no keys for a vehicle, etc.) will report those issues to a DT Services Field Manager. The Field Manager will then escalate these issues to the DT Services Project Manager.

  Any on-site issue, such as accidental vehicle damage, unit damage, etc., is recorded. DT Services utilizes a document called a "Project Incident Report." This document contains the following information:
  - Date.
  - Location data – street address, city, state, and zip.
  - Contact person notified – company name and time contacted.
  - Incident description.
  - Incident resolution.
  - Additional comments.
  - Representative sign-off – signature required.

Customer Project Management Responsibilities.

Customer and/or its Project Manager will perform the following activities:

- Provide reasonable assistance, cooperation, timely decisions, and support in connection with the provision of the Services by DT Services.
- Coordinate the scheduling of all Customer-designated resources required for the Services.
- Obtain all consents, approvals, and licenses required by Customer's suppliers, licensors. and lessors necessary to support or permit the provision of Services under this SOW.
- Assign a site coordinator for each Customer site where Services will be provided. The Customer Site Coordinator will be responsible for ensuring that minimal Customer personnel is present at the installation site, to ensure uninterrupted production.
- Provide authorization for DT Services to proceed by presenting the cleaned vehicle, along with a Work Order Request Form, to the DT Services Lead Technician. The form will provide basic information and acts as the method for the Customer to sign off once the vehicle is completed. The form will be provided by the DT Services Project Manager before installations begin.

4.2 Project Timeline

DT Services anticipates the Services will span an estimated period of up to 1 week (business days). The actual schedule will be developed and agreed upon following project initialization. The actual schedule may change as the project progresses. Any changes will be managed in accordance with the Change Management Process described below.

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4.3 Services Out of Scope

For the avoidance of doubt, the parties acknowledge that the following activities are not included in the scope of this SOW.

1) Any services, tasks or activities other than those specifically noted in this SOW.
2) The development of any intellectual property created solely and specifically for the Customer under this SOW.
3) Any Dell training or certification services not specifically described in this SOW.
4) Except as set forth herein, DT Services is not responsible (including financial responsibility) for any Customer and/or third party personnel, hardware, software, equipment or other assets currently utilized in the Customer's operating environment.
5) Procurement, shipping, or warehousing of hardware, software, or other equipment required for the Services unless otherwise stated in the SOW.
6) Providing end user orientation, training, or support.
7) Transporting equipment between buildings or between Customer sites, or moving equipment between floors without the use of elevators.
8) Packing, shipping, or disposing of legacy equipment unless otherwise stated in the SOW.
9) Removing viruses (DT Services will promptly notify Customer Site Coordinator upon discovery of virus).
10) Disaster recovery, including but not limited to: re-imaging, reloading software applications or recovering backup data.
11) Warranty services or remedial hardware maintenance or software maintenance, including, but not limited to, repairs to existing wiring, antenna or antenna cable replacement, and printer repairs.
12) Warranty services for third-party products which are not provided by Dell.
13) De-installation and reinstallations of complete systems from one vehicle to another.
14) Installation of the required image/software for the Dell Rugged laptop unless otherwise stated in the SOW.

The terms of this SOW do not confer on the Customer any warranties which are in addition to the warranties provided under the terms of the Agreement. The Customer may be able to purchase out of scope services at an additional charge and, upon request by Customer, DT Services will provide a proposal for such out of scope services, pursuant to the Change Management Process described below.

4.4 Assumptions

DT Services has made the following specific assumptions while specifying the Services detailed in this SOW:

4.4.1 Scheduling Assumptions

1) Schedules will maximize the quantity of Services at each Customer Site which are in reasonable proximity within the same building and minimize the number of return visits to each Customer Site.
2) Changes to the mutually agreed schedule for performance of Services or modifications to the Services will only be in accordance with the Change Management Process.
3) Schedule Groups will be formed to allow a consistent daily volume of Services at a Customer Site.
4) Services will be scheduled to take place over consecutive days at a Customer Site to ensure maximum efficiency of resources.
5) Customer will meet the following scheduling milestones:

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Scheduling Milestones	Business Days	Execution
Installation Instructions finalized	15	Prior to the date of the first scheduled deployment
Site Surveys complete	15	Prior to scheduled deployment
Site ready to receive Services	10	Prior to scheduled deployment
Schedule Groups finalized; Schedule locked	15	Prior to scheduled deployment
Provide a detailed list of vehicles to receive Services, including the number of vehicles, VIN numbers, makes and models	5	Prior to scheduled deployment

4.4.2 IT Environment & Technical Assumptions

1) Standard Ethernet 100MB T base switched subnets, and 5-10 MB/sec throughput at the desktop is available for login, data transfer, application loads, and imaging.
2) Customer provides a single point of contact for resolution of any technical issues which may arise with regard to the network, devices, and any software application.
3) Network infrastructure is stable and consistent across all Customer Sites.
4) DT Services is not responsible for application malfunctions or conflicts between Customer applications.
5) Customer ensures all software applications are certified, operational, and compatible with the new Client System configuration and operating systems.

4.4.3 General Assumptions

1) DT Services will dispose of deployment related trash to onsite Customer-provided disposal area within same building at Customer Site, unless stated otherwise in this SOW.
2) Customer does not require resources to have any United States Federal DoD Security Clearances (Secret, Top Secret, Top Secret / SCI, Top Secret / SCI with Polygraph, etc.).
3) Equipment weighing more than fifty (50) pounds requires an additional resource to assist with handling the system, which may require additional charges.
4) Customer is advised and agrees that modifications Customer makes, or changes DT Services, its subcontractors or any third-party makes on Customer's behalf, to an Energy Star compliant product may affect whether the product continues to qualify as Energy Star compliant.
5) The following assumptions are critical to the delivery of the services described in this SOW:

Description	Facts or Assumptions
All tools (e.g., carts, etc.) necessary to perform and complete installation services on the vehicle types as required	Details of materials required are to be provided by DT Services. (**Note:** The DT Services Project Manager will work with Customer to ensure all materials are on-site before installations begin.) PO to be provided by Customer. Shipment of mounting materials to be performed by DT Services. Receipt of mounting materials to be performed by Customer. Availability at the installation site to be provided by DT Services.
Equipment receiving location	Equipment will be drop shipped to Customer site
Equipment receiving	To be performed by Customer
Deployment	To be performed by DT Services

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Description	Facts or Assumptions
Installation of new equipment	
Software Image loading	To be performed by Dell CFI using a customer provided and approved Image

4.5 Customer Responsibilities

Customer will provide reasonable and timely cooperation to DT Services in its performance of the Services. If the Customer fails to fulfill one or more of the following responsibilities, DT Services will be relieved of any schedule, milestone, or financial commitments associated with the Services. Customer agrees to the following responsibilities:

1) Promptly notifying DT Services in writing of: a) any changes Customer makes to its information technology environment that may impact DT Services' delivery of the Services; or b) business, organizational, security and technical issues that may have an impact on the performance and delivery of the Services. The Change Management Process will control any changes to the SOW following the notice.
2) Provide DT Services with any required consents necessary to perform the Services.
3) Maintain a current version of an anti-virus application continuously running on any system to which DT Services is given access and will scan all Deliverables and the media on which they are delivered. Customer will take reasonable back-up measures and, in particular, will provide for a daily back-up process and back-up the relevant data, software and programs before DT Services performs any work on Customer's production systems.
4) Developing or providing documentation, materials and assistance to DT Services.
5) Unless this SOW specifically requires DT Services to provide a software license, Customer is responsible for any and all software licensing requirements. Unless otherwise directed by Customer in writing during the installation process, DT Services will "accept" on Customer's behalf any and all electronic agreements provided with the installed hardware and/or software, including without limitation licenses, terms of sale, and other terms and conditions. Customer agrees that its purchase, license, and/or use of any hardware or software installed by DT Services under this SOW shall be subject to and governed by such electronic agreements to the same degree as if Customer had itself accepted the electronic agreements.
6) Ensuring the DT Services personnel have: reasonable and timely access to the project site, software, hardware, and internet access; a safe working environment; an adequate office space; parking; and remote access as required. Facilities and power must meet DT Services' requirements for the products and Services purchased.
7) Prior to the start of this SOW, indicating to DT Services in writing a person to be the single point of contact to ensure that all tasks can be completed within the specified time period (the "**Customer Contact**"). All Services communications will be addressed to the Customer Contact.
8) Customer Contact will have the authority to act for Customer in all aspects of the Services including bringing issues to the attention of the appropriate persons within Customer's organization and resolving conflicting requirements. Customer Contact will ensure attendance by key Customer personnel at Customer meetings and Deliverable presentations. Customer Contact will ensure that any communication between Customer and DT Services are made through the SPOC. Customer Contact will obtain and provide project requirements, information, data, decisions and approvals within one working day of the request, unless both parties agree to a different response time.
9) Providing technical points-of-contact, who have a working knowledge of the information technology components to be considered during the Services and have the authority to make business decisions ("**Technical Contacts**"). DT Services may request that meetings be scheduled with Technical Contacts.
10) Making appropriate service outage windows available for DT Services as needed.

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11) The physical and network security of Customer environment.
12) Providing all documentation on DT Services standard templates unless both parties agree otherwise.
13) Ensure Customer's Site Coordinator is on-site and available at the deployment site.
14) Prepare Customer Sites and end-user locations to receive Services (e.g., installing cables, network jacks, and power outlets and ensuring connectivity).
15) Procure all hardware components and software licenses in advance of deployment activities to meet the Deployment Schedule.
16) Ensure all systems and related equipment are easily accessible by DT Services without the need to move furniture, and provide keys to any cable locks as needed to remove or secure systems during de-installation and/or installation and disable any BIOS passwords currently configured on Legacy Systems prior to a service call for installation.
17) Receive hardware at Customer's receiving dock or provide access, as applicable.
18) Provide carts for transporting hardware within deployment site.
19) Advise DT Services prior to locking schedule of any unique site entry requirements.
20) Provide DT Services with local administration rights necessary to perform the Services and ensure the domain login is enabled.
21) Provide all logon IDs, passwords, domain specifications, and personal settings necessary to perform the Services for each end-user prior to scheduled deployment.
22) Perform quality assurance after login is complete, including access to Active Directory profile to allow end users to access specific software applications and load personalities.
23) Provide adequate storage area for de-installed legacy equipment and a common area for debris at each Customer Site (to be located within the building where the deployment occurs).
24) Provide post-installation support and troubleshooting assistance as needed to address software application performance, software application and operating system conflicts, software application version issues or co-existence issues.
25) At the conclusion of the Services, change all system and network access credentials to prevent further DT Services access to systems and networks.
26) Installing the appropriate software package on the new Dell Rugged Laptop.
27) Ensuring that all mounting hardware, received through shipments to Customer site, is available at the installation facility when DT Services technicians arrive to begin work.
28) Providing access to a continuous flow of vehicles in order for DT Services technicians to avoid downtime.

4.6 Service Hours

DT Services will perform the Services during normal business hours typically 08:00 AM to 5:00 PM, Monday through Friday, Customer local time and will include travel time to and from the Customer location and excludes local holidays, unless other arrangements have been made in writing between DT Services and Customer.

5 COMPLETION AND ACCEPTANCE

Acceptance of the Services and any materials provided hereunder will occur upon the completion of the applicable portion of the Services.

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6 PRICING

This section describes the methodology for calculating the charges for the Services provided under this SOW. Customer hereby agrees to pay such charges in accordance with the invoicing and payment terms of the Agreement and as further supplemented within this SOW. Except as otherwise mutually agreed to by Customer and DT Services, the total amount to be noted on the purchase order provided to DT Services for this SOW is: **USD $12,560.00**. If this SOW includes estimates, invoices will be based on actual usage or expenses incurred. Charges shall be as follows:

The per-unit price for the Services to be performed by DT Services and applicable cancellation and rescheduling fees for the Services are listed below (see "**Pricing Structure**" in definitions provided in Appendix B).

DT Services will invoice Customer monthly in advance based on the actual number of assets ("**Units**") as recorded in the system of record, multiplied by the per Unit cost set forth in the table below.

Service Activity	QTY	Per Vehicle Price Per Unit
Rugged Laptops –Installation of new equipment, to include the following: Same equipment for all 20 vehicles • Dell Rugged Latitude 5430 • Dock Swaps - Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station – VGA • Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable • MMS VEHICLE POWER DISTRIBUTION UNIT W/SHUTDOWN (Charge Guard) • All legacy equipment will be place at a customer specified location (Legacy Docks) • GAMBER-JOHNSON RUGGED USB HUB WITH BARE • Run New Power to the Battery • On - site Trash	20	**$628.00**
Extended Vehicle Total for QTY 20 Vehicles		***$12,560**
Cancellation Fee		**$12,560**
Rescheduling Fee		**$12,560**

***Note:** Customer will ensure that vehicles are made seamlessly available on consecutive days.

Note: The Cancellation/Reschedule fee for this SOW See definitions in Appendix B.

6.1 Estimate Revisions

Should DT Services' price estimate change because of a deviation in any assumption, engagement dependency, scope specification, or other provision of this SOW for which a change order as described in the Change Management Process section of this SOW does not already apply, DT Services will notify Customer and discuss any next steps. This may necessitate invoking the Change Management Process.

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6.2 Expenses

Expenses are included in the charges under this SOW. Unless the scope or the list of supported sites change, pursuant to the Change Management Process, DT Services will not charge any additional expenses in connection with delivering the Services without the express written consent of Customer. Additional expenses could include Service-related expenses such as actual, reasonable, and necessary travel and living expenses.

6.3 Additional Pricing Terms

1) The terms of this SOW shall be valid for ninety (90) calendar days following submission of the final version of this SOW to Customer. In the event this SOW is executed by Customer and returned to DT Services after such ninety (90) day period, DT Services may: (i) accept the SOW on the stated terms; or (ii) reject the SOW and provide Customer with a revised SOW setting forth any necessary updates to the terms of the previous SOW.

2) The price for the Services is based on Customer's environment as disclosed to DT Services and on the basis that the information supplied is accurate and complete. If the assumptions and parameters used to develop the SOW are found to be incorrect or have changed, the Customer will notify DT Services in writing within five (5) business days. The parties agree to pursue resolution through the Change Management Process. If the parties fail to reach an agreement with respect to such incorrect assumptions or parameters, DT Services may terminate this SOW with notice to Customer.

3) Any timescales or plans presented in this document assume that Customer provides any required information and fulfils its other obligations as described in this SOW in a timely manner. If Customer fails to meet its obligations as set forth in this SOW, DT Services may adjust the timeline or costs with notice to Customer to address such delays or failure to meet obligations.

4) If any of the volumetric assumptions used in this SOW, including, time on task, locations, service consumption, and/or configuration factors, relied upon by DT Services vary by +/- five (5%) percent, DT Services has the right to adjust the pricing to reflect such changes.

   Additionally, Customer is responsible for communicating the installation schedule and requiring end users to bring the vehicles to the designated location on the day of the scheduled installation per vehicle. If there is a deviation greater than - ten (10%) percent in the number of vehicles that keep the established appointment, Customer will subject to additional installation charges.

5) All prices are in US Dollars (USD) and are exclusive of all applicable taxes.

6) Both parties will mutually agree upon a service commencement date. If Customer requires changes to the service commencement date with less than ten (10) business days' notice to DT Services, additional charges may apply.

7) In the event the Term of this SOW extends beyond one (1) year, DT Services reserves the right to revisit the pricing on each anniversary of the Effective Date. Any changes to the pricing will be managed in accordance with the Change Management Process.

8) Schedule delays outside of DT Service's control, shall be billed at the current time and material rates plus travel and living expenses as described above. Any additional costs incurred by Customer as a result of delays shall be the sole responsibility of the Customer.

9) Price excludes travel incurred due to schedules that cause excessive travel between Customer sites.

10) Price includes travel expenses within fifty (50) miles of a major metropolitan area as defined by DT Services.

11) Per the Time and Material Pricing Table in Appendix B, rates will be invoiced to and will be paid by Customer, for the following:

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a) Customer delays exceeding fifteen (15) minutes beyond the scheduled time for the Services to be performed; such charges will be invoiced in thirty (30) minute increments.

b) Services requested when the technician is not currently onsite are charged based on a 2-hour minimum per incident.

c) Out-of-scope services (see Section 3.3 Out of Scope Services herein).

d) Services performed outside the defined Service Hours.

e) Services designated as Time & Materials.

12) Cancellation or Rescheduling of any scheduled deployment after the schedule has been locked may be subject to additional fees plus any actual and reasonable travel expenses incurred. See Definitions “Cancellation” and “Reschedule” for fee schedule.

13) Prices exclude costs for procurement of any hardware or software.

14) Payment for any hardware ordered from Dell is due in accordance with Dell’s standard terms for such purposes (unless the parties have entered into a separate agreement regarding acquisition of the hardware, in which case payment for the hardware would be due in accordance with such separate agreement) and shall in no case be contingent upon performance or delivery of the Services and/or installation described in this SOW.

15) For clarity, any hardware failures that are discovered in connection with Dell’s delivery of the Services will be resolved via the Customer’s existing warranty for such failed hardware. In the event warranties for failed hardware are expired or otherwise not effective, DT Services will provide reasonable support to Customer to facilitate resolution of the failed hardware so that Services hereunder may be completed. In no event will DT Services assume financial responsibility for Customer’s failed hardware where such failure is not the direct result of DT Services’ actions as indicated by root cause analysis.

7 CHANGE MANAGEMENT PROCESS

To ensure the success of this engagement, it is critical that Customer and DT Services have a clear understanding of engagement expectations. The parties will utilize the approach outlined below (the “Change Management Process”) for managing changes to the SOW. Customer or DT Services may propose changes to the Services under this SOW, including Deliverables, scope or any other aspect of the engagement. The Change Management Process for this engagement consists of the following:

- Change Initiation – All proposed changes will be forwarded to, or originated by, the SPOC and documented. A copy of the proposed change request will be forwarded to the Customer Contact. Change requests will be documented using the Change Request.
- Change Validation – DT Services will examine the proposed change and may discuss the change request with the Customer Contact to clarify the details of the request.
- Change Analysis and Impact Analysis – DT Services will analyze the change request and make modifications to the Change Request Form as necessary.
- Change Implementation – If the change request is approved, the change will be noted as “Approved” and will be incorporated into the SOW and managed for progress. If the change is not approved, the change will be noted as “Rejected” and DT Services will continue to perform without regard to the proposed change to the extent practically possible.

The receiving party will review the proposed Change Request Form and will: (i) approve it, (ii) agree to further investigation, or (iii) reject it. Neither Customer nor DT Services will unreasonably withhold or delay its agreement to any proposed change. Investigation must be performed within five (5) business days. Changes agreed upon pursuant to the Change Management Process will not be effective until mutually executed by a duly authorized representative of both parties. In addition, DT Services shall be

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relieved of any performance, schedule, milestone, or financial commitments associated with Services affected by Customer's non-compliance with Customer responsibilities or other obligations under this SOW or in the event of any deviation from any assumption, constraint, dependency or engagement scope specification contained in this SOW until an appropriate written change order or other amendment to this SOW addressing the foregoing is approved and signed by the Customer and DT Services.

8 OTHER PROVISIONS

The Services, including any Deliverables, are subject to the following:

1) DT Services may use affiliates and subcontractors to perform the Services.

2) Customer acknowledges that DT Services will request Customer's participation in a Customer feedback survey. Additionally, DT Services may approach Customer to serve as reference regarding DT Services' performance of the Services. If Customer agrees to be a reference, Customer and DT Services will agree in writing to the terms of such reference. A reference program has been developed to facilitate confidential conversations between DT Services' customers and potential customers.
   a) Customers are invited to join the program at the conclusion of their project for a period of one year.
   b) DT Services will only share Customer contact information to a potential customer who is interested in contacting Customer for a discussion on Customer's previous experiences.
   c) We limit usage of Customer reference to no more than once per month.
   d) We will not publish Customer name, organization, or any Customer identifiable details based on participation in this program.

3) DT Services shall not be responsible for any delay or failure to provide the Services to the extent caused by: (a) failures by Customer to perform its responsibilities under this SOW; (b) materially inaccurate assumptions; (c) a defect, deficiency or failure with respect to Customer's network, systems, software, data or other equipment; or (d) modifications to Customer's network, systems, or other equipment made by a party other than DT Services or its representatives. In the event that either party becomes aware of the occurrence of one or more of the foregoing events, they shall notify the other party accordingly. Notwithstanding such occurrence, DT Services may, following discussion with Customer regarding the impact of such incident, continue to provide the Services and shall use commercially reasonable efforts to perform the Services under this SOW. Customer will reimburse DT Services for its reasonable additional costs of providing the Services and out of pocket expenses for such efforts to the extent attributable to the items defined above.

4) Customer, not DT Services, is responsible for the performance of Customer's employees and agents, including any contribution, alteration, or other modification they make to the Services, including Deliverables, and for the accuracy and completeness of all data, information, and materials provided to DT Services. DT Services is not providing any warranty regarding, and is not liable for, Customer hardware, software, documentation, tools, equipment, or other products, assets, materials, or services. DT Services' performance is dependent upon timely decisions and approvals of Customer in connection with the Services, and DT Services is entitled to rely on all decisions and approvals of Customer.

5) The Services and resulting Deliverables may include advice and recommendations, but Customer agrees that all decisions in connection with the implementation of such advice and recommendations will be the responsibility of, and made by, Customer. DT Services is not providing legal or regulatory advice.

6) Unless this SOW specifically requires otherwise, DT Services is not providing any third party hardware, software, documentation, tools, equipment, or other products, materials or services, including, without limitation, Dell Technologies Select Products and Brokerage Products

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(collectively, "**Third Party Products**") to Customer. Customer is solely responsible for the negotiation of an applicable agreement with the applicable third party from whom Customer wishes to license or acquire Third Party Products, the terms of which, including without limitation, the license, warranty, indemnity, maintenance, and support terms, shall govern such license or acquisition. DT Services is not providing any warranty regarding, and is not liable for, any Third Party Products. Third Party Products are not supported or maintained by DT Services and Customer must contact the applicable third party manufacturer or supplier directly for support and maintenance services. Any configuration or modification made by DT Services to any Third Party Products provided by Customer or work product incorporating such items will be subject to the ownership and other rights agreed to by Customer with the applicable third party.

7) DT Services will not be responsible for non-performance due to software failure or software errors including any software failures or functionality limitations of Third Party Products.

8) DT Services may rely upon any standard operating procedures or practices of Customer and any direction, regulatory guidance, or other guidance provided by Customer.

9) Customer is responsible for the identification and interpretation of, and ensuring compliance with, any laws, statutes, rules, regulations, and standards applicable to it or its affiliates' business or operations.

10) No Dell Technologies product is or can be licensed or purchased under this document. Any purchase or licensing of Dell Technologies products is governed by the terms of a separate license or purchase agreement between the parties. DT Services' fees set forth herein do not include the cost of the purchase or licensing of any Dell Technologies product.

11) The parties agree that scope of this SOW may be reassessed, if deemed necessary by either party, on each anniversary of the effective date of this agreement.

12) The functional overview, if applicable, demonstrates basic functionality to familiarize Customer with the implemented in-scope products, demonstrating the product operations as installed in Customer's environment. Knowledge transfer, if applicable, demonstrates best practices to address Customer's skills and resource gaps to ensure successful implementation of Customer's new technologies. Functional overviews and knowledge transfers are not a substitute for formal Dell Technologies product Customer education.

13) A non-deployable system is a Dell-branded system that has failed or is non-functioning at time of install ("NDS"). In the event any Dell-branded equipment covered by this SOW is deemed to be a NDS at the time of installation, DT Services will notify Customer that the equipment is NDS, and if the equipment is under warranty, then Customer is responsible for requesting warranty service per the terms of the warranty associated with the NDS equipment identified.

14) Installation Warranty. DT Services Rugged Mobility installations will be warrantied for quality and workmanship for ninety (90) calendar days from date of installation. (**Note:** Hardware warranty is covered with the hardware purchase, and the Rugged Mobility installation is a separate agreement).

    Service call(s) to repair such faulty workmanship Rugged Mobility installations will be executed within ten (10) business days from issuance. If the issue is affecting vehicle operation or driver safety the service call will be executed within two (2) business days.

    a) Warranty is limited to labor required to replace defective connectors and to repair installation workmanship defects in installed wiring, mounts, etc. Warranty does not cover damage due to tampering, deliberate cutting or disconnection of cables or connectors, or damage caused by vehicle accidents. (**Note:** This agreement is for the Rugged Mobility installation warranty. In the event that the issue is not covered by the Rugged Mobility installation warranty, DT Services and Customer will address via the Change Management process defined herein.

    b) Rugged Mobility installation warranty excludes replacement of defective hardware, including, but not limited to, docking station, associated cables, or other peripherals.

    c) Non-warranty services are addressed as Out of Scope and are subject to Time and Material fees and will be addressed via the Change Management process defined herein.

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9 SIGNATURES

Please review this SOW for accuracy. If the terms are acceptable, please sign and return to DT Services via email at MD_Deployment@dell.com. This SOW may be executed in any number of counterpart copies, each of which will be deemed an original, but which taken together will constitute a single instrument. The parties agree to cooperate in good faith to provide each other with a fully executed original of this SOW within five (5) calendar days of any counterpart execution. This SOW together with the Agreement (i) is the complete and exclusive agreement between DT Services and Customer with regard to its subject matter, and supersedes all prior oral or written proposals, agreements, representations and other communications between the parties with respect to the Services described in this SOW; and (ii) will apply in lieu of any different, conflicting or additional terms and conditions which may appear on any order or other document submitted by either party.

IN WITNESS WHEREOF, the parties hereto have caused this SOW to be executed by their duly authorized representatives as of the Effective Date.

Cypress, California	Dell Marketing L.P.
Signature:	Signature: .....
Printed Name:.....	Printed Name:.....
Title:	Title: .....
Date:	Date: .....

Please note that for administrative purposes only, Services may not be scheduled or commenced until DT Services receives and accepts a valid purchase order ("**PO**") from Customer that references this SOW. Upon receipt of this fully executed SOW and Customer's PO, the SPOC will contact Customer to begin scheduling Services.

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Appendix A: Supported Sites

The Services will be provided for the following supported sites during the term of this SOW. Additional supported sites may be included as mutually agreed between the parties using the Change Management Process.

Supported Site	Address	City	State	Zip	Qty
City of Cypress	5275 Orange Ave	Cypress	CA	90630	20

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Appendix B: Definitions

Average Installation Time	The Average Installation Time is calculated based on the aggregate quantity of new Client Systems installed per Customer per quarter. Installation times, including quantities of peripherals, will be evaluated on a monthly basis by the Dell PMO.
Cancellation	Site Cancellation: A site cancellation occurs when Customer cancels the Services for the site after the schedule has been locked and Customer either does not set a new date or the new date is scheduled beyond thirty (30) days of the original locked deployment schedule (see “Reschedule”). Site Cancellation Fee Scenarios: See Section 6.0 herein for Cancellation Fee. User Cancellation: A user cancellation occurs when Customer cancels the Services for the user after the schedule has been locked and Customer either does not set a new date or the new date is scheduled beyond thirty (30) days of the original locked deployment schedule. User Cancellation Fee Scenario: See Section 6.0 herein for Cancellation Fee.
Change Order	A written and signed request by either party requesting change to the set of services or deadlines provided under this SOW. All Change Orders must be executed by both parties in accordance with the Change Management Process described in this SOW.
Clearances	Secret: Dell will provide on-site technical resources with a Secret clearance as defined in the Government-provided "DD Form 254". Top Secret: Dell will provide on-site technical resources with a Top Secret clearance as defined in the Government-provided "DD Form 254". Top Secret-SCI (Sensitive Compartmented Information): Dell will provide on-site technical resources with a Top Secret-SCI clearance as defined in the Government-provided "DD Form 254". NOTE: This level of warranty support is based on the systems being located in areas accessible by non-cleared Dell service personnel. In the event that the systems are relocated and reside in a secure area when onsite service is required, Dell will work with Customer to develop a suitable plan for support. Upon award of a Secret, Top Secret, or Top Secret-SCI contract, Dell's FSO (Facility Security Officer) must receive the Government-issued "CONTRACT SECURITY CLASSIFICATION SPECIFICATION" or most commonly called "DD Form 254" before service can begin. Dell's FSO will manage the "DD Form 254" for validation and processing.
Client Systems	Dell Rugged Latitude 5430
Legacy System	The computer system installed at Customer's site which is to be upgraded or de-installed, removed and replaced with a Dell computer system during a site installation event. Server or workstation class computer systems and external peripherals are not Legacy Systems.
Pricing Structure	Blended Pricing is based on the estimated units to be deployed per site per visit provided by Customer prior to the deployment. Variances in the estimated units to be deployed in excess of (+/-) five (5) percent of the actual units deployed per site per visit will be subject to Tiered Pricing.

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	Tiered Pricing is based on actual units deployed per site per visit.
Reschedule	Site Reschedule: A site reschedule occurs when Customer reschedules the Services to be performed within thirty (30) days of the original locked deployment schedule (see “Cancellation”). Site Reschedule Fee Scenarios: See Section 6.0 herein for Reschedule Fee. User Reschedule: A user reschedule occurs when Customer reschedules the Services to be performed within thirty (30) days of the original locked deployment schedule. User Reschedule Fee Scenarios: See Section 6.0 herein for Reschedule Fee.
Schedule Group	A group of deployment events that are scheduled to occur on a specific date at a specific time at a specific location.
Services	The complete set of services to be performed by Dell described in this Statement of Work “SOW.”

Time & Materials Pricing Table

Time & Materials Concept	Disposition	Cost
Time & Materials Rates - (During Service Hours - Per Hour)	N/A	$289.04
Time & Materials Rates - (Outside Service Hours - Per Hour)	N/A	$374.12
Project Management Office (Extension Fee for Services Beyond Term - Per Week)	N/A	$4,400.00

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Appendix C: Major Metropolitan Areas

The Services will be provided for the following supported sites during the term of this SOW. Additional supported sites may be included as mutually agreed using the Change Management process as defined in Section 7.

City	State	City	State	City	State
Anchorage	AK	Honolulu	HI	Toledo	OH
Birmingham	AL	Cedar Rapids	IA	Youngstown	OH
Fayetteville	AR	Des Moines	IA	Oklahoma City	OK
Little Rock	AR	Boise	ID	Tulsa	OK
Chandler	AZ	Chicago	IL	Portland	OR
Gilbert	AZ	Fort Wayne	IN	Bethlehem	PA
Phoenix	AZ	Indianapolis	IN	Harrisburg	PA
Scottsdale	AZ	Kansas City	KS	Lancaster	PA
Tucson	AZ	Wichita	KS	Philadelphia	PA
Anaheim	CA	Lexington	KY	Pittsburgh	PA
Bakersfield	CA	Louisville	KY	Scranton	PA
Chula Vista	CA	Baton Rouge	LA	Providence	RI
Fontana	CA	New Orleans	LA	Columbia	SC
Fremont	CA	Boston	MA	Greenville	SC
Fresno	CA	Worcester	MA	Chattanooga	TN
Irvine	CA	Baltimore	MD	Knoxville	TN
Long Beach	CA	Portland	ME	Memphis	TN
Los Angeles	CA	Detroit	MI	Nashville	TN
Modesto	CA	Grand Rapids	MI	Amarillo	TX
Oakland	CA	Minneapolis	MN	Arlington	TX
Ontario	CA	St. Paul	MN	Austin	TX
Oxnard	CA	Kansas City	MO	Corpus Christi	TX
Riverside	CA	St. Louis	MO	Dallas	TX
Sacramento	CA	Jackson	MS	El Paso	TX
San Bernardino	CA	Charlotte	NC	Fort Worth	TX
San Diego	CA	Durham	NC	Garland	TX
San Francisco	CA	Fayetteville	NC	Grand Prairie	TX
San Jose	CA	Greensboro	NC	Houston	TX
Santa Ana	CA	Raleigh	NC	Irving	TX
Stockton	CA	Winston-Salem	NC	Laredo	TX
Aurora	CO	Lincoln	NE	Lubbock	TX
Colorado Springs	CO	Omaha	NE	Mckinney	TX
Denver	CO	Jersey City	NJ	Plano	TX
Bridgeport	CT	Newark	NJ	San Antonio	TX
Hartford	CT	Albuquerque	NM	Ogden	UT
New Haven	CT	Henderson	NV	Provo	UT
Washington	DC	Las Vegas	NV	Salt Lake City	UT
Cape Coral	FL	Reno	NV	Arlington	VA
Daytona Beach	FL	Albany	NY	Chesapeake	VA
Fort Lauderdale	FL	Buffalo	NY	Norfolk	VA

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Jacksonville	FL	Manhattan	NY	Richmond	VA
Miami	FL	New York	NY	Virginia Beach	VA
Orlando	FL	Rochester	NY	Seattle	WA
Port St. Lucie	FL	Syracuse	NY	Spokane	WA
Sarasota	FL	Yonkers	NY	Tacoma	WA
St. Petersburg	FL	Cincinnati	OH	Vancouver	WA
Tampa	FL	Cleveland	OH	Madison	WI
Atlanta	GA	Columbus	OH	Milwaukee	WI
Augusta	GA	Dayton	OH		

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Appendix D: Hardware BOM and Vehicle List

Note: The following hardware is required for the completion of the installation services detailed in this SOW and must be purchased by the Customer and be at Customer's location prior to the arrival of the onsite installation technician(s). Hardware is not included in the scope/pricing of this SOW.

Laptop BOM

DELL Technologies

A quote for your consideration

Based on your business needs, we put the following quote together to help with your purchase decision. Below is a detailed summary of the quote we've created to help you with your purchase decision.

To proceed with this quote, you may respond to this email, order online through your **Premier page**, or, if you do not have Premier, use this **Quote to Order**.

Quote No.	**3000137542807.2**	Sales Rep	Stuart Porter
Total	**$102,292.77**	Phone	(800) 456-3355, 6179258
Customer #	3425143	Email	Stuart_Porter@Dell.com
Quoted On	Nov. 22, 2022	**Billing To**	HARRY DAMALLAS CITY OF CYPRESS POLICE DEPT PO BOX 609 CYPRESS, CA 90630-0609
Expires by	Dec. 22, 2022		
Contract Name	Dell NASPO Computer Equipment PA - California		
Contract Code	C000000181156		
Customer Agreement #	MNWNC-108/7157034003		
Deal ID	21662904		

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Message from your Sales Rep

Please contact your Dell sales representative if you have any questions or when you are ready to place an order. Thank you for shopping with Dell!

Regards,
Stuart Porter

Shipping Group 1 of 2

Shipping To	Shipping Method
HARRY DAMALAS CITY OF CYPRESS POLICE DEPT P O BOX 609 CYPRESS, CA 90630-0609 (714) 229-6719	Standard Delivery

Product	Unit Price	Quantity	Subtotal
Dell Latitude 5430 Rugged	**$2,529.24**	**20**	**$50,584.80**
Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station - VGA	**$803.52**	**24**	**$19,284.48**
Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable	**$171.02**	**24**	**$4,104.48**
MOBILE MOUNTS Vehicle Power Distribution Unit - Power distribution unit	**$159.37**	**24**	**$3,824.88**
Gamber-Johnson Rugged USB Hub - Docking station - USB-C - HDMI - GigE	**$248.53**	**24**	**$5,964.72**

Shipping Group 2 of 2

Shipping To	Shipping Method
HARRY DAMALAS CITY OF CYPRESS POLICE DEPT P O BOX 609 CYPRESS, CA 90630-0609 (714) 229-6719	Standard Delivery Free Cost

Dell Services	**$62.80**	**200**	**$12,560.00**

Subtotal:	**$96,323.36**
Shipping:	**$0.00**
Environmental Fee:	**$80.00**
Non-Taxable Amount:	**$20,411.00**
Taxable Amount:	**$75,992.36**
Estimated Tax:	**$5,889.41**
Total:	**$102,292.77**

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Vehicle List

Cypress PD Fleet (September 2022) - MDC Replacement Units

Unit	Vehicle Description	Assignment	License Pla	Year	Packa
664	Ford Interceptor Utility BW	K-9 Unit	1430581	2017	Police
665	Ford Interceptor Utility BW	K-9 Unit	1503983	2016	Police
639	Ford Crown Victoria BW	K-9 Unit (Backup)	1390875	2011	Police
612	Ford Interceptor Utility (Slick Top)	Patrol	1565096	2019	Police
604	Ford Interceptor Utility BW	Patrol	1501702	2016	Police
605	Ford Interceptor Utility BW	Patrol	1501735	2016	Police
606	Ford Interceptor Utility BW	Patrol	1488093	2016	Police
608	Ford Interceptor Utility BW	Patrol	1430583	2017	Police
609	Ford Interceptor Utility BW	Patrol	1430582	2017	Police
610	Ford Interceptor Utility BW	Patrol	1518549	2017	Police
615	Ford Interceptor Utility BW	Patrol	1534813	2017	Police
616	Ford Interceptor Utility BW	Patrol		2022	Police
618	Ford Interceptor Utility BW	Patrol	1534814	2017	Police
625	Ford Interceptor Utility BW	Patrol	1433137	2019	Police
619	Ford Interceptor Utility BW	Patrol (PSO)	1627813	2022	Police
672	White Chevy Colorado 2.5	Traffic	1501786	2016	Civilian
673	White Chevy Colorado 2.5	Traffic	1541637	2016	Civilian
674	White Chevy Colorado 2.5	Trafic	1637365	2022	Civilian
640	Ford Interceptor Utility BW	Watch Commander	1503984	2016	Police
626	Ford Interceptor Utility BW	Watch Commander (Backup)	1433138	2019	Police

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A quote for your consideration

Based on your business needs, we put the following quote together to help with your purchase decision. Below is a detailed summary of the quote we've created to help you with your purchase decision.

To proceed with this quote, you may respond to this email, order online through your **Premier page**, or, if you do not have Premier, use this **Quote to Order**.

Quote No.	**3000134855705.8**	Sales Rep	Stuart Porter
Total	**$57,614.13**	Phone	(800) 456-3355, 6179258
Customer #	3425143	Email	Stuart_Porter@Dell.com
Quoted On	Nov. 08, 2022	**Billing To**	HARRY DAMALLAS CITY OF CYPRESS POLICE DEPT PO BOX 609 CYPRESS, CA 90630-0609
Expires by	Dec. 08, 2022		
Contract Name	Dell NASPO Computer Equipment PA - California		
Contract Code	C000000181156		
Customer Agreement #	MNWNC-108/7157034003		
Deal ID	21662904		

Message from your Sales Rep

Please contact your Dell sales representative if you have any questions or when you are ready to place an order. Thank you for shopping with Dell!

Regards,
Stuart Porter

Product	Unit Price	Quantity	Subtotal
Dell Latitude 5430 Rugged	**$2,529.24**	**17**	**$42,997.08**
Dell Thunderbolt 4 Dock- WD22TB4	**$234.38**	**11**	**$2,578.18**
Mobile Precision 3470	**$1,207.23**	**7**	**$8,450.61**

Subtotal:	**$54,025.87**
Shipping:	**$0.00**
Environmental Fee:	**$96.00**
Non-Taxable Amount:	**$9,060.19**
Taxable Amount:	**$45,061.68**
Estimated Tax:	**$3,492.26**
Total:	**$57,614.13**

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

		Quantity	Subtotal
Dell Latitude 5430 Rugged	**$2,529.24**	**17**	**$42,997.08**

Estimated delivery if purchased today:
Nov. 29, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Dell Latitude 5430 Rugged	210-BCFW	-	17	-
Intel Core Processor i5-1145G7, (QC, 2.6 to 4.0 GHz, 28W, vPro)	379-BERS	-	17	-
Windows 11 Pro, English, French, Spanish	619-AQLP	-	17	-
No Microsoft Office License Included	658-BCSB	-	17	-
Intel® Core™ vPro i5-1145G7 with Iris Xe Graphics	338-CCRI	-	17	-
Intel vPro Technology Advanced Management Features	631-ADEE	-	17	-
16GB, 2x8GB, 3200 MHz DDR4 Non-ECC	370-AGTH	-	17	-
512GB M.2 PCIe NVMe Class 40 Solid State Drive	400-BMRY	-	17	-
14" Touch 1100 nits WVA FHD (1920 x 1080) 100% sRGB Anti-Glare, Outdoor Viewable	391-BGGI	-	17	-
English US RGB Backlit Sealed Internal keyboard	583-BILF	-	17	-
Intel AX210 WLAN Driver	555-BHCC	-	17	-
Intel AX210 Wireless Card with Bluetooth	555-BHCH	-	17	-
4G DW5821E w/o eSIM WWAN Card Snapdragon X20 LTE for AT&T (With NMEA GPS Port Support)	556-BCYN	-	17	-
Hot surface warning label	389-ECGC	-	17	-
Primary 3 Cell 53.5 Whr ExpressCharge Capable Battery	451-BCWC	-	17	-
90W 461G Type-C EPEAT Adapter	492-BDEL	-	17	-
Full Security - Fingerprint Reader, Contacted Smartcard Reader, Contactless Smartcard Reader	346-BHQJ	-	17	-
Power Cord 1M US	450-AAEJ	-	17	-
Setup and Features Guide	340-CXCE	-	17	-
Hot surface warning label	389-ECGC	-	17	-
Additional 3 Cell 53.5 Whr ExpressCharge Capable Battery	451-BCWD	-	17	-
ENERGY STAR Qualified	387-BBPC	-	17	-
Custom Configuration	817-BBBB	-	17	-
Dell Applications for Windows 11	658-BFIP	-	17	-
Mix Ship, Notebook, 5430 Rugged	340-CYJC	-	17	-
11th Gen Intel Core i5 vPro label	340-CTSV	-	17	-
Microphone + IR FHD camera; Touch; WLAN/WWAN antennae; Pogo vehicle docking and RF passthrough	319-BBHT	-	17	-
EPEAT 2018 Registered (Silver)	379-BDTO	-	17	-
Dedicated u-blox NEO GPS Card	540-BDCC	-	17	-
Additional USB-A rear port	590-TFHR	-	17	-
Additional TBT/Type-C port	325-BEJZ	-	17	-
Rigid handle	750-ADPK	-	17	-
ProSupport Plus: Next Business Day Onsite, 2 Years Extended	808-6796	-	17	-
ProSupport Plus: Next Business Day Onsite, 3 Years	808-6797	-	17	-

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Dell Limited Hardware Warranty Initial Year	808-6805	-	17	-
ProSupport Plus: Accidental Damage Service, 5 Years	808-6826	-	17	-
ProSupport Plus: Keep Your Hard Drive, 5 Years	808-6827	-	17	-
ProSupport Plus: 7X24 Technical Support, 5 Years	808-6845	-	17	-
Dell Limited Hardware Warranty Extended Year(s)	975-3461	-	17	-
Thank you for choosing Dell ProSupport Plus. For tech support, visit www.dell.com/contactdell or call 1-866-516-3115	997-8367	-	17	-
Extended Battery Service for Years 2 and 3 of System Life	988-5542	-	17	-
Configuration Services - Custom, Image Load	366-0330	-	17	-
			Quantity	**Subtotal**
Dell Thunderbolt 4 Dock- WD22TB4		**$234.38**	**11**	**$2,578.18**

Estimated delivery if purchased today:
Nov. 17, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
BASE,DS,WD22TB4 US 180W	210-BDQH	-	11	-
Advanced Exchange Service, 3 Years	872-8550	-	11	-
Dell Limited Hardware Warranty	872-8557	-	11	-
			Quantity	**Subtotal**
Mobile Precision 3470		**$1,207.23**	**7**	**$8,450.61**

Estimated delivery if purchased today:
Dec. 12, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Mobile Precision Workstation 3470 CTO	210-BEYL	-	7	-
Intel Core i5-1250P vPro (12 MB Cache, 4+8 Core, 16 Threads, up to 4.40 GHz, 28 W)	379-BEXJ	-	7	-
Windows 11 Pro, English, French, Spanish	619-AQLP	-	7	-
No Microsoft Office License Included	658-BCSB	-	7	-
Intel i5-1250P 28W Processor with vPro and Intel Integrated Graphics	329-BHGT	-	7	-
Intel Integrated Graphics	490-BHUX	-	7	-
14" FHD LCD with 250 nits, non-touch, HD RGB Camera and Microphone, and WLAN	391-BGXR	-	7	-
HD Camera, Temporal Noise Reduction, Camera Shutter, Mic	319-BBJE	-	7	-
16 GB, 2 x 8 GB, DDR5, 4800Mhz, Non-ECC SODIMM	370-AGZH	-	7	-
M.2 2230 256GB Gen 3 PCIe NVMe, Class 35 Solid State Drive	400-BOCN	-	7	-
Single Pointing Backlit US English Keyboard	583-BHCH	-	7	-
Single Pointing, Finger Print Reader only	346-BIHU	-	7	-
Intel AX211, 2x2 MIMO, 2400 Mbps, 2.4/5/6 GHz, Wi-Fi 6/6E (WiFi 802.11ax), Bluetooth 5.2	555-BHLT	-	7	-
4 Cell, 64WHr, standard battery	451-BCYI	-	7	-
90W Type C Power Adapter	492-BDGG	-	7	-
Intel vPro Enterprise Technology Enabled	631-ADEX	-	7	-
ENERGY STAR Qualified	387-BBLW	-	7	-
EPEAT 2018 Registered (Gold)	379-BDZB	-	7	-

Custom Configuration	817-BBBB	-	7	-
Power Cord 1M US	470-AFGV	-	7	-
Intel Gen 12 CPU label for Core i5 vPro enable	340-CYNW	-	7	-
Wireless Intel AX211 WLAN Driver	555-BHIQ	-	7	-
Quick Setup Guide for Mobile Precision 3470	340-DBZH	-	7	-
Bottom cover	354-BBFL	-	7	-
Mix Packaging for 90W Adapter and Integrated Graphics	340-DCDC	-	7	-
Dell Additional Software	658-BFOD	-	7	-
ProSupport Plus: Accidental Damage Service, 5 Years	997-1068	-	7	-
ProSupport Plus: Keep Your Hard Drive, 5 Years	997-1089	-	7	-
Dell Limited Hardware Warranty Plus Service	997-1129	-	7	-
ProSupport Plus: 7x24 Technical Support, 5 Years	997-1139	-	7	-
ProSupport Plus: Next Business Day Onsite, 5 Years	997-6068	-	7	-
Thank you for choosing Dell ProSupport Plus. For tech support, visit www.dell.com/contactdell or call 1-866-516-3115	997-8367	-	7	-
Extended Battery Service for Years 2 and 3 of System Life	819-9622	-	7	-
Ready Image for Client PC	365-8303	-	7	-
CFI,INFO,LANG,ENGLISH,US,Factory Install	382-1755	-	7	-
CFI,INFO,WIN11,UPDT,21H2.Factory Install	382-3038	-	7	-
CFI,INFO,WIN11,21H2.FACT	382-4202	-	7	-
CFI,INFO,WIN 11 PRO,OEM,FACT	382-4389	-	7	-

Subtotal:	**$54,025.87**
Shipping:	**$0.00**
Environmental Fee:	**$96.00**
Estimated Tax:	**$3,492.26**
Total:	**$57,614.13**

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

Important Notes

Terms of Sale

This Quote will, if Customer issues a purchase order for the quoted items that is accepted by Supplier, constitute a contract between the entity issuing this Quote ("Supplier") and the entity to whom this Quote was issued ("Customer"). Unless otherwise stated herein, pricing is valid for thirty days from the date of this Quote. All product, pricing and other information is based on the latest information available and is subject to change. Supplier reserves the right to cancel this Quote and Customer purchase orders arising from pricing errors. Taxes and/or freight charges listed on this Quote are only estimates. The final amounts shall be stated on the relevant invoice. Additional freight charges will be applied if Customer requests expedited shipping. Please indicate any tax exemption status on your purchase order and send your tax exemption certificate to Tax_Department@dell.com or ARSalesTax@emc.com, as applicable.

Governing Terms: This Quote is subject to: (a) a separate written agreement between Customer or Customer's affiliate and Supplier or a Supplier´s affiliate to the extent that it expressly applies to the products and/or services in this Quote or, to the extent there is no such agreement, to the applicable set of Dell's Terms of Sale (available at www.dell.com/terms or www.dell.com/oemterms), or for cloud/as-a-Service offerings, the applicable cloud terms of service (identified on the Offer Specific Terms referenced below); and (b) the terms referenced herein (collectively, the "Governing Terms"). Different Governing Terms may apply to different products and services on this Quote. The Governing Terms apply to the exclusion of all terms and conditions incorporated in or referred to in any documentation submitted by Customer to Supplier.

Supplier Software Licenses and Services Descriptions: Customer's use of any Supplier software is subject to the license terms accompanying the software, or in the absence of accompanying terms, the applicable terms posted on www.Dell.com/eula. Descriptions and terms for Supplier-branded standard services are stated at www.dell.com/servicecontracts/global or for certain infrastructure products at www.dellemc.com/en-us/customer-services/product-warranty-and-service-descriptions.htm.

Offer-Specific, Third Party and Program Specific Terms: Customer's use of third-party software is subject to the license terms that accompany the software. Certain Supplier-branded and third-party products and services listed on this Quote are subject to additional, specific terms stated on www.dell.com/offeringspecificterms ("Offer Specific Terms").

In case of Resale only: Should Customer procure any products or services for resale, whether on standalone basis or as part of a solution, Customer shall include the applicable software license terms, services terms, and/or offer-specific terms in a written agreement with the end-user and provide written evidence of doing so upon receipt of request from Supplier.

In case of Financing only: If Customer intends to enter into a financing arrangement ("Financing Agreement") for the products and/or services on this Quote with Dell Financial Services LLC or other funding source pre-approved by Supplier ("FS"), Customer may issue its purchase order to Supplier or to FS. If issued to FS, Supplier will fulfill and invoice FS upon confirmation that: (a) FS intends to enter into a Financing Agreement with Customer for this order; and (b) FS agrees to procure these items from Supplier. Notwithstanding the Financing Agreement, Customer's use (and Customer's resale of and the end-user's use) of these items in the order is subject to the applicable governing agreement between Customer and Supplier, except that title shall transfer from Supplier to FS instead of to Customer. If FS notifies Supplier after shipment that Customer is no longer pursuing a Financing Agreement for these items, or if Customer fails to enter into such Financing Agreement within 120 days after shipment by Supplier, Customer shall promptly pay the Supplier invoice amounts directly to Supplier.

Customer represents that this transaction does not involve: (a) use of U.S. Government funds; (b) use by or resale to the U.S. Government; or (c) maintenance and support of the product(s) listed in this document within classified spaces. Customer further represents that this transaction does not require Supplier's compliance with any statute, regulation or information technology standard applicable to a U.S. Government procurement.

For certain products shipped to end users in California, a State Environmental Fee will be applied to Customer's invoice. Supplier encourages customers to dispose of electronic equipment properly.

Electronically linked terms and descriptions are available in hard copy upon request.

^DELL BUSINESS CREDIT (DBC): Offered to business customers by WebBank, who determines qualifications for and terms of credit. Taxes, shipping and other charges are extra and vary. The Total Minimum Payment Due is the greater of either $20 or 3% of the New Balance shown on the statement rounded up to the next dollar, plus all past due amounts. Dell and the Dell logo are trademarks of Dell Inc.

A quote for your consideration

Based on your business needs, we put the following quote together to help with your purchase decision. Below is a detailed summary of the quote we've created to help you with your purchase decision.

To proceed with this quote, you may respond to this email, order online through your **Premier page**, or, if you do not have Premier, use this **Quote to Order**.

Quote No.	**3000137542807.2**	Sales Rep	Stuart Porter
Total	**$102,292.77**	Phone	(800) 456-3355, 6179258
Customer #	3425143	Email	Stuart_Porter@Dell.com
Quoted On	Nov. 22, 2022	**Billing To**	HARRY DAMALLAS CITY OF CYPRESS POLICE DEPT PO BOX 609 CYPRESS, CA 90630-0609
Expires by	Dec. 22, 2022		
Contract Name	Dell NASPO Computer Equipment PA - California		
Contract Code	C000000181156		
Customer Agreement #	MNWNC-108/7157034003		
Deal ID	21662904		

Message from your Sales Rep

Please contact your Dell sales representative if you have any questions or when you are ready to place an order. Thank you for shopping with Dell!

Regards,
Stuart Porter

Shipping Group 1 of 2

Shipping To

HARRY DAMALAS
CITY OF CYPRESS POLICE DEPT
P O BOX 609
CYPRESS, CA 90630-0609
(714) 229-6719

Shipping Method

Standard Delivery

Product	Unit Price	Quantity	Subtotal
Dell Latitude 5430 Rugged	**$2,529.24**	**20**	**$50,584.80**
Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station - VGA	**$803.52**	**24**	**$19,284.48**
Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable	**$171.02**	**24**	**$4,104.48**
MOBILE MOUNTS Vehicle Power Distribution Unit - Power distribution unit	**$159.37**	**24**	**$3,824.88**

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

Gamber-Johnson Rugged USB Hub - Docking station - USB-C - HDMI - GigE	**$248.53**	**24**	**$5,964.72**

Shipping Group 2 of 2

Shipping To

HARRY DAMALAS
CITY OF CYPRESS POLICE DEPT
P O BOX 609
CYPRESS, CA 90630-0609
(714) 229-6719

Shipping Method

Standard Delivery Free Cost

Dell Services	**$62.80**	**200**	**$12,560.00**

Subtotal:	**$96,323.36**
Shipping:	**$0.00**
Environmental Fee:	**$80.00**
Non-Taxable Amount:	**$20,411.00**
Taxable Amount:	**$75,992.36**
Estimated Tax:	**$5,889.41**
Total:	**$102,292.77**

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

Shipping Group 1 of 2, Details

Shipping To

HARRY DAMALAS
CITY OF CYPRESS POLICE DEPT
P O BOX 609
CYPRESS, CA 90630-0609
(714) 229-6719

Shipping Method

Standard Delivery

		Quantity	Subtotal
Dell Latitude 5430 Rugged	**$2,529.24**	**20**	**$50,584.80**

Estimated delivery if purchased today:
Dec. 19, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Dell Latitude 5430 Rugged	210-BCFW	-	20	-
Intel Core Processor i5-1145G7, (QC, 2.6 to 4.0 GHz, 28W, vPro)	379-BERS	-	20	-
Windows 11 Pro, English, French, Spanish	619-AQLP	-	20	-
No Microsoft Office License Included	658-BCSB	-	20	-
Intel® Core™ vPro i5-1145G7 with Iris Xe Graphics	338-CCRI	-	20	-
Intel vPro Technology Advanced Management Features	631-ADEE	-	20	-
16GB, 2x8GB, 3200 MHz DDR4 Non-ECC	370-AGTH	-	20	-
512GB M.2 PCIe NVMe Class 40 Solid State Drive	400-BMRY	-	20	-
14" Touch 1100 nits WVA FHD (1920 x 1080) 100% sRGB Anti-Glare, Outdoor Viewable	391-BGGI	-	20	-
English US RGB Backlit Sealed Internal keyboard	583-BILF	-	20	-
Intel AX210 WLAN Driver	555-BHCC	-	20	-
Intel AX210 Wireless Card with Bluetooth	555-BHCH	-	20	-
4G DW5821E w/o eSIM WWAN Card Snapdragon X20 LTE for AT&T (With NMEA GPS Port Support)	556-BCYN	-	20	-
Hot surface warning label	389-ECGC	-	20	-
Primary 3 Cell 53.5 Whr ExpressCharge Capable Battery	451-BCWC	-	20	-
90W 461G Type-C EPEAT Adapter	492-BDEL	-	20	-
Full Security - Fingerprint Reader, Contacted Smartcard Reader, Contactless Smartcard Reader	346-BHQJ	-	20	-
Power Cord 1M US	450-AAEJ	-	20	-
Setup and Features Guide	340-CXCE	-	20	-
Hot surface warning label	389-ECGC	-	20	-
Additional 3 Cell 53.5 Whr ExpressCharge Capable Battery	451-BCWD	-	20	-
ENERGY STAR Qualified	387-BBPC	-	20	-
Custom Configuration	817-BBBB	-	20	-
Dell Applications for Windows 11	658-BFIP	-	20	-
Mix Ship, Notebook, 5430 Rugged	340-CYJC	-	20	-
11th Gen Intel Core i5 vPro label	340-CTSV	-	20	-
Microphone + IR FHD camera; Touch; WLAN/WWAN antennae; Pogo vehicle docking and RF passthrough	319-BBHT	-	20	-

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

EPEAT 2018 Registered (Silver)	379-BDTO	-	20	-
Dedicated u-blox NEO GPS Card	540-BDCC	-	20	-
Additional USB-A rear port	590-TFHR	-	20	-
Additional TBT/Type-C port	325-BEJZ	-	20	-
Rigid handle	750-ADPK	-	20	-
ProSupport Plus: Next Business Day Onsite, 2 Years Extended	808-6796	-	20	-
ProSupport Plus: Next Business Day Onsite, 3 Years	808-6797	-	20	-
Dell Limited Hardware Warranty Initial Year	808-6805	-	20	-
ProSupport Plus: Accidental Damage Service, 5 Years	808-6826	-	20	-
ProSupport Plus: Keep Your Hard Drive, 5 Years	808-6827	-	20	-
ProSupport Plus: 7X24 Technical Support, 5 Years	808-6845	-	20	-
Dell Limited Hardware Warranty Extended Year(s)	975-3461	-	20	-
Thank you for choosing Dell ProSupport Plus. For tech support, visit www.dell.com/contactdell or call 1-866-516-3115	997-8367	-	20	-
Extended Battery Service for Years 2 and 3 of System Life	988-5542	-	20	-
Ready Image for Client PC	365-8303	-	20	-
CFI,INFO,LANG,ENGLISH,US,Factory Install	382-1755	-	20	-
CFI,INFO,WIN11,UPDT,21H2.Factory Install	382-3038	-	20	-
CFI,INFO,WIN11,21H2.FACT	382-4202	-	20	-
CFI,INFO,WIN 11 PRO,OEM,FACT	382-4389	-	20	-

		Quantity	Subtotal
Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station - VGA	**$803.52**	**24**	**$19,284.48**

Estimated delivery if purchased today:
Dec. 20, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Gamber-Johnson Docking Station with Lind 90W Power Supply (Tri RF) - docking station - VGA	A9777897	-	24	-

		Quantity	Subtotal
Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable	**$171.02**	**24**	**$4,104.48**

Estimated delivery if purchased today:
Dec. 12, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Panorama Sharkee - Antenna - shark fin - navigation, cellular, Wi-Fi - 1 dBi - omni-directional - panel mountable	AA328892	-	24	-

		Quantity	Subtotal
MOBILE MOUNTS Vehicle Power Distribution Unit - Power distribution unit	**$159.37**	**24**	**$3,824.88**

Estimated delivery if purchased today:
Dec. 15, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

MOBILE MOUNTS Vehicle Power Distribution Unit - Power distribution unit	AC291266	-	24	-

		Quantity	**Subtotal**
Gamber-Johnson Rugged USB Hub - Docking station - USB-C - HDMI - GigE	**$248.53**	**24**	**$5,964.72**

Estimated delivery if purchased today:
Jan. 10, 2023
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Gamber-Johnson Rugged USB Hub - Docking station - USB-C - HDMI - GigE	AC350248	-	24	-

Subtotal:	**$83,763.36**
Shipping:	**$0.00**
Environmental Fee:	**$80.00**
Estimated Tax:	**$5,889.41**
Total:	**$89,732.77**

Shipping Group 2 of 2, Details

Shipping To

HARRY DAMALAS
CITY OF CYPRESS POLICE DEPT
P O BOX 609
CYPRESS, CA 90630-0609
(714) 229-6719

Shipping Method

Standard Delivery Free Cost

		Quantity	**Subtotal**
Dell Services	**$62.80**	**200**	**$12,560.00**

Estimated delivery if purchased today:
Nov. 24, 2022
Contract # C000000181156
Customer Agreement # MNWNC-108/7157034003

Description	SKU	Unit Price	Quantity	Subtotal
Dell Services	850-0094	-	200	-

Subtotal:	**$12,560.00**
Shipping:	**$0.00**
Environmental Fee:	**$0.00**
Estimated Tax:	**$0.00**
Total:	**$12,560.00**

Dell Marketing LP. U.S. only. Dell Marketing LP. is located at One Dell Way, Mail Stop 8129, Round Rock, TX 78682

Important Notes

Terms of Sale

This Quote will, if Customer issues a purchase order for the quoted items that is accepted by Supplier, constitute a contract between the entity issuing this Quote ("Supplier") and the entity to whom this Quote was issued ("Customer"). Unless otherwise stated herein, pricing is valid for thirty days from the date of this Quote. All product, pricing and other information is based on the latest information available and is subject to change. Supplier reserves the right to cancel this Quote and Customer purchase orders arising from pricing errors. Taxes and/or freight charges listed on this Quote are only estimates. The final amounts shall be stated on the relevant invoice. Additional freight charges will be applied if Customer requests expedited shipping. Please indicate any tax exemption status on your purchase order and send your tax exemption certificate to Tax_Department@dell.com or ARSalesTax@emc.com, as applicable.

Governing Terms: This Quote is subject to: (a) a separate written agreement between Customer or Customer's affiliate and Supplier or a Supplier´s affiliate to the extent that it expressly applies to the products and/or services in this Quote or, to the extent there is no such agreement, to the applicable set of Dell's Terms of Sale (available at www.dell.com/terms or www.dell.com/oemterms), or for cloud/as-a-Service offerings, the applicable cloud terms of service (identified on the Offer Specific Terms referenced below); and (b) the terms referenced herein (collectively, the "Governing Terms"). Different Governing Terms may apply to different products and services on this Quote. The Governing Terms apply to the exclusion of all terms and conditions incorporated in or referred to in any documentation submitted by Customer to Supplier.

Supplier Software Licenses and Services Descriptions: Customer's use of any Supplier software is subject to the license terms accompanying the software, or in the absence of accompanying terms, the applicable terms posted on www.Dell.com/eula. Descriptions and terms for Supplier-branded standard services are stated at www.dell.com/servicecontracts/global or for certain infrastructure products at www.dellemc.com/en-us/customer-services/product-warranty-and-service-descriptions.htm.

Offer-Specific, Third Party and Program Specific Terms: Customer's use of third-party software is subject to the license terms that accompany the software. Certain Supplier-branded and third-party products and services listed on this Quote are subject to additional, specific terms stated on www.dell.com/offeringspecificterms ("Offer Specific Terms").

In case of Resale only: Should Customer procure any products or services for resale, whether on standalone basis or as part of a solution, Customer shall include the applicable software license terms, services terms, and/or offer-specific terms in a written agreement with the end-user and provide written evidence of doing so upon receipt of request from Supplier.

In case of Financing only: If Customer intends to enter into a financing arrangement ("Financing Agreement") for the products and/or services on this Quote with Dell Financial Services LLC or other funding source pre-approved by Supplier ("FS"), Customer may issue its purchase order to Supplier or to FS. If issued to FS, Supplier will fulfill and invoice FS upon confirmation that: (a) FS intends to enter into a Financing Agreement with Customer for this order; and (b) FS agrees to procure these items from Supplier. Notwithstanding the Financing Agreement, Customer's use (and Customer's resale of and the end-user's use) of these items in the order is subject to the applicable governing agreement between Customer and Supplier, except that title shall transfer from Supplier to FS instead of to Customer. If FS notifies Supplier after shipment that Customer is no longer pursuing a Financing Agreement for these items, or if Customer fails to enter into such Financing Agreement within 120 days after shipment by Supplier, Customer shall promptly pay the Supplier invoice amounts directly to Supplier.

Customer represents that this transaction does not involve: (a) use of U.S. Government funds; (b) use by or resale to the U.S. Government; or (c) maintenance and support of the product(s) listed in this document within classified spaces. Customer further represents that this transaction does not require Supplier's compliance with any statute, regulation or information technology standard applicable to a U.S. Government procurement.

For certain products shipped to end users in California, a State Environmental Fee will be applied to Customer's invoice. Supplier encourages customers to dispose of electronic equipment properly.

Electronically linked terms and descriptions are available in hard copy upon request.

^DELL BUSINESS CREDIT (DBC): Offered to business customers by WebBank, who determines qualifications for and terms of credit. Taxes, shipping and other charges are extra and vary. The Total Minimum Payment Due is the greater of either $20 or 3% of the New Balance shown on the statement rounded up to the next dollar, plus all past due amounts. Dell and the Dell logo are trademarks of Dell Inc.

DocuSign Envelope ID: EAC889CC-0F07-480E-AB62-8DFA4A153228

AMENDMENT NO. 3 TO NASPO MASTER AGREEMENT NO. MNWNC-108

THIS AMENDMENT is by and between the State of Minnesota, acting through its Commissioner of Administration ("State"), and Dell Marketing L.P., One Dell Way, Mailstop RR1-33 Legal, Round Rock, TX 78682 ("Contractor" or "Contract Vendor").

WHEREAS, the State has a Contract with the Contractor identified as NASPO Master Agreement No. MNWNC-108, April 15, 2015, through July 31, 2021 ("Contract"), to provide Computer Equipment, Peripherals & Related Services; and

WHEREAS, Minn. Stat. § 16C.03, subd. 5, affords the Commissioner of Administration, or delegate pursuant to Minn. Stat. § 16C.03, subd. 16, the authority to amend contracts; and

WHEREAS, the terms of the Contract allow the State to amend the Contract as specified herein, upon the mutual agreement of the Office of State Procurement and the Contractor in a fully executed amendment to the Contract.

NOW, THEREFORE, it is agreed by the parties to amend the Contract as follows:

1. That NASPO Master Agreement No. MNWNC-108 is extended through July 31, 2022, at the same prices, terms, and conditions.

This Amendment is effective beginning August 1, 2021, or upon the date that the final required signatures are obtained, whichever occurs later, and shall remain in effect through contract expiration, or until the Contract is canceled, whichever occurs first.

Except as herein amended, the provisions of the Contract between the parties hereto are expressly reaffirmed and remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed intending to be bound thereby.

1. Dell Marketing L.P.

The Contractor certifies that the appropriate person(s) have executed this Amendment on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: DocuSigned by: Alyssa Sayles
Signature: B03F195AB752450...

Alyssa Sayles
Printed Name

Title: Contract Administrator

Date: 5/10/2021

By: _____
Signature

_____
Printed Name

Title: _____

Date: _____

2. Office of State Procurement

In accordance with Minn. Stat. § 16C.03, subd. 3.

By: DocuSigned by: Elizabeth Randa
742DE739C8ED492...

Title: Acquisition Management Specialist

Date: 5/14/2021

3. Commissioner of Administration

Or delegated representative.

By: DocuSigned by: Andy Doran
68D02A26D7604BA...

Date: 5/14/2021

AMENDMENT NO. 2 TO CONTRACT MNWNC-108

THIS AMENDMENT is by and between the State of Minnesota, acting through its commissioner of Administration ("State"), and Dell Marketing L.P., One Dell Way, Mailstop RR1-33 Legal, Round Rock, TX 78682 ("Contract Vendor").

WHEREAS, the State has a Contract with the Contract Vendor identified as Contract No. MNWNC-108, April 1, 2015, through March 31, 2020 ("Contract"), to provide Computer Equipment: Desktops, Laptops, Tablets, Servers, and Storage, including Related Peripherals and Services; and

WHEREAS, Minn. Stat. § 16C.03, subd. 5, affords the commissioner of Administration, or delegate pursuant to Minn. Stat. § 16C.03, subd. 16, the authority to amend contracts; and

WHEREAS, the terms of the Contract allow the State to amend the Contract as specified herein, upon the mutual agreement of the Office of State Procurement and the Contract Vendor in a fully executed amendment to the Contract.

NOW, THEREFORE, it is agreed by the parties to amend the Contract as follows:

1. That Contract No. MNWNC-108 is extended through July 31, 2021, at the same terms, conditions, and prices.

This Amendment is effective beginning April 1, 2020, or upon the date that the final required signatures are obtained, whichever occurs later, and shall remain in effect through contract expiration, or until the Contract is canceled, whichever occurs first.

Except as herein amended, the provisions of the Contract between the parties hereto are expressly reaffirmed and remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed intending to be bound thereby.

1. DELL MARKETING L.P.
The Contractor certifies that the appropriate person(s) have executed this Amendment on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____
Signature
Sadie Robbins
Printed Name
Title: Sr. Contract Manager
Date: 12/19/19

By: _____
Signature
_____
Printed Name
Title: _____
Date: _____

2. OFFICE OF STATE PROCUREMENT
In accordance with Minn. Stat. § 16C.03, subd. 3

By: _____
Title: Acquisition Management Specialist
Date: 1.27.2020

3. COMMISSIONER OF ADMINISTRATION
Or delegated representative.

By: _____
Date: 1/27/2020

AMENDMENT NO. 1 TO CONTRACT NO. MNWNC-108

THIS AMENDMENT is by and between the State of Minnesota, acting through its commissioner of Administration ("State"), and Dell Marketing L.P., One Dell Way, Mailstop RR1-33 Legal, Round Rock, TX 78682 ("Contract Vendor").

WHEREAS, the State has a Contract with the Contract Vendor identified as Contract No. MNWNC-108, April 1, 2015, through March 31, 2017 ("Contract"), to provide Computer Equipment: (Desktops, Servers, and Storage including Related Peripherals and Services); and

WHEREAS, Minn. Stat. § 16C.03, subd. 5, affords the commissioner of Administration, or delegate pursuant to Minn. Stat. § 16C.03, subd. 16, the authority to amend contracts; and

WHEREAS, the terms of the Contract allow the State to amend the Contract as specified herein, upon the mutual agreement of the Materials Management Division and the Contract Vendor in a fully executed amendment to the Contract.

NOW, THEREFORE, it is agreed by the parties to amend the Contract as follows:

1. That Contract No. MNWNC-108 is extended through March 31, 2020, at the same terms and conditions.

2. The Contract Vendor shall provide Computer Equipment: (Desktops, Servers, and Storage including Related Peripherals and Services) at the prices set forth on the attached Exhibit B, Pricing Schedule.

This Amendment is effective beginning April 1, 2017, or upon the date that the final required signatures are obtained, whichever occurs later, and shall remain in effect through contract expiration, or until the Contract is canceled, whichever occurs first.

Except as herein amended, the provisions of the Contract between the parties hereto are expressly reaffirmed and remain in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be duly executed intending to be bound thereby.

1. DELL MARKETING, L.P.
The Contractor certifies that the appropriate person(s) have executed this Amendment on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: D. Wigington
Signature
Diane Wigington
Printed Name
Title: Contracts Program Manager
Date: 02/14/2017

By: _____
Signature
_____
Printed Name
Title: _____
Date: _____

2. OFFICE OF STATE PROCUREMENT
In accordance with Minn. Stat. § 16C.03, subd. 3.

By: Andy Doran
Title: Acquisition Management Specialist
Date: 2/15/17

3. COMMISSIONER OF ADMINISTRATION
Or delegated representative.

By: Laura J. Jarrett
Date: 2/16/2017

DEPARTMENT OF ADMINISTRATION
STATE PROCUREMENT

COMPUTER EQUIPMENT 2014-2020

Updated 04/01/2017

WSCA-NASPO COOPERATIVE PURCHASING ORGANIZATION

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

1. BASELINE PRICING DELL RETAIL PRICE LIST		
LINK: http://ftpbox.us.dell.com/slg/weekly/dellpricereport.pdf		
2. BAND DISCOUNTS – (CATEGORY EXCEPTIONS APPLICABLE IN ALL BANDS)	DELL CATEGORY	MINIMUM DISCOUNT
BAND 1 DESKTOP	A	15%
BAND 2 LAPTOP	A	15%
BAND 3 TABLET	H	4%
BAND 4 SERVER	A	13.5%
BAND 5 STORAGE	A	13.5%
IMPORTANT: The minimum discount is provided, refer to Contract Vendor's Website for any additional discounts and request a quote for bulk/volume discounts. All prices shall be FOB Destination, prepaid and allowed (with freight included in the price). If there is a special case where inside delivery fee must be charged, the Contract Vendor will notify the customer in advance.		
CATEGORY EXCEPTIONS:		
Toner	F	1.5%
Value Latitude, OptiPlex, Workstation; Selected Products	H	4%
Selected Promo Offers; Inspiron; Selected Latitude; SC PowerEdge; Selected Dell | EMC; Dell Branded Peripherals/Imaging: PowerConnect, Axim, Projector, Printer	S	2.5%
Spare Parts, selected Dimension Brand	U, W, Z	.5%
3. THIRD PARTY PRODUCTS - (APPLICABLE IN ALL BANDS)	M	5.5%
CATEGORY EXCEPTIONS:		
Selected Third Party Products (software and peripherals)	X	.5%
Selected Third Party Printers	F	1.5%
4. SERVICES		
Services are at the option of Participating States. Participating Addendums by each State may address service agreement terms and related travel. States may negotiate additional services. The majority of Dell-branded hardware includes a one-year warranty. Customer may purchase warranty upgrades for 2, 3, 4 or 5 years for certain Dell-branded hardware as offered by Dell. For Dell standard warranty information see http://www.dell.com/learn/us/en/uscorp1/solutions/limited-hardware-warranties		
Selected Service on Poweredge Departmental Servers; Directline Service; 4-Hr On-Site Critical Care Plus; Business Care Plus On-Site Service (all years)	O	13.3%
On-site – Next Business Day On-site (extended yrs), Critical Care On-site Service (all yrs), other svcs	R,Z,Z1&ZS	.5%
5. LEASING		
Participating Addendum may identify if and how leasing agreement terms will be conducted.		
6. ADDITIONAL DISCOUNTS – Request a quote for discounts on bulk/volume purchases.		

a. Per Transaction Multiple Unit: Contact your Sales Representative for additional discounts for volume purchases.

Minimum Dollar Volume Associated with Single Transaction	Maximum Dollar Volume Associated with Single Transaction	Cat A only, Single Transaction, Maximum of 10 ship to Locations
$50,000.00	$99,999.99	Greater than or Equal to 1%
$100,000.00	$199,999.99	Greater than or Equal to 2%
$200,000.00	$499,999.99	Greater than or Equal to 4%
$500,000.00	$999,999.99	Greater than or Equal to 6%
$1,000,000.00	No Maximum	Greater than or Equal to 8%

b. Cumulative: Cumulative Discounts are managed at the Master Agreement Level based on total volume.

Cumulative Dell Spend "Gates"	Category A Discount (Adjustment to the Matrix)
Up to $2B	13.5%
$2B to $4B	14%
$4B to $6B	14.5%
$6B to $8B	15%
$8B to $10B	15.5%
Over $10B	16%

c. Other Discounts provided: For purchases made online via Dell.com, Dell offers an additional 0.5% per category, except for Category O. For online purchases of Category O Services, Dell will offer a 13.5% discount.

STATE OF MINNESOTA
Materials Management Division
112 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155
Voice: 651.296.2600
Fax: 651.297.3996

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD
WITH
DELL MARKETING, L.P.
FOR
COMPUTER EQUIPMENT: (Desktops, Laptops, Tablets, Servers and Storage including Related Peripherals & Services)

To: Dell Marketing L. P.
One Dell Way
Mailstop ~~8707~~ RR1-33 Legal SM 3/26/15
Round Rock, TX 78682
3/3/15

Contract Vendor Administrator: Diane Wigington
Email: Diane_Wigington@dell.com
Phone: (512) 728-4805

CONTRACT NO:	MNWNC-108
CONTRACT PERIOD:	April 1, 2015, or upon final executed signatures, whichever is later
THROUGH	March 31, 2017
EXTENSION OPTION:	UP TO 36 MONTHS

You are hereby notified that your response to our solicitation, which opened January 31, 2014, is accepted. The following documents, in order of precedence, are incorporated herein by reference and constitute the entire Contract between you and the State: 1. A Participating Entity's Participating Addendum ("PA") A Participating Entity's Participating Addendum shall not diminish, change, or impact the rights of the Lead State with regard to the Lead State's contractual relationship with the Contract Vendor under the Terms of Minnesota WSCA-NASPO Master Agreement.; 2. Minnesota WSCA-NASPO Master Agreement (includes negotiated Terms and Conditions); 3. The Solicitation; and 4. the Contract Vendor's response to the Solicitation. These documents shall be read to be consistent and complementary. Any conflict among these documents shall be resolved by giving priority to these documents in the order listed above.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed intending to be bound thereby.

1. DELL MARKETING L. P.
The Contractor certifies that the appropriate person(s) have executed this Agreement on behalf of the Contractor as required by applicable articles, bylaws, resolutions, or ordinances.

By: Stephanie G Miller
Signature
Stephanie G. Miller
Printed Name
Title: Contract Manager / Senior Manager SM
Date: 16 February 2015

By: _____
Signature
_____
Printed Name
Title: _____
Date: _____

2. MINNESOTA MATERIALS MANAGEMENT DIVISION
In accordance with Minn. Stat. § 16C.03, subd. 3.

By: Jue Kahea
Title: Master Agreement Administrator
Date: 2/18/15

3. MINNESOTA COMMISSIONER OF ADMINISTRATION
Or delegated representative.

By: _____
Date: Original signed

MAR 03 2015

By Lucas J. Jannett

COMPUTER EQUIPMENT
2014-2019

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

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Admin Minnesota
DEPARTMENT OF ADMINISTRATION

COMPUTER EQUIPMENT
2014-2019

WSCA-NASPO
COOPERATIVE PURCHASING ORGANIZATION

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

SUMMARY

1. **BACKGROUND**. The State of Minnesota, Department of Administration, Materials Management Division publicly posted a Request for Proposal on behalf of the State of Minnesota and WSCA-NASPO Cooperative Procurement Program ("WSCA-NASPO") resulting in a Master Agreement Award. After evaluation by a multi–state sourcing team the solicitation resulted in this Minnesota WSCA-NASPO Master Agreements with qualified manufacturers for:

   Computer Equipment (Desktops, Laptops, Tablets, Servers, and Storage including related Peripherals & Services.

   The original solicitation contains the requirements and definitions establishing the following Product Bands allowed on the Master Agreement. The configuration limits and restrictions for this Master Agreement are provided below. Participating Entities may revise these in their Participating Addendum. **Bands awarded are identified below:**

Band 1: Desktop	Band 3: Tablet	Band 5: Storage
Band 2: Laptop	Band 4: Server	

   The original solicitation included Band 6: Ruggedized. This band has been removed and ruggedized equipment will be allowed in Bands 1-5. The original solicitation and responses may be found on the WSCA-NASPO Website.

2. **EFFECTIVE DATE:** The Master Agreement contract term will begin on April 1, 2015, or upon final executed signatures, whichever is later, through March 31, 2017 with the option to extend up to 36 months, upon agreement by both parties. Contract Sales may not begin until the Website, Product and Service Schedule and third party products have been approved by the Master Agreement Administrator.

3. **PARTICIPATION.** All authorized governmental entities in any State are welcome to use the resulting Master Agreements through WSCA-NASPO with the approval of the State Chief Procurement Official. Contract Vendors are able to sign Participating Addendums (PA) at the option of Participating States. Participating States reserve the right to add State specific terms and conditions and modify the scope of the contract in their Participating Addendum as allowed by the Master Agreement.

4. **CONFIGURATION DOLLAR LIMITS.** The following configuration limits apply to the Master Agreement. Participating States may define their configuration limits in their participating addendum. The Participating State's Chief Procurement Official may increase or decrease the configuration limits, as defined in their Participating Addendum. The Participating State will determine with the Contract Vendor how to approve these modifications to the State's Product and Service Schedule.

   The dollar limits identified below are based on a **SINGLE** computer configuration. This is **NOT** a restriction on the purchase of multiple configurations (e.g. an entity could purchase 10 laptops @ $10,000 for a total purchase price of $100,000).

ITEM	CONFIGURATION*
Server	$500,000
Storage	$500,000
Desktops	$ 10,000
Laptops	$ 10,000
Tablets	$ 5,000
Peripherals	$ 5,000
Services	Addressed by each State in participating addendum

   * Configuration is defined as the combination of hardware and software components that make up the total functioning system. Software purchases are considered a part of the configuration limit of the equipment.

5. **RESTRICTIONS.** The following restrictions apply to the Master Agreement. A Participating State may set further restrictions of products in their Participating Addendum. The Participating State will determine with the Contract Vendor how to approve these modifications to the State's Product and Service Schedule.

a. Software

1. Software is restricted to operating systems and commercial off-the-shelf (COTS) software and is subject to equipment configuration limits.
2. Software is an option which must be related to the procurement of equipment.
3. Software must be pre-loaded or provided as an electronic link with the initial purchase of equipment.
4. Software such as middleware which is not always installed on the equipment, but is related to storage and server equipment (Band 4&5) purchased, is allowed and may be procured after the initial purchase of equipment.

b. Services

1. Services must be related to the procurement of equipment.
2. Service limits will be addressed by each State.
3. Wireless phone and internet service is not allowed.
4. Cloud Services including acquisitions structured as managed on-site services are not allowed.
5. Managed Print Services are not allowed.

c. Third Party Products.

1. Contract Vendors can only offer Third Party Products in the bands they have been awarded.
2. Contract Vendor cannot offer products manufactured by another Contract Vendor holding a Minnesota WSCA-NASPO Master Agreement unless approved by the Lead State.

d. Additional Product/Services

1. Hardware and software required to solely support wide area network (WAN) operation and management are not allowed.
2. Lease/Rentals of equipment may be allowed and will be addressed by each State.
3. Cellular Phone Equipment is not allowed.
4. EPEAT Bronze requirement may be waived, on a State case by case basis, if approved by the State's Chief Procurement Officer.

6. **PARTNER UTILIZATION:** Each state represented by WSCA-NASPO that chooses to participate in this Master Agreement independently has the option of utilizing partners. Only partners approved by the Participating State may be deployed. The participating State will define the process to add and remove partners in their participating addendum.

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT A - TERMS & CONDITIONS

MASTER AGREEMENT TERMS AND CONDITIONS

A. GENERAL TERMS, CONDITIONS & INSTRUCTIONS

1. **ACCEPTANCE OF TERMS AND CONDITIONS.** The contents of the RFP and the response of the successful responder will become Master Agreement contractual obligations, along with the final Master Agreement, if acquisition action ensues. A statement of acceptance of the proposed Contract Terms and Conditions, unless taken exception to, as specified in the RFP must be included in the response. Any suggestions for alternate language shall be presented. The Lead State is under no obligation to accept wording changes submitted by the responder. The Lead State is solely responsible for rendering decisions in matters of interpretation on all terms and conditions. Any response which fails to comply with this requirement may be disqualified as nonresponsive.

   All general proposal terms, specifications and WSCA-NASPO Terms & Conditions form a part of this RFP and will apply to any Master Agreements entered into as a result thereof.

2. **CONFLICT OF TERMS/ORDER OF PRECEDENCE:**
   a. A Participating Entity's Participating Addendum ("PA");
   b. Minnesota WSCA-NASPO Master Agreement (includes negotiated Terms & Conditions)
   c. The Solicitation including all Addendums; and
   d. Contract Vendor's response to the Solicitation

   These documents shall be read to be consistent and complementary. Any conflict among these documents shall be resolved by giving priority to these documents in the order listed above. Contract Vendor terms and conditions that apply to this Master Agreement are only those that are expressly accepted by the Lead State and must be in writing and attached to the Master Agreement as an Exhibit or Attachment. No other terms and conditions shall apply, including terms and conditions listed in the Contract Vendor's response to the Solicitation, or terms listed or referenced on the Contract Vendor's website, in the Contract Vendor quotation/sales order or in similar documents subsequently provided by the Contract Vendor. The solicitation language prevails unless a mutually agreed exception has been negotiated.

3. **ADDENDA TO THE RFP.** Any addendum issued will become a part of the RFP. The Lead State may modify or clarify the RFP by issuing one or more addenda to all parties who have received the RFP. Each responder must follow the directions on the addendum. Addenda will be numbered consecutively in the order they are issued.

4. **AWARD.** The award of this solicitation will be based upon the total accumulated points as established in the RFP, for separate items, by grouping items, or by total lot, and where at its sole discretion the Lead State believes it will receive the best value. The Lead State reserves the right to award this solicitation to a single responder, or to multiple responders, whichever is in the best interest of the Lead State. It is the State's intent to award to multiple responders. The Lead State reserves the right to accept all or part of an offer, to reject all offers, to cancel the solicitation, or to re-issue the solicitation, whichever is in the best interest of the Lead State.

   The Sourcing Team will make a recommendation on the award of this RFP. The commissioner of Administration or designee may accept or reject the recommendation of the Sourcing Team. The final award decision will be made by the Commissioner of Administration and the WSCA-NASPO Management Board.

5. **CLARIFICATION.** If a responder discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in the RFP, the responder shall immediately notify the Acquisition Management Specialist in writing, as

specified in the introduction, of such error and request modification or clarification of the document. This notification is due no later than seven calendar days prior to the proposal due date and time.

Responders are cautioned that any activity or communication with a State employee or officer, or a member of the Evaluation Team, regarding this Solicitation's contents or process, is strictly prohibited and may, as a result, have its response rejected. Any communication regarding this Solicitation, its content or process, must be directed to the Acquisition Management Specialist listed in the Solicitation documents.

6. **COMPLETION OF RESPONSES.** A response may be rejected if it is conditional or incomplete. Responses that contain conflicting, false, or misleading statements or that provide references that contradict or do not support an attribute or condition stated by the responder, may be rejected.

7. **MASTER AGREEMENT ADMINISTRATOR.** The Master Agreement Administrator designated by WSCA-NASPO and the State of Minnesota, Department of Administration is: Susan Kahle. Direct all correspondence and inquiries, legal questions, general issues, or technical issues regarding this RFP to:

Susan Kahle
Acquisition Management Specialist
Department of Administration
Materials Management Division
50 Sherburne Avenue
112 Administration Building
St. Paul, MN 55155

Fax: 651.297.3996
E-mail: susan.kahle@state.mn.us

8. **DISPOSITION OF DATA SUBMITTED BY CONTRACT VENDOR.** All materials submitted in response to this RFP will become property of the Lead State and will become public record after the evaluation process is completed. The evaluation process is complete when negotiations with the selected vendors are final.

   By executing this Contract, the Contract Vendor certifies and agrees that all information provided in the Contract and in response to the solicitation will be made public in accordance with the solicitation and that no information has been designated Trade Secret pursuant to the Minnesota Government Data Practices Act.

   If the Contract Vendor submits information after execution of this Contract that it believes to be trade secret materials, as defined by the Minnesota Government Data Practices Act, Minn. Stat. § 13.37, the Contract Vendor must:
   a. clearly mark all trade secret materials at the time the information is submitted;
   b. include a statement with regard to the information justifying the trade secret designation for each item; and,
   c. defend any action seeking release of the materials it believes to be trade secret, and indemnify and hold harmless the Lead State, its agents and employees, from any judgments awarded against the Lead State in favor of the party requesting the materials, and any and all costs connected with that defense. This indemnification survives the Lead State's award of a Master Agreement. In submitting a response to the RFP, the responder agrees that this indemnification survives as long as the trade secret materials are in possession of the Lead State. The Lead State will not consider the prices submitted by the responder to be trade secret materials.

9. **DISPUTE RESOLUTION PROCEDURES.** Any issue a responder has with the RFP document, which includes, but is not limited to, the terms, conditions, and specifications, must be submitted in writing to and received by the Master Agreement Administrator prior to the opening due date and time. Any issue a responder has with the Master Agreement award must be submitted in writing to the Master Agreement Administrator within five working days from the time the notice of the intent to award is issued. This notice may be made by any of the following methods: notification by letter, fax or email, or posted on the Materials Management website, www.mmd.admin.state.mn.us. The Lead State will respond to any protest received that follows the above procedure. For those protests that meet the above submission requirements, the appeal process is, in sequence: The responsible Master Agreement Administrator, the Materials Management Division (MMD) Assistant Director, and the MMD Director.

10. **ELECTRONIC FILES TO DOWNLOAD, COMPLETE, AND RETURN.** Responders must download a Word/Excel document.

11. **ENTIRE AGREEMENT.** A written Master Agreement (including the contents of this RFP and selected portions of Contract Vendor's response incorporated therein by reference) and any written addenda thereto constitute the entire agreement of the parties to the Master Agreement.

12. **IRREVOCABLE OFFER.** In accordance with this Request for Proposal, and subject to all conditions thereof, the undersigned agrees that its response to this RFP, or any part thereof, is an irrevocable offer for 180 days following the submission deadline date unless stated otherwise in the RFP. It is understood and agreed that the response, or any part thereof, when accepted by the appropriate department and State officials in writing, may become part of a legal and binding Master Agreement between the undersigned vendor and the State of Minnesota.

13. **MATERIAL DEVIATION.** A responder shall be presumed to be in agreement with these terms and conditions unless it takes specific exception to one or more of the conditions. Submission by the responder of its proposed language shall not be viewed as an exception unless the responder specifically states in the response that its proposed changes are intended to supersede the terms and conditions.

    RESPONDERS ARE CAUTIONED THAT BY TAKING ANY EXCEPTION THEY MAY BE MATERIALLY DEVIATING FROM THE REQUEST FOR PROPOSAL. IF A RESPONDER MATERIALLY DEVIATES FROM THE GENERAL TERMS, CONDITIONS AND INSTRUCTIONS OR THE WSCA-NASPO TERMS AND CONDITIONS AND/OR SPECIFICATIONS, ITS RESPONSE MAY BE REJECTED.

    A material deviation is an exception to the Request for Proposal general or WSCA-NASPO terms and conditions and/or specifications that:

a. gives the responder taking the exception a competitive advantage over other vendors; or,
b. gives the Lead State something significantly different from that which the Lead State requested.

14. **NONRESPONSIVE RESPONSES.** Responses that do not comply with the provisions in the RFP may be considered nonresponsive and may be rejected.

15. **NOTICES.** If one party is required to give notice to the other under the Master Agreement, such notice shall be in writing and shall be effective upon receipt. Delivery may be by certified United States mail or by hand, in which case a signed receipt shall be obtained. A facsimile transmission shall constitute sufficient notice, provided the receipt of the transmission is confirmed by the receiving party. Either party must notify the other of a change in address for notification purposes. All notices to the Lead State shall be addressed as follows:

    STATE OF MINNESOTA:
    MN WSCA-NASPO COMPUTER EQUIPMENT CONTRACT ADMINISTRATOR
    112 Administration Bldg.
    50 Sherburne Avenue
    St. Paul, MN 55155
    651-296-2600

MASTER AGREEMENT TERMS AND CONDITIONS

B. WSCA-NASPO TERMS AND CONDITIONS

1. **ADMINISTRATIVE FEES.** The Contract Vendor shall pay a WSCA-NASPO Administrative Fee of one-tenth of one percent (0.1% or 0.001) in accordance with the Terms and Conditions of the Master Agreement no later than 60 days following the end of each calendar quarter. The WSCA-NASPO Administrative Fee shall be submitted quarterly and is based on sales of products and services (less any charges for taxes or shipping). The WSCA-NASPO Administrative Fee is not negotiable. This fee is to be included as part of the pricing submitted with proposal.

   Additionally, some states may require an additional fee be paid directly to the state on purchases made by Purchasing Entities within that state. For all such requests, the fee level, payment method and schedule for such reports and payments will be incorporated into the Participating Addendum that is made a part of the Master Agreement. The Contract Vendor may adjust the Master Agreement pricing accordingly for purchases made by Purchasing Entities within the jurisdiction of the state. All such agreements may not affect the WSCA-NASPO Administrative Fee or the prices paid by the Purchasing Entities outside the jurisdiction of the state requesting the additional fee.

2. **AGREEMENT ORDER OF PRECEDENCE.** The Master Agreement shall consist of the following documents:
   a. A Participating Entity's Participating Addendum ("PA");
   b. Minnesota WSCA-NASPO Master Agreement (includes negotiated Terms and Conditions)
   c. The Solicitation including all addendums; and
   d. Contract Vendor's response to the Solicitation

   These documents shall be read to be consistent and complementary. Any conflict among these documents shall be resolved by giving priority to these documents in the order listed above. Contract Vendor terms and conditions that apply to this Master Agreement are only those that are expressly accepted by the Lead State and must be in writing and attached to this Master Agreement as an Exhibit or Attachment. No other terms and conditions shall apply, including terms and conditions listed in the Contract Vendor's response to the Solicitation, or terms listed or referenced on the Contract Vendor's website, in the Contract Vendor quotation/sales order or in similar documents subsequently provided by the Contract Vendor. The solicitation language prevails unless a mutually agreed exception has been negotiated.

3. **AMENDMENTS.** The terms of this Master Agreement shall not be waived, altered, modified, supplemented or amended in any manner whatsoever without prior written approval of the WSCA-NASPO Master Agreement Administrator.

4. **ASSIGNMENT OF ANTITRUST RIGHTS.** Contract Vendor irrevocably assigns to a Participating Entity any claim for relief or cause of action which the Contract Vendor now has or which may accrue to the Contract Vendor in the future by reason of any violation of state or federal antitrust laws (15 U.S.C. § 1-15 or a Participating Entity's state antitrust provisions), as now in effect and as may be amended from time to time, in connection with any goods or services provided to the Contract Vendor for the purpose of carrying out the Contract Vendor's obligations under this Master Agreement or Participating Addendum, including, at a Participating Entity's option, the right to control any such litigation on such claim for relief or cause of action.

5. **ASSIGNMENT/SUBCONTRACT.** Contract Vendor shall not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities under this Master Agreement, in whole or in part, without the prior written approval of the WSCA-NASPO Master Agreement Administrator.

6. **CANCELLATION.** Unless otherwise stated in the terms and conditions, any Master Agreement may be canceled by either party upon 60 days' notice, in writing, prior to the effective date of the cancellation. Further, any Participating Entity may cancel its participation upon 30 days written notice, unless otherwise limited or stated in the special terms and conditions of this solicitation or in the applicable Participating Addendum. Cancellation may be in whole or in part. Any cancellation under this provision shall not affect the rights and obligations attending orders outstanding at the time of cancellation, including any right of a Participating Entity to indemnification by the Contract Vendor, rights of payment for goods/services delivered and accepted, and rights attending any warranty or default in performance in association with any order. Cancellation of the Master Agreement due to Contract Vendor default may be immediate if defaults cannot be reasonably cured as allowed per Default and Remedies term.

7. **CONFIDENTIALITY, NON-DISCLOSURE AND INJUNCTIVE RELIEF. NEGOTIATED.**
   7.1 Confidentiality. The parties acknowledges that they and their employees or agents may, in the course of providing the Product and Services under this Master Agreement, be exposed to or acquire information that is confidential . Any and all information of any form that is marked as confidential or would by its nature be deemed

confidential obtained in the performance of this Master Agreement, including, but not necessarily limited to (a) any Participating Entity records, (b) personnel records, (c) information concerning individuals, (d) software, (e) product plans, (f) marketing and sales information, (g) customer lists, and (h) "know-how," or trade secrets, is confidential information ("Confidential Information"). Any reports or other documents or items (including software) that result from the use of the Confidential Information shall be treated in the same manner as the Confidential Information. Confidential Information does not include information that (a) is or becomes (other than by disclosure by disclosing party) publicly known; (b) is rightfully furnished by the disclosing party to others without restrictions similar to those imposed by this Master Agreement; (c) is rightfully in recipient party's possession without the obligation of nondisclosure prior to the time of its disclosure under this Master Agreement; (d) is obtained from a source other than disclosing party without the obligation of confidentiality, (e) is disclosed with the written consent of disclosing party or; (f) is independently developed by employees, agents or subcontractor of the parties who can be shown to have had no access to the Confidential Information

7.2 Non-Disclosure. The parties shall hold Confidential Information in confidence, using at least the industry standard of confidentiality, and not to copy, reproduce, sell, assign, license, market, transfer or otherwise dispose of, give, or disclose Confidential Information to third parties or use Confidential Information for any purposes whatsoever other than the performance of this Master Agreement, and to advise each of its employees and agents of their obligations to keep Confidential Information confidential. The parties shall use commercially reasonable efforts in identifying and preventing any unauthorized use or disclosure of any Confidential Information. Without limiting the generality of the foregoing, parties shall advise each other immediately if they learn or have reason to believe that any person who has had access to Confidential Information has violated or intends to violate the terms of this Master Agreement and shall at their expense cooperate in seeking injunctive or other equitable relief against any such person. Except as directed in writing , the parties will not at any time during or after the term of this Master Agreement disclose, directly or indirectly, any Confidential Information to any person, except in accordance with this Master Agreement, and that upon termination of this Master Agreement the parties shall turn over all documents, papers, and other matter in the recipient party's possession that embody Confidential Information. Notwithstanding the foregoing, the recipient party may keep one copy of such Confidential Information necessary for quality assurance, audits and evidence of the performance of this Master Agreement.

7.3 Injunctive Relief. The parties acknowledge that breach of this Section, including disclosure of any Confidential Information, may cause irreparable injury that is inadequately compensable in damages. Accordingly, the injured party may seek and obtain injunctive relief against the breach or threatened breach of the foregoing undertakings, in addition to any other legal remedies that may be available. The parties acknowledge and agree that the covenants contained herein are necessary for the protection of the legitimate business interests and are reasonable in scope and content.

7.4 Participating Entity is agreeing to the above language to the extent is not in conflict with Participating Entities public disclosure laws.

8. **DEBARMENT**. The Contract Vendor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntary excluded from participation in this transaction (Master Agreement) by any governmental department or agency. If the Contract Vendor cannot certify this statement, attach a written explanation for review by WSCA-NASPO.

   In any order against this Master Agreement for a requirement established by a Purchasing Entity that discloses the use of federal funding, to the extent another form of certification is not required by a Participating Addendum or the order of the Purchasing Entity, the Contractor's quote represents a recertification consistent with the terms of paragraph 8, Section 2D, Minnesota Terms and Conditions

9. **DEFAULTS & REMEDIES.**
   a. The occurrence of any of the following events shall be an event of default under this Master Agreement:
      i. Nonperformance of contractual requirements; or
      ii. A material breach of any term or condition of this Master Agreement; or
      iii. Any representation or warranty by Contract Vendor in response to the solicitation or in this Master Agreement proves to be untrue or materially misleading; or
      iv. Institution of proceedings under any bankruptcy, insolvency, reorganization or similar law, by or against Contract Vendor, or the appointment of a receiver or similar officer for Contract Vendor or any of its property, which is not vacated or fully stayed within thirty (30) calendar days after the institution or occurrence thereof; or
      v. Any default specified in another section of this Master Agreement.
   b. Upon the occurrence of an event of default, Lead State shall issue a written notice of default, identifying the nature of the default, and providing a period of 30 calendar days in which Contract Vendor shall have an opportunity to cure the default. The Lead State shall not be required to provide advance written notice or a cure period and may immediately terminate this Master Agreement in whole or in part if the Lead State, in its sole

discretion, determines that it is reasonably necessary to preserve public safety or prevent immediate public crisis. Time allowed for cure shall not diminish or eliminate Contract Vendor's liability for damages, including liquidated damages to the extent provided for under this Master Agreement.

c. If Contract Vendor is afforded an opportunity to cure and fails to cure the default within the period specified in the written notice of default, Contract Vendor shall be in breach of its obligations under this Master Agreement and Lead State shall have the right to exercise any or all of the following remedies:
   i. Exercise any remedy provided by law; and
   ii Terminate this Master Agreement and any related Master Agreements or portions thereof; and
   iii Impose liquidated damages as provided in this Master Agreement; and
   iv. Suspend Contract Vendor from receiving future bid solicitations; and
   v. Suspend Contract Vendor's performance; and
   vi. Withhold payment until the default is remedied.

d. In the event of a default under a Participating Addendum, a Participating Entity shall provide a written notice of default as described in this section and have all of the rights and remedies under this paragraph regarding its participation in the Master Agreement, in addition to those set forth in its Participating Addendum. Unless otherwise specified in a Purchase Order, a Purchasing Entity shall provide written notice of default as described in this section and have all of the rights and remedies under this paragraph and any applicable Participating Addendum with respect to an Order placed by the Purchasing Entity. Nothing in these Master Agreement Terms and Conditions shall be construed to limit the rights and remedies available to a Purchasing Entity under the applicable commercial code.

10. **DELIVERY.** Unless otherwise indicated in the Master Agreement, the prices are the delivered price to any Purchasing Entity. All deliveries shall be F.O.B. destination with all transportation and handling charges paid by the Contract Vendor. Additional delivery charges will not be allowed for back orders.

11. **FORCE MAJEURE**. Neither party to this Master Agreement shall be held responsible for delay or default caused by fire, riot, acts of God and/or war which is beyond that party's reasonable control. The WSCA-NASPO Master Agreement Administrator may terminate this Master Agreement after determining such delay or default will reasonably prevent successful performance of the Master Agreement.

12. **GOVERNING LAW.** This procurement and the resulting agreement shall be governed by and construed in accordance with the laws of the Lead State sponsoring and administering the procurement. The construction and effect of any Participating Addendum or order against the Master Agreements shall be governed by and construed in accordance with the laws of the Participating Entity's State. Venue for any claim, dispute or action concerning an order placed against the Master Agreements or the effect of a Participating Addendum shall be in the Purchasing Entity's State.

13. **INDEMNIFICATION. DELETED SEE SECTION 2C17.**

14. **INDEMNIFICATION – INTELLECTUAL PROPERTY. DELETED SEE SECTION 2C17.**

15. **INDEPENDENT CONTRACT VENDOR.** The Contract Vendor shall be an independent Contract Vendor, and as such shall have no authorization, express or implied to bind WSCA-NASPO or the respective states to any agreements, settlements, liability or understanding whatsoever, and agrees not to perform any acts as agent for WSCA-NASPO or the states, except as expressly set forth herein.

16. **INDIVIDUAL CUSTOMER.** Except to the extent modified by a Participating Addendum, each Participating Entity shall follow the terms and conditions of the Master Agreement and applicable Participating Addendum and will have the same rights and responsibilities for their purchases as the Lead State has in the Master Agreement, including but not limited to, any indemnity or to recover any costs allowed in the Master Agreement and applicable Participating Addendum for their purchases. Each Purchasing Entity will be responsible for its own charges, fees, and liabilities. The Contract Vendor will apply the charges and invoice each Purchasing Entity individually.

17. **INSURANCE.** Except to the extent modified by a Participating Addendum, Contract Vendor shall, during the term of this Master Agreement, maintain in full force and effect, the insurance described in this section. Contract Vendor shall acquire such insurance from an insurance carrier or carriers licensed to conduct business in the Participating Entity's state and having a rating of A-, Class VII or better, in the most recently published edition of Best's Reports. Failure to buy and maintain the required insurance may result in this Master Agreement's termination or at a Participating Entity's option, result in termination of its Participating Addendum.

Coverage shall be written on an occurrence basis. The minimum acceptable limits shall be as indicated below, with no deductible for each of the following categories:

a. Commercial General Liability covering the risks of bodily injury (including death), property damage and personal injury, including coverage for contractual liability, with a limit of not less than $1 million per occurrence/$2 million general aggregate;
b. Contract Vendor must comply with any applicable State Workers Compensation or Employers Liability Insurance requirements.

Contract Vendor shall pay premiums on all insurance policies. Such policies shall also reference this Master Agreement and shall have a condition that they not be revoked by the insurer until thirty (30) calendar days after notice of intended revocation thereof shall have been given to Participating Entity by the Contract Vendor.

Prior to commencement of the work, Contract Vendor shall provide to the Participating Entity a written endorsement to the Contract Vendor's general liability insurance policy that (i) names the Participating Entity as an additional insured, (ii) provides that no material alteration, cancellation, non-renewal, or expiration of the coverage contained in such policy shall have effect unless the named Participating Entity has been given at least thirty (30) days prior written notice, and (iii) provides that the Contract Vendor's liability insurance policy shall be primary, with any liability insurance of the Participating Entity as secondary and noncontributory.

Contract Vendor shall furnish to Participating Entity copies of certificates of all required insurance within thirty (30) calendar days of the Participating Addendum's effective date and prior to performing any work. Copies of renewal certificates of all required insurance shall be furnished within thirty (30) days after renewal date. These certificates of insurance must expressly indicate compliance with each and every insurance requirement specified in this section. Failure to provide evidence of coverage may, at the Lead State Master Agreement Administrator's sole option, result in this Master Agreement's termination.

Coverage and limits shall not limit Contract Vendor's liability and obligations under this Master Agreement.

18. **LAWS AND REGULATIONS.** Any and all supplies, services and equipment offered and furnished shall comply fully with all applicable Federal and State laws and regulations.

19. **LICENSE OF PRE-EXISTING INTELLECTUAL PROPERTY. DELETED – SEE SECTION 2B30 FOR REVISED TERM ADDRESSING TITLE OF PRODUCT.**

20. **NO WAIVER OF SOVEREIGN IMMUNITY.** The Lead State, Participating Entity or Purchasing Entity to the extent it applies does not waive its sovereign immunity by entering into this Contract and fully retains all immunities and defenses provided by law with regard to any action based on this Contract.

    If a claim must be brought in a federal forum, then it must be brought and adjudicated solely and exclusively within the United States District Court of the Participating Entity's State.

21. **ORDER NUMBERS.** Contract order and purchase order numbers shall be clearly shown on all acknowledgments, shipping labels (if possible), packing slips, invoices, and on all correspondence.

22. **PARTICIPANTS.** WSCA-NASPO Cooperative Purchasing Organization LLC is not a party to the Master Agreement. It is a nonprofit cooperative purchasing organization assisting states in administering the WSCA/NASPO cooperative purchasing program for state government departments, institutions, agencies and political subdivisions (e.g., colleges, school districts, counties, cities, etc.,) for all 50 states and the District of Columbia. Obligations under this Master Agreement are limited to those Participating States who have signed a Participating Addendum where contemplated by the solicitation. Financial obligations of Participating States are limited to the orders placed by the departments or other state agencies and institutions having available funds. Participating States incur no financial obligations on behalf of political subdivisions. Unless otherwise specified in the solicitation, the resulting award will be permissive.

23. **PARTICIPATION OF ENTITIES.** Use of specific WSCA-NASPO cooperative Master Agreements by state agencies, political subdivisions and other entities (including cooperatives) authorized by individual state's statutes to use state contracts are subject to the approval of the respective State Chief Procurement Official. Issues of interpretation and eligibility for participation are solely within the authority of the respective State Chief Procurement Official.

24. **PAYMENT.** Payment for completion of an order under this Master Agreement is normally made within 30 days following the date the entire order is delivered or the date a correct invoice is received, whichever is later. After 45 days the Contract Vendor may assess overdue account charges up to a maximum rate of one percent per month

on the outstanding balance. Payments will be remitted by mail. Payments may be made via a State or political subdivision "Purchasing Card" with no additional charge.

25. **PUBLIC INFORMATION.** The Master Agreement and all related documents are subject to disclosure pursuant to the Participating Entity's public information laws.

26. **RECORDS ADMINISTRATION AND AUDIT.** The disclosure of records in Participating States relating to Participating addenda and orders placed against the Master Agreement shall be governed by the laws of the Participating State and entity who placed the order.

    The Contractor shall maintain books, records, documents, and other evidence pertaining to this Master Agreement and orders placed by Purchasing Entities under it to the extent and in such detail as shall adequately reflect performance and administration of payments and fees. Contractor shall permit the Lead State, a Participating Entity, a Purchasing Entity, the federal government (including its grant awarding entities and the U.S. Comptroller General), and any other duly authorized agent of a governmental agency, to audit, inspect, examine, copy and/or transcribe Contractor's books, documents, papers and records directly pertinent to this Master Agreement or orders placed by a Purchasing Entity under it for the purpose of making audits, examinations, excerpts, and transcriptions. This right shall survive for a period of five (5) years following termination of this Agreement or final payment for any order placed by a Purchasing Entity against this Agreement, whichever is later, to assure compliance with the terms hereof or to evaluate performance hereunder.

    Without limiting any other remedy available to any governmental entity, the Contractor shall reimburse the applicable Lead State, Participating Entity, or Purchasing Entity for an overpayments inconsistent with the terms of the Master Agreement or orders or underpayment of fees found as a result of the examination of the Contractor's records.

    The rights and obligations herein right exist in addition to any quality assurance obligation in the Master Agreement requiring the Contractor to self-audit contract obligations and that permits the Lead State Master Agreement Administrator to review compliance with those obligations.

    Records will be retained longer if required by Participating Entity's law.

27. **REPORTS - SUMMARY AND DETAILED USAGE.** In addition to other reports that may be required by this solicitation, the Contract Vendor shall provide the following WSCA-NASPO reports.

    a. Summary Sales Data. The Contractor shall submit quarterly sales reports directly to WSCA-NASPO using the WSCA-NASPO Quarterly Sales/Administrative Fee Reporting Tool found at http://www.naspo.org/WNCPO/Calculator.aspx. Any/all sales made under the contract shall be reported as cumulative totals by state. Even if Contractor experiences zero sales during a calendar quarter, a report is still required. Reports shall be due no later than the last day of the month following the end of the calendar quarter (as specified in the reporting tool).

    b. Detailed Sales Data. Contract Vendor shall also report detailed sales data by: state; entity/customer type, e.g., local government, higher education, K12, non-profit; Purchasing Entity name; Purchasing Entity bill-to and ship-to locations; Purchasing Entity and Contract Vendor Purchase Order identifier/number(s); Purchase Order Type (e.g., sales order, credit, return, upgrade, determined by industry practices); Purchase Order date; Ship Date; and line item description, including product number if used. The report shall be submitted in any form required by the solicitation. Reports are due on a quarterly basis and must be received by the Lead State no later than the last day of the month following the end of the reporting period. Reports shall be delivered to the Lead State and to the WSCA-NASPO Cooperative Development Team electronically through email; CD-Rom, jump drive or other electronic matter as determined by the Lead State.

       Detailed sales data reports shall include sales information for all sales under Participating Addenda executed under this Master Agreement. The format for the detailed sales data report is in Section 6, Attachment H.

    c. Reportable sales for the summary sales data report and detailed sales data report includes sales to employees for personal use where authorized by the Participating Addendum. Specific data in relation to sales to employees for personal use to be defined in the final contract award to ensure only public information is reported.

    d. Timely submission of these reports is a material requirement of the Master Agreement. The recipient of the reports shall have exclusive ownership of the media containing the reports. The Lead State and WSCA-NASPO

shall have a perpetual, irrevocable, non-exclusive, royalty free, transferable right to display, modify, copy, and otherwise use reports, data and information provided under this section.

28. ACCEPTANCE AND ACCEPTANCE TESTING.

A. Acceptance. Purchasing Entity (the entity authorized under the terms of any Participating Addendum to place orders under this Master Agreement) shall determine whether all Products and Services delivered meet the Contractor's published specifications (a.k.a. "Specifications"). No payment shall be made for any Products or Services until the Purchasing Entity has accepted the Products or Services. The Purchasing Entity will make every effort to notify the Contractor within thirty (30) calendar days following delivery of non-acceptance of a Product or completion of Service. In the event that the Contractor has not been notified within 30 calendar days from delivery of Product or completion of Service, the Product and Services will be deemed accepted on the 31st day after delivery of Product or completion of Services. This clause shall not be applicable, if acceptance testing and corresponding terms have been mutually agreed to by both parties in writing.

B. Acceptance Testing. The Purchasing Entity (the entity authorized under the terms of any Participating Addendum to place orders under this Master Agreement) and the Contract Vendor shall determine if Acceptance Testing is applicable and/or required for the purchase. The terms in regards to acceptance testing will be negotiated, in writing, as mutually agreed. If Acceptance Testing is NOT applicable, the terms regarding Acceptance in the Contract shall prevail.

29. SYSTEM FAILURE OR DAMAGE. In the event of system failure or damage caused by the Contract Vendor or its Product, the Contract Vendor agrees to use its commercially reasonable efforts to restore or assist in restoring the system to operational capacity. The Contract Vendor shall be responsible under this provision to the extent a 'system' is defined at the time of the Order; otherwise the rights of the Purchasing Entity shall be governed by the Warranty.

30. TITLE OF PRODUCT. NEGOTIATED.

OWNERSHIP

a. Ownership of Documents/Copyright. Any reports, studies, photographs, negatives, databases, computer programs, or other documents, whether in tangible or electronic forms, prepared by the Contract Vendor in the performance of its obligations under the Master Agreement and paid for by the Purchasing Entity shall be the exclusive property of the Purchasing Entity and all such material shall be remitted to the Purchasing Entity by the Contract Vendor upon completion, termination or cancellation of the Master Agreement. The Contract Vendor shall not use, willingly allow or cause to allow such material to be used for any purpose other than performance of the Contract Vendor's obligations under this Master Agreement without the prior written consent of the Purchasing Entity.

b. Rights, Title and Interest. All rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trade marks, and service marks in the said documents that the Contract Vendor conceives or originates, either individually or jointly with others, which arises out of the performance of the Master Agreement, will be the property of the Purchasing Entity and are, by the Master Agreement, assigned to the Purchasing Entity along with ownership of any and all copyrights in the copyrightable material. The Contract Vendor also agrees, upon the request of the Purchasing Entity, to execute all papers and perform all other acts necessary to assist the Purchasing Entity to obtain and register copyrights on such materials. Where applicable, works of authorship created by the Contract Vendor for the Purchasing Entity in performance of the Master Agreement shall be considered "works for hire" as defined in the U.S. Copyright Act.

c. Notwithstanding the above, the Purchasing Entity will not own any of the Contract Vendor's pre-existing intellectual property that was created prior to the Master Agreement and which the Purchasing Entity did not pay the Contract Vendor to create. Subject to payment in full for the products, equipment or services, the Contract Vendor grants the Purchasing Entity a perpetual, irrevocable, non-exclusive, royalty free license for Contract Vendor's pre-existing intellectual property that is contained in the products, materials, equipment or services that are purchased through this Master Agreement. Contract Vendor will retain all right, title and interest in and to all Intellectual Property Rights in or related to the services, or tangible components thereof, including but not limited to (a) all know-how, intellectual property, methodologies, processes, technologies, algorithms, software or development tools used in performing the services, and (b) such ideas, concepts, know-how, processes and reusable reports, designs, charts, plans, specifications, documentation, forms, templates or output which are developed, created or otherwise used by or on behalf of Contract Vendor in the course of performing the services

or creating the deliverables, other than portions that specifically incorporate proprietary or Confidential Information or data of Ordering Entity (collectively, the "Residual IP"), even if embedded in the deliverable.

31. **WAIVER OF BREACH.** Failure of Lead State Master Agreement Administrator, Participating Entity, or Purchasing Entity to declare a default or enforce any rights and remedies shall not operate as a waiver under this Master Agreement or Participating Addendum. Any waiver by the Lead State or Participating Entity must be in writing. Waiver by the Lead State Master Agreement Administrator, Participating Entity, or Purchasing Entity of any default, right or remedy under this Master Agreement or Participating Addendum, or breach of any terms or requirements shall not be construed or operate as a waiver of any subsequent default or breach of such term or requirement, or of any other term or requirement under this Master Agreement, a Participating Addendum, or order.

32. **WARRANTY.** The warranty provided must be the manufacturers written warranty tied to the product at the time of purchase and must include the following:: (a) the Product performs according to the specifications (b) the Product is suitable for the ordinary purposes for which such Product is used, (c) the Product is designed and manufactured in a commercially reasonable manner, and (d) the Product is free of defects.

    For third party products sold by the Contract Vendor, the Contract Vendor will assign the manufacturer or publisher's warranty and maintenance. The Contract Vendor will provide warranty and maintenance call numbers and assist the customer in engaging the manufacturer on warranty and maintenance issues.

    Upon breach of the warranty, the Contract Vendor will repair or replace (at no charge to the Purchasing Entity) the Product whose nonconformance is discovered and made known to the Contract Vendor. If the repaired and/or replaced Product proves to be inadequate, or fails of its essential purpose, the Contract Vendor will refund the full amount of any payments that have been made. The rights and remedies of the parties under this warranty are in addition to any other rights and remedies of the parties provided by law or so ordered by the court.

33. **LIMITATION OF LIABILITY. NEGOTIATED.**

    A. CONTRACT VENDOR WILL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR IN CONNECTION WITH THE PRODUCTS, SOFTWARE OR SERVICES PROVIDED HEREUNDER. EXCEPT FOR YOUR BREACH OF PAYMENT OBLIGATIONS OR CONFIDENTIALITY REQUIREMENTS, NEITHER PARTY SHALL HAVE LIABILITY FOR THE FOLLOWING: (1) LOSS OF REVENUE, INCOME, PROFIT OR SAVINGS; (2) LOST OR CORRUPTED DATA OR SOFTWARE, LOSS OF USE OF A SYSTEM OR NETWORK OR THE RECOVERY OF SUCH; (3) LOSS OF BUSINESS OPPORTUNITY; (4) BUSINESS INTERRUPTION OR DOWNTIME; OR (5) DELIVERABLES, DELL PRODUCTS OR THIRD-PARTY PRODUCTS NOT BEING AVAILABLE FOR USE.

    B. CONTRACT VENDOR'S TOTAL LIABILITY FOR ANY AND ALL CLAIMS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND ALL PARTICIPATING ADDENDA SOURCED FROM THIS MASTER AGREEMENT (INCLUDING ANY PRODUCTS, SOFTWARE, OR SERVICES PROVIDED HEREUNDER) SHALL NOT EXCEED THE AGGREGATE AMOUNT OF TEN MILLION DOLLARS ($10,000,000).

    C. THESE LIMITATIONS, EXCLUSIONS AND DISCLAIMERS SHALL APPLY TO ALL CLAIMS FOR DAMAGES, WHETHER BASED IN CONTRACT, WARRANTY, STRICT LIABILITY, NEGLIGENCE, TORT OR OTHERWISE. THE PARTIES AGREE THAT THESE LIMITATION OF LIABILITY ARE AGREED ALLOCATIONS OF RISK CONSTITUTING IN PART THE CONSIDERATION FOR CONTRACT VENDOR'S SALE OF PRODUCTS, SOFTWARE OR SERVICES TO ORDERING ENTITY, AND SUCH LIMITATIONS WILL APPLY NOTWITHSTANDING THE FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY AND EVEN IF A PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LIABILITIES.

34. **SERVICE AGREEMENTS. NEGOTIATED.** Contract Vendor may provide Services, Software or Deliverables to you in accordance with one or more "Service Agreements." **"Service Agreements"** are service contracts, including "Service Descriptions" available at www.dell.com/servicecontracts/us, "Statements of Work," and any other such mutually agreed upon documents. Each Service Agreement will be interpreted as a single agreement, independent of any other Service Agreement, so that all of the provisions are given as full effect as possible.

    Any and all licensing, maintenance, or order specific agreements referenced within the terms and conditions of this Master agreement are agreed to only to the extent that the terms do not conflict with the terms of the Participating Addendum or the Master Agreement, and to the extent the terms are not in conflict with the Participating Entities' applicable laws. In the event of conflict the terms and conditions, the Participating Addendum, and then the Master Agreement shall take precedence, as detailed in the Order of Precedence defined herein. Notwithstanding the

foregoing, licensing, maintenance agreements, or order specific agreements may be further negotiated by the Contract Vendor and the potential Purchasing Entity, provided the contractual documents are duly executed in writing.

35. **SOFTWARE LICENSE. NEGOTIATED.** Software (defined as any software, library, utility, tool, or other computer or program code, in object (binary) or source-code form as well as the related documentation provided by Contract Vendor to Purchasing Entity) is subject to the separate license agreements accompanying the Software, along with any product guides, operating manuals, or other documentation included with the software media packaging or presented to Purchasing Entity during the installation or use of the Software. Purchasing Entity agrees that it will be bound by such license agreement.

    Any and all licensing, maintenance, or order specific agreements referenced within the terms and conditions of this Master agreement are agreed to only to the extent that the terms do not conflict with the terms of the Participating Addendum or the Master Agreement, and to the extent the terms are not in conflict with the Participating Entities' applicable laws. In the event of conflict the terms and conditions, the Participating Addendum, and then the Master Agreement shall take precedence, as detailed in the Order of Precedence defined herein. Notwithstanding the foregoing, licensing, maintenance agreements, or order specific agreements may be further negotiated by the Contract Vendor and the potential Purchasing Entity, provided the contractual documents are duly executed in writing.

36. **EXPORT COMPLIANCE. NEGOTIATED.** Contract Vendor, Lead State and Purchasing Entities acknowledge that products (including software) sold or licensed under this Master Agreement are subject to the export control laws and regulations of the United States and other countries from which they were supplied and in which they are used and Purchasing Entity agrees to abide by those laws and regulations. Purchasing Entity warrants that any software provided by it and used as a part of the services supplied by Contract Vendor under this Master Agreement contains no encryption or to the extent that it contains encryption such software is approved for export under the relevant laws or regulations.

37. **RETURNS AND EXCHANGES. NEGOTIATED.** Contract Vendor's return policy can be found at www.dell.com/returnspolicy and applies to any returns and exchanges. Before returning or exchanging a Product, Purchasing Entity must contact Contract Vendor directly to obtain an authorization number to include with the return. Purchasing Entity must return Products to Contract Vendor in their original or equivalent packaging, and Purchasing Entity is responsible for risk of loss, as well as shipping and handling fees. Additional fees, including up to a 15% restocking fee, may apply. Restocking fees must be approved by the customer. If Purchasing Entity fails to follow the return or exchange instructions provided by Contract Vendor, Contract Vendor will not be responsible for any loss, damage, or modification of a Product, or processing of a Product for disposal or resale. Credit for partial returns may be less than invoice or individual component prices due to bundled or promotional pricing associated with the original purchase. This restocking fee shall not apply in the case of Contract Vendor error.

MASTER AGREEMENT TERMS AND CONDITIONS

C. MINNESOTA TERMS AND CONDITIONS

1. **ACCEPTANCE OF PROPOSAL CONTENT.** The contents of this RFP and selected portions of response of the successful Proposer will become contractual obligations, along with the final Master Agreement, if acquisition action ensues. The Lead State is solely responsible for rendering the decision in matters of interpretation of all terms and conditions.

2. **ACCESSIBILITY STANDARDS.** The State of Minnesota has developed IT Accessibility Standards effective September 1, 2010, which entails, in part, the Web Content Accessibility Guidelines (WCAG) 2.0 (Level AA) and Section 508 Subparts A-D which can be viewed at http://www.mmd.admin.state.mn.us/pdf/accessibility_standard.pdf

   Responders must complete the WCAG VPAT form included in the FORMS section of the RFP. The completed VPAT form will be scored based on its compliance with the Accessibility Standards. The requested WCAG VPAT applies to the responder's website to be offered under the Contract. For products offered, VPATS are only to be provided upon request by the participating entity.

   Upon request by the participating entity, the responder must make best efforts to provide Voluntary Product Accessibility Templates (VPATS) for all products offered in its response. Click here for link to VPATS for both Section 508 VPAT and WCAG 2.0 VPAT http://mn.gov/oet/policies-and-standards/accessibility/#.

3. **ADMINISTRATIVE PERSONNEL CHANGES.** The Contract Vendor must notify the Contract Administrator of changes in the Contract Vendor's key administrative personnel, in advance and in writing. Any employee of the Contract Vendor who, in the opinion of the State of Minnesota, is unacceptable, shall be removed from the project upon written notice to the Contract Vendor. In the event that an employee is removed pursuant to a written request from the Acquisition Management Specialist, the Contract Vendor shall have 10 working days in which to fill the vacancy with an acceptable employee.

4. **AMENDMENT(S).** Master Agreement amendments shall be negotiated by the Lead State with the Contract Vendor whenever necessary to address changes in the terms and conditions, costs, timetable, or increased or decreased scope of work. An approved Master Agreement amendment means one approved by the authorized signatories of the Contract Vendor and the Lead State as required by law.

5. **AMERICANS WITH DISABILITIES ACT (ADA).** DELETED.

6. **AWARD OF RELATED CONTRACTS.** In the event the Lead State undertakes or awards supplemental Contracts for work related to the Master Agreement or any portion thereof, the Contract Vendor shall cooperate fully with all other Contract Vendors and the State in all such cases. All Master Agreements between subcontractors and the Contract Vendor shall include a provision requiring compliance with this section.

7. **AWARD OF SUCCESSOR CONTRACTS.** In the event the State undertakes or awards a successor for work related to the Contract or any portion thereof, the current Contract Vendor shall cooperate fully during the transition with all other Contract Vendors and the State in all such cases. All Master Agreements between subcontractors and the Contract Vendor shall include a provision requiring compliance with this section.

8. **CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION**
   a. Certification regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions.
      Instructions for certification:
      1. By signing and submitting this proposal, the prospective lower tier participant [responder] is providing the certification 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 lower tier participant 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 lower tier participant shall provide immediate written notice to the person to whom this proposal [response] is submitted if at any time the prospective lower tier participant learns that its certification

was erroneous when submitted or had 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 meaning set out in the Definitions and Coverages section of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.

5. The prospective lower tier participant agrees by submitting this response that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction [subcontract equal to or exceeding $25,000] with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, 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 lower tier participant further agrees by submitting this proposal that it will include this clause titled, "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion – Lower Tier Covered Transaction," 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 proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from covered transactions, 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 federal procurement and nonprocurement 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 proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily 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.

b. Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions.

1. The prospective lower tier participant certifies, by submission of this proposal, that neither it nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective lower tier participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

9. CHANGE REQUESTS. The Lead State reserves the right to request, during the term of the Master Agreement, changes to the products offered. Products introduced during the term of the Master Agreement shall go through a formal review process. A formal process of changing the Master Agreement shall be developed during the negotiation of the Master Agreement. The Contract Vendor shall evaluate and recommend products for which agencies have an expressed need. The Lead State shall require the Contract Vendor to provide a summary of its research of those products being recommended for inclusion in the Master Agreement as well as defining how adding the product will enhance the Master Agreement. The Lead State may request that products, other than those recommended, are added to the Master Agreement.

In the event that the Lead State desires to add new products and services that are not included in the original Master Agreement, the Lead State requires that independent manufacturers and resellers cooperate with the already established Contract Vendor in order to meet the Lead State's requirements. Evidence of the need to add products or services should be demonstrated to the Lead State. The Master Agreement shall be modified via supplement or

amendment. The Lead State will negotiate the inclusion of the products and services with the Contract Vendor. No products or services will be added to the Master Agreement without the Lead State's prior approval.

10. **CONFLICT MINERALS.** Contract Vendor must provide information to the public on its website regarding the use of conflict minerals, as required by Section 13(p) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder. See: http://www.sec.gov/rules/final/2012/34-67716.pdf.

11. **COPYRIGHTED MATERIAL WAIVER.** The Lead State reserves the right to use, reproduce and publish proposals in any manner necessary for State agencies and local units of government to access the responses and/or to respond to request for information pursuant to Minnesota Government Data Practices Act, , including but not limited to emailing, photocopying, State Intranet/Internet postings, broadcast faxing, and direct mailing. In the event that the response contains copyrighted or trademarked materials, it is the responder's responsibility to obtain permission for the Lead State to reproduce and publish the information, regardless of whether the responder is the manufacturer or reseller of the products listed in the materials. By signing its response, the responder certifies that it has obtained all necessary approvals for the reproduction and/or distribution of the contents of its response and agrees to indemnify, protect, save and hold the Lead State, its representatives and employees harmless from any and all claims arising from the violation of this section and agrees to pay all legal fees incurred by the Lead State in the defense of any such action.

12. **EFFECTIVE DATE.** Pursuant to Minnesota law, the Master Agreement arising from this RFP shall be effective upon the date of final execution by the Lead State, unless a later date is specified in the Master Agreement.

13. **FOREIGN OUTSOURCING OF WORK.** Upon request, the Contract Vendor is required to provide information regarding the location of where services, data storage and/or location of data processing under the Master Agreement will be performed.

14. **GOVERNMENT DATA PRACTICES.** The Contract Vendor and the Lead State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, (and where applicable, if the Lead State contracting party is part of the judicial branch, with the Rules of Public Access to Records of the Judicial Branch promulgated by the Minnesota Supreme Court as the same may be amended from time to time) as it applies to all data provided by the Lead State to the Contract Vendor and all data provided to the Lead State by the Contract Vendor. In addition, the Minnesota Government Data Practices Act applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contract Vendor in accordance with the Master Agreement that is private, nonpublic, protected nonpublic, or confidential as defined by the Minnesota Government Data Practices Act, Ch. 13 (and where applicable, that is not accessible to the public under the Rules of Public Access to Records of the Judicial Branch).

    In the event the Contract Vendor receives a request to release the data referred to in this article, the Contract Vendor must immediately notify the Lead State. The Lead State will give the Contract Vendor instructions concerning the release of the data to the requesting party before the data is released. The civil remedies of Minn. Stat. § 13.08, apply to the release of the data by either the Contract Vendor or the Lead State.

    The Contract Vendor agrees to indemnify, save, and hold the State of Minnesota, its agent and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation of any provision of the Minnesota Government Data Practices Act (and where applicable, the Rules of Public Access to Records of the Judicial Branch), including legal fees and disbursements paid or incurred to enforce this provision of the Master Agreement. In the event that the Contract Vendor subcontracts any or all of the work to be performed under the Master Agreement, the Contract Vendor shall retain responsibility under the terms of this article for such work.

15. **HAZARDOUS SUBSTANCES.** To the extent that the goods to be supplied by the Contract Vendor contain or may create hazardous substances, harmful physical agents or infectious agents as set forth in applicable State and federal laws and regulations, the Contract Vendor must provide Material Safety Data Sheets regarding those substances. A copy must be included with each delivery.

16. **HUMAN RIGHTS/AFFIRMATIVE ACTION.** The Lead State requires affirmative action compliance by its Contract Vendors in accordance with Minn. Stat. § 363A.36 and Minn. R. 5000.3400 to 5000.3600.

    a. Covered contracts and Contract Vendors. One-time acquisitions, or a contract for a predetermined amount of goods and/or services, where the amount of your response is in excess of $100,000 requires completion of the Affirmative Action Certification page. If the solicitation is for a contract for an indeterminate amount of goods and/or services, and the State estimated total value of the contract exceeds $100,000 whether it will be a multiple award contract or not, you must complete the Affirmative Action Certification page. If the contract dollar amount or the State estimated total contract amount exceeds $100,000 and the Contract Vendor employed more than

40 full-time employees on a single working day during the previous 12 months in Minnesota or in the state where it has its principal place of business, the Contract Vendor must comply with the requirements of Minn. Stat. § 363A.36, subd. 1 and Minn. R. 5000.3400 to 5000.3600. A Contract Vendor covered by Minn. Stat. § 363A.36, subd. 1 and Minn. R. 5000.3400 to 5000.3600 that had more than 40 full-time employees within Minnesota on a single working day during the previous 12 months must have a certificate of compliance issued by the commissioner of the Department of Human Rights (certificate of compliance). A Contract Vendor covered by Minn. Stat. § 363A.36, subd. 1 that did not have more than 40 full-time employees on a single working day during the previous 12 months within Minnesota but that did have more than 40 full-time employees in the state where it has its principal place of business and that does not have a certificate of compliance must certify that it is in compliance with federal affirmative action requirements.

b. Minn. Stat. § 363A.36, subd. 1 requires the Contract Vendor to have an affirmative action plan for the employment of minority persons, women, and qualified disabled individuals approved by the commissioner of the Department of Human Rights (commissioner) as indicated by a certificate of compliance. Minn. Stat. § 363A.36 addresses suspension or revocation of a certificate of compliance and contract consequences in that event. A contract awarded without a certificate of compliance may be voided.

c. Minn. R. 5000.3400-5000.3600 implement Minn. Stat. § 363A.36. These rules include, but are not limited to, criteria for contents, approval, and implementation of affirmative action plans; procedures for issuing certificates of compliance and criteria for determining a Contract Vendor's compliance status; procedures for addressing deficiencies, sanctions, and notice and hearing; annual compliance reports; procedures for compliance review; and contract consequences for noncompliance. The specific criteria for approval or rejection of an affirmative action plan are contained in various provisions of Minn. R. 5000.3400-5000.3600 including, but not limited to, parts 5000.3420-5000.3500 and parts 5000.3552-5000.3559.

d. Disabled Workers. Minn. R. 5000.3550 provides the Contract Vendor must comply with the following affirmative action requirements for disabled workers.

AFFIRMATIVE ACTION FOR DISABLED WORKERS

(a) The Contract Vendor must not discriminate against any employee or applicant for employment because of physical or mental disability in regard to any position for which the employee or applicant for employment is qualified. The Contract Vendor agrees to take affirmative action to employ, advance in employment, and otherwise treat qualified disabled persons without discrimination based upon their physical or mental disability in all employment practices such as the following: employment, upgrading, demotion or transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

(b) The Contract Vendor agrees to comply with the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

(c) In the event of the Contract Vendor's noncompliance with the requirements of this clause, actions for noncompliance may be taken in accordance with Minn. Stat. § 363A.36 and the rules and relevant orders of the Minnesota Department of Human Rights issued pursuant to the Minnesota Human Rights Act.

(d) The Contract Vendor agrees to post in conspicuous places, available to employees and applicants for employment, notices in a form to be prescribed by the commissioner of the Minnesota Department of Human Rights. Such notices must state the Contract Vendor's obligation under the law to take affirmative action to employ and advance in employment qualified disabled employees and applicants for employment, and the rights of applicants and employees.

(e) The Contract Vendor must notify each labor union or representative of workers with which it has a collective bargaining agreement or other contract understanding, that the Contract Vendor is bound by the terms of Minn. Stat. § 363A.36 of the Minnesota Human Rights Act and is committed to take affirmative action to employ and advance in employment physically and mentally disabled persons.

e. Consequences. The consequences of a Contract Vendor's failure to implement its affirmative action plan or make a good faith effort to do so include, but are not limited to, suspension or revocation of a certificate of compliance by the commissioner, refusal by the commissioner to approve subsequent plans, and termination of all or part of the Contract by the commissioner or the State.

f. Certification. The Contract Vendor hereby certifies that it is in compliance with the requirements of Minn. Stat. § 363A.36, subd. 1 and Minn. R. 5000.3400-5000.3600 and is aware of the consequences for noncompliance. It is agreed between the parties that Minn. Stat. 363.36 and Minn. R. 5000.3400 to 5000.3600 are incorporated into any contract between these parties based upon this specification or any modification of it. A copy of Minn. Stat. § 363A.36 and Minn. R. 5000.3400 to 5000.3600 are available upon request from the contracting agency.

17. **INDEMNIFICATION. NEGOTIATED.** The Contract Vendor shall indemnify, protect, save and hold harmless the Lead State and the Participating Entity, its representatives and employees, from any and all third party claims or causes of action for personal bodily injury, including death, and damage to tangible personal property, including all legal fees incurred by the Lead State and the Participating Entity arising from the negligence in the performance of the Master Agreement by the Contract Vendor or its agents, employees, or subcontractors. This clause shall not be construed to bar any legal remedies the Contract Vendor may have with the Lead State's and Participating Entity's failure to fulfill its obligations pursuant to the Master Agreement.

    If the Participating Entity's laws require approval of a third party to defend Participating Entity, Participating Entity will seek such approval and if approval is not received, Contract Vendor is not required to defend that Participating Entity.

18. **INTELLECTUAL PROPERTY INDEMNIFICATION. NEGOTIATED** In the event of any such claim by any third party against the Participating Entity that Products, Software, Services or Deliverables (excluding Third-Party Products and open source software) prepared or produced by Dell and delivered pursuant to this Agreement infringe or misappropriate that third party's U.S. patent, copyright, trade secret, or other intellectual property rights (**"Indemnified Claims"**), the Participating Entity shall promptly notify the Contract Vendor. The Contract Vendor, at its own expense, shall indemnify; defend to the extent permitted by the Participating Entity's laws, and hold harmless the Participating Entity against any loss, cost, expense, or liability (including legal fees) arising out of such a claim, whether or not such claim is successful against the Participating Entity.

    If Contract Vendor receives prompt notice such a claim that in the Contract Vendor's opinion is likely to result in an adverse ruling, the Contract Vendor shall at its option (1) obtain a right for the Participating Entity to continue using such Products, Deliverables or Software or allow Contract Vendor to continue performing the Services; (2) modify such Products, Software, Services or Deliverables to make them non-infringing; (3) replace such Products, Software, Services or Deliverables with a non-infringing equivalent; or (4) refund any pre-paid fees for the allegedly infringing Services that have not been performed or provide a reasonable depreciated or pro rata refund for the allegedly infringing Product, Deliverables or Software.

    Notwithstanding the foregoing, Contract Vendor shall have no obligation under this Section for any claim resulting or arising from (1) modifications of the Products, Software, Services Deliverables that were not performed by or on behalf of Contract Vendor; (2) the combination, operation, or use of the Products, Software, Services or Deliverables in connection with a third-party product, software or service (the combination of which causes the claimed infringement); or (3) Contract Vendor's compliance with Participating Entity's written specifications or directions, including the incorporation of any software or other materials or processes provided by or requested by Participating Entity. Contract Vendor's duty to indemnify and defend under this Section is contingent upon: (x) Contract Vendor receiving prompt written notice of the third-party claim or action for which Contract Vendor must indemnify Participating Entity, (y) Contract Vendor having the right to solely control the defense and resolution of such claim or action, and (z) Participating Entity's cooperation with Contract Vendor in defending and resolving such claim or action. This Section states Participating Entity's exclusive remedies for any third-party intellectual property claim or action, and nothing in this Agreement or elsewhere will obligate Contract Vendor to provide any greater indemnity to Participating Entity.

19. **JURISDICTION AND VENUE.** This RFP and any ensuing Master Agreement, its amendments and supplements thereto, shall be governed by the laws of the State of Minnesota, USA. Venue for all legal proceedings arising out of the Master Agreement, or breach thereof, shall be in the State or federal court with competent jurisdiction in Ramsey County, Minnesota. By submitting a response to this Request for Proposal, a Responder voluntarily agrees to be subject to the jurisdiction of Minnesota for all proceedings arising out of this RFP, any ensuing Master Agreement, or any breach thereof.

20. **LAWS AND REGULATIONS.** Any and all services, articles or equipment offered and furnished must comply fully with all local, State and federal laws and regulations, including Minn. Stat. § 181.59 prohibiting discrimination and business registration requirements of the Office of the Minnesota Secretary of State.

21. **NONVISUAL ACCESS STANDARDS.** Pursuant to Minn. Stat. § 16C.145, the Contract Vendor shall comply with the following nonvisual technology access standards :

a. That the effective interactive control and use of the technology, including the operating system applications programs, prompts, and format of the data presented, are readily achievable by nonvisual means;

b. That the nonvisual access technology must be compatible with information technology used by other individuals with whom the blind or visually impaired individual must interact;

c. That nonvisual access technology must be integrated into networks used to share communications among employees, program participants, and the public; and

d. That the nonvisual access technology must have the capability of providing equivalent access by nonvisual means to telecommunications or other interconnected network services used by persons who are not blind or visually impaired.

These standards do not require the installation of software or peripheral devices used for nonvisual access when the information technology is being used by individuals who are not blind or visually impaired.

22. **NOTICE TO RESPONDERS.** Pursuant to Minn. Stat. § 270C.65, subd. 3, Contract Vendors are required to provide their Federal Employer Identification Number or Social Security Number. This information may be used in the enforcement of federal and State tax laws. Supplying these numbers could result in action to require a Contract Vendor to file tax returns and pay delinquent tax liabilities. These numbers will be available to federal and State tax authorities and State personnel involved in the payment of State obligations.

23. **ORGANIZATIONAL CONFLICTS OF INTEREST.** The responder warrants that, to the best of its knowledge and belief, and except as otherwise disclosed, there are no relevant facts or circumstances which could give rise to organizational conflicts of interest. An organizational conflict of interest exists when, because of existing or planned activities or because of relationships with other persons:
- a Contract Vendor is unable or potentially unable to render impartial assistance or advice to the State;
- the Contract Vendor's objectivity in performing the work is or might be otherwise impaired; or
- the Contract Vendor has an unfair competitive advantage.

The Contract Vendor agrees that if an organizational conflict of interest is discovered after award, an immediate and full disclosure in writing shall be made to the Assistant Director of the Department of Administration's Materials Management Division that shall include a description of the action the Contract Vendor has taken or proposes to take to avoid or mitigate such conflicts. If an organizational conflict of interest is determined to exist, the State may, at its discretion, cancel the Master Agreement. In the event the Contract Vendor was aware of an organizational conflict of interest prior to the award of the Master Agreement and did not disclose the conflict to the Master Agreement Administrator, the State may terminate the Master Agreement for default. The provisions of this clause shall be included in all subcontracts for work to be performed, and the terms "Contract,""Contract Vendor," "Master Agreement", "Master Agreement Administrator" and "Contract Administrator" modified appropriately to preserve the State's rights.

24. **PAYMENT CARD INDUSTRY DATA SECURITY STANDARD AND CARDHOLDER INFORMATION SECURITY.** Contract Vendor assures all of its Network Components, Applications, Servers, and Subcontractors (if any) comply with the Payment Card Industry Data Security Standard ("PCIDSS"). "Network Components" shall include, but are not limited to, Contract Vendor's firewalls, switches, routers, wireless access points, network appliances, and other security appliances; "Applications" shall include, but are not limited to, all purchased and custom external (web) applications. "Servers" shall include, but are not limited to, all of Contract Vendor's web, database, authentication, DNS, mail, proxy, and NTP servers. "Cardholder Data" shall mean any personally identifiable data associated with a cardholder, including, by way of example and without limitation, a cardholder's account number, expiration date, name, address, social security number, or telephone number.

Subcontractors (if any) must be responsible for the security of all Cardholder Data in its possession; and will only use Cardholder Data for assisting cardholders in completing a transaction, providing fraud control services, or for other uses specifically required by law. Contract Vendor must have a business continuity program which conforms to PCIDSS to protect Cardholder Data in the event of a major disruption in its operations or in the event of any other disaster or system failure which may occur to operations; will continue to safeguard Cardholder Data in the event this Agreement terminates or expires; and ensure that a representative or agent of the payment card industry and a representative or agent of the State shall be provided with full cooperation and access to conduct a thorough security

review of Contract Vendor's operations, systems, records, procedures, rules, and practices in the event of a security intrusion in order to validate compliance with PCIDSS.

25. **PERFORMANCE WHILE DISPUTE IS PENDING.** Notwithstanding the existence of a dispute, the parties shall continue without delay to carry out all of their responsibilities under the Master Agreement that are not affected by the dispute. If a party fails to continue without delay to perform its responsibilities under the Master Agreement, in the accomplishment of all undisputed work, any additional cost incurred by the other parties as a result of such failure to proceed shall be borne by the responsible party.

26. **PREFERENCE.**

Targeted/Economically Disadvantaged. In accordance with Minn. Stat. § 16C.16, subds. 6 and 7, eligible certified targeted group (TG) businesses and certified economically disadvantaged (ED) businesses will receive a 6 percent preference on the basis of award for this RFP. The preference is applied only to the first $500,000 of the response to the RFP. Eligible TG businesses must be currently certified by the Materials Management Division prior to the bid opening date and time.

To verify TG/ED certification, refer to the Materials Management Division's web site at www.mmd.admin.state.mn.usunder "Vendor Information, Directory of Certified TG/ED Vendors."

To verify TG eligibility for preference, refer to the Materials Management Division's web site under "Vendor Information, Targeted Groups Eligible for Preference in State Purchasing" or call the Division's HelpLine at 651.296.2600.

Reciprocal Preference. In accordance with Minn. Stat. §16C.06, subd 7, the acquisition of goods or services shall be allowed a preference over a non-resident vendor from a state that gives or requires a preference to vendors from that state, the preference shall be equal to the preference given or required by the state of the non-resident vendor. If you wish to be considered a Minnesota Resident vendor you must claim that by filling out the Resident Vendor Form included in this solicitation and include it in your response.

Veteran. In accordance with Minn. Stat. § 16C.16, subd. 6a, (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner shall award up to a six percent preference in the amount bid on state procurement to **certified small businesses** that are **majority-owned and operated by**:

(1) recently separated veterans who have served in active military service, at any time on or after September 11, 2001, and who have been discharged under honorable conditions from active service, as indicated by the person's United States Department of Defense form DD-214 or by the commissioner of veterans affairs;
(2) veterans with service-connected disabilities, as determined at any time by the United States Department of Veterans Affairs; or
(3) any other veteran-owned small businesses certified under section 16C.19, paragraph (d).

In accordance with Minn. Stat. § 16C.19 (d), a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74.

To receive a preference the veteran-owned small business must meet the statutory requirements above by the solicitation opening date and time. The preference is applied only to the first $500,000 of the response. If responder is claiming the veteran-owned preference, attach documentation, sign and return form with response to the solicitation. Only eligible veteran-owned small businesses that meet the statutory requirements and provide adequate documentation will be given the preference.

27. **PUBLIC INFORMATION.** Once the information contained in the responses is deemed public information, interested parties may request to obtain the public information. You may call 651.201.2413 between the hours of 8:00 a.m. to 4:30 p.m. to arrange this.

28. **PUBLICITY.** Any publicity given to the program, publications or services provided resulting from a State contract for goods or services, including but not limited to notices, informational pamphlets, press releases, research, reports, signs and similar public notices prepared by or for the Contract Vendor, or its employees individually or jointly with others, or any subcontractors, shall identify the State as the sponsoring agency and shall not be released, unless such release is a specific part of an approved work plan included in the Master Agreement prior to its approval by the State's Authorized Representative and the State's Assistant Director or designee of Materials Management Division. The Contract Vendor shall make no representations of the State's opinion or position as to the quality or effectiveness of the products and/or services that are the subject of the Master Agreement without the prior written consent of the

State's Assistant Director or designee of Materials Management Division. Representations include any publicity, including but not limited to advertisements, notices, press releases, reports, signs, and similar public notices.

29. **PURCHASE ORDERS. NEGOTIATED.** The State requires that there will be no minimum order requirements or charges to process an individual purchase order. The Master Agreement number and the PO number must appear on all documents (e.g., invoices, packing slips, etc.). The Ordering Entity's purchase order constitutes a binding contract. Unless otherwise expressly agreed between a Purchasing Entity and the Contract Vendor, any preprinted terms on the Purchasing Entity's purchase order shall be given no force or effect and no terms of a purchase order that conflict with this Master Agreement or the Participating Addendum shall be binding on Contract Vendor.

30. **RIGHTS RESERVED.** Notwithstanding anything to the contrary, the State reserves the right to:
    a. reject any and all responses received;
    b. select, for Master Agreements or for negotiations, a response other than that with the lowest cost;
    c. waive or modify any informalities, irregularities, or inconsistencies in the responses received;
    d. negotiate any aspect of the proposal with any responder and negotiate with more than one responder;
    e. request a BEST and FINAL OFFER, if the State deems it necessary and desirable; and
    f. terminate negotiations and select the next response providing the best value for the State, prepare and release a new RFP, or take such other action as the State deems appropriate if negotiations fail to result in a successful Master Agreement.

31. **RISK OF LOSS OR DAMAGE.** The State is relieved of all risks of loss or damage to the goods and/or equipment during periods of transportation, and installation by the Contract Vendor and in the possession of the Contract Vendor or their authorized agent.

32. **SEVERABILITY.** If any provision of the Master Agreement, including items incorporated by reference, is found to be illegal, unenforceable, or void, then both the State and the Contract Vendor shall be relieved of all obligations arising under such provisions. If the remainder of the Master Agreement is capable of performance it shall not be affected by such declaration or finding and shall be fully performed.

33. **STATE AUDITS** (Minn. Stat. § 16C.05, subd. 5). The books, records, documents, and accounting procedures and practices of the Contract Vendor or other party, that are relevant to the Master Agreement or transaction are subject to examination by the contracting agency and either the Legislative Auditor or the State Auditor as appropriate for a minimum of six years after the end of the Master Agreement or transaction. The State reserves the right to authorize delegate(s) to audit this Master Agreement and transactions.

34. **SURVIVABILITY.** The following rights and duties of the State and responder will survive the expiration or cancellation of the resulting Master Agreements. These rights and duties include, but are not limited to paragraphs: Indemnification, Hold Harmless and Limitation of Liability, State Audits, Government Data Practices, Governing Law, Jurisdiction and Venue, Publicity, Intellectual Property Indemnification, and Admin Fees.

35. **TRADE SECRET/CONFIDENTIAL INFORMATION.** Any information submitted as Trade Secret must be identified and submitted per the Trade Secret Form and must meet Minnesota Trade Secret as defined in Minn. Stat. § 13.37

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT B - PRICING

1. **BAND(S) AWARDED:** Band 1: Desktop Band 2: Laptop Band 3: Tablet Band 4: Server Band 5: Storage.

2. **PRICE STRUCTURE.** The contract employs a MINIMUM discount-off baseline price list structure with category exceptions for each band. The category discounts may be higher or lower than the than the band discount. The minimum discount and categorized exceptions will be applied to all "quantity one" procurements. An end user will be able to verify pricing using the named base line price list and the minimum discounts with the categorized exceptions provided in the Master Agreement.

3. **PRICE GUARANTEE.** These discounts must remain firm, or the discount may be increased, during the term of the Master Agreement.

4. **BASELINE PRICE LIST.** The Base Line Price is designated in the Pricing Discount Schedule. The Base Line Price List must be accessible and verifiable by potential end users preferably on the Contract Vendor Website. All historic versions of the Baseline Price List must be made available upon request pursuant to the audit provisions.

5. **PRODUCT AND SERVICE SCHEDULE (PSS).** The Product and Service Schedule (PSS) identifies a complete listing of all products and services included in the awarded Master Agreement. The PSS serves as the Contract Catalog. **The PSS will be submitted to the Lead State following contract award and must be approved by the Lead State prior to the start of any sales.** The PSS must be available on the Contract Vendor website for end users to verify pricing based on the minimum discounts with category exceptions provided off a designated base line price list. The Contract Vendor will work with each State to develop a satisfactory PSS reflecting the individual States restrictions.

6. **CHANGES TO THE PSS.** Contract Vendor will request changes to the PSS utilizing an Action Request Form (ARF) Submittals will be reviewed by the Lead State quarterly. Obsolete and discontinued products will be removed.

7. **BULK/VOLUME PRICING.** Further bulk/quantity savings may be obtained when additional quantities are requested. Additional savings are expected when competing awarded vendors for volume pricing.

8. **PROMOTIONAL OFFERS.** Contract Vendors may provide promotions for deeply discounted products based on their inventory and sales. The Contract Vendors will be responsible to market these offers.

9. **PREMIUM SAVINGS PACKAGE PROGRAM.** Contract Vendors participating in the Premium Savings Package (PSP) Program will commit to the standard configurations. The standards currently are refreshed every six months (May and November). Refresh schedule is subject to change. See current configurations: http://www.wnpsp.com/index.html. States and other Participating Entities can choose to purchase these packages without any signing additional documents.

10. **TRADE-IN.** Trade-In Programs are the option of the Participating Entity. The Participating Addendum by each State may address the allowance of Trade-Ins.

11. **SERVICES.** Services are at the option of the Participating Entity. The Participating Addendum by each State may address service agreement terms and related travel.

12. **LEASING.** The Discount schedule will indicate if the Contract Vendor provides leasing. Participating Entities may enter in to lease agreements if they have the legal authority to enter into these types of agreements. The Participating Addendum by each State will identify if and how leasing agreement terms will be conducted.

13. **FREIGHT**. All prices shall be FOB Destination, prepaid and allowed (with freight included in the price), to the address, receiving dock or warehouse as specified on the ordering agency's purchase order, In those situations in which the "deliver-to" address has no receiving dock or agents, the Contract Vendor must be able to deliver to the person specified on the PO without additional cost. If there is a special case where inside delivery fee must be charged, the Contract Vendor will notify the customer in advance in order for the customer to determine if the additional cost will affect the decision to utilize the Contract Vendor.

14. **DELIVERY.** Delivery of ordered product should be completed within thirty (30) calendar days after receipt of an order, unless otherwise agreed to by the ordering agency.

Admin Minnesota
DEPARTMENT OF ADMINISTRATION

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EXHIBIT B - PRICING SCHEDULE

1.	BASELINE PRICING DELL RETAIL PRICE LIST		
	LINK: http://ftpbox.us.dell.com/slg/weekly/dellpricereport.pdf		
2.	BAND DISCOUNTS – (CATEGORY EXCEPTIONS APPLICABLE IN ALL BANDS)	DELL CATEGORY	MINIMUM DISCOUNT
	BAND 1 DESKTOP	A	13.5%
	BAND 2 LAPTOP	A	13.5%
	BAND 3 TABLET	H	4%
	BAND 4 SERVER	A	13.5%
	BAND 5 STORAGE	A	13.5%
	IMPORTANT: The minimum discount is provided, refer to Contract Vendor's Website for any additional discounts and request a quote for bulk/volume discounts. All prices shall be FOB Destination, prepaid and allowed (with freight included in the price). If there is a special case where inside delivery fee must be charged, the Contract Vendor will notify the customer in advance.		
	CATEGORY EXCEPTIONS:		
	Toner	F	1.5%
	Value Latitude, OptiPlex, Workstation; Selected Products	H	4%
	Selected Promo Offers; Inspiron; Selected Latitude; SC PowerEdge; Selected Dell | EMC; Dell Branded Peripherals/Imaging: PowerConnect, Axim, Projector, Printer	S	2.5%
	Spare Parts, selected Dimension Brand	U, W, Z	.5%
3.	THIRD PARTY PRODUCTS - (APPLICABLE IN ALL BANDS)	M	5.5%
	CATEGORY EXCEPTIONS:		
	Selected Third Party Products (software and peripherals)	X	.5%
	Selected Third Party Printers	F	1.5%
4.	**SERVICES**		
	Services are at the option of Participating States. Participating Addendums by each State may address service agreement terms and related travel. States may negotiate additional services. The majority of Dell-branded hardware includes a one-year warranty. Customer may purchase warranty upgrades for 2, 3, 4 or 5 years for certain Dell-branded hardware as offered by Dell. For Dell standard warranty information see http://www.dell.com/learn/us/en/uscorp1/solutions/limited-hardware-warranties		
	Selected Service on Poweredge Departmental Servers; Directline Service; 4-Hr On-Site Critical Care Plus; Business Care Plus On-Site Service (all years)	O	13.3%
	On-site – Next Business Day On-site (extended yrs), Critical Care On-site Service (all yrs); other svcs	R,Z,Z1&ZS	.5%
5.	LEASING		
	Participating Addendum may identify if and how leasing agreement terms will be conducted.		
6.	ADDITIONAL DISCOUNTS – Request a quote for discounts on bulk/volume purchases.		

a. Per Transaction Multiple Unit: Contact your Sales Representative for additional discounts for volume purchases.

Minimum Dollar Volume Associated with Single Transaction	Maximum Dollar Volume Associated with Single Transaction	Cat A only, Single Transaction, Maximum of 10 ship to Locations
$50,000.00	$99,999.99	Greater than or Equal to 1%
$100,000.00	$199,999.99	Greater than or Equal to 2%
$200,000.00	$499,999.99	Greater than or Equal to 4%
$500,000.00	$999,999.99	Greater than or Equal to 6%
$1,000,000.00	No Maximum	Greater than or Equal to 8%

b. Cumulative: Cumulative Discounts are managed at the Master Agreement Level based on total volume.

Cumulative Dell Spend "Gates"	Category A Discount (Adjustment to the Matrix)
Up to $2B	13.5%
$2B to $4B	14%
$4B to $6B	14.5%
$6B to $8B	15%
$8B to $10B	15.5%
Over $10B	16%

c. Other Discounts provided: For purchases made online via Dell.com, Dell offers an additional 0.5% per category, except for Category O. For online purchases of Category O Services, Dell will offer a 13.5% discount.

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT C - PRODUCT AND SERVICE SCHEDULE (PSS)

1. **MAINTAINING THE PSS.** The Product and Service Schedule (PSS) identifies a complete listing of all products and services included in the awarded Master Agreement. The PSS serves as the WSCA-NASPO Contract Catalog. **The PSS will be submitted to the Lead State following contract award and must be approved by the Lead State prior to the start of any sales.** The PSS must be available on the Contract Vendor website for end users to verify pricing based on the minimum discounts with category exceptions provided off a designated base line price list. The Contract Vendor will work with each State to develop a satisfactory PSS reflecting the individual States restrictions. The Contract Vendor will work to develop a PSS satisfactory to the Lead State prior to the start of sales and containing the following information:

   a. Band number
   b. Part # - SKU #
   c. Manufacturer
   d. Description
   e. Minimum Discount
   f. Category Code (This code will be refined during the approval process)
   g. Other fields approved by the Lead State

2. **CHANGES TO THE PSS:** Contract Vendor will request changes to the PSS utilizing an Action Request Form (ARF) Submittals will be reviewed by the Lead State quarterly. Obsolete and discontinued products will be removed.

3. **FORMAT:** The format for the final product and service schedule will be approved within 30 days of contract award. Suggested format is provided below:

MANUFACTURER NAME _____ **DATE:** _____
BASELINE PRICE LIST: _____
LINK: _____

BAND	Part # - SKU#	MANUFACTURER	DESCRIPTION	MINIMUM DISCOUNT	CATEGORY CODE
1	XYZ	ABC	DESKTOP	60%	1M
2	550	ZZZZZZZ	LAPTOP CART	10%	2TM
3	123A	ABC	SUPER TABLET	25%	3A

4. **THIRD PARTY PRODUCTS:** A list of third party products is to be submitted to the Lead State. Approval must be received from the Lead State prior to adding third party products to the Product and Service Schedule. Master Agreement restrictions of third party products include:

   a. Contract Vendors can only offer Third Party Products in the bands they have been awarded.
   b. Contract Vendor cannot offer products manufactured by another Contract Vendor holding a Minnesota WSCA-NASPO Master Agreement unless approved by the Lead State.
   c. The Contract Vendor will assign the manufacturer or publisher's warranty and maintenance. The Contract Vendor will provide warranty and maintenance call numbers and assist the customer in engaging the manufacturer on warranty and maintenance issues.
   d. Any additions to the Third Party Product list must be submitted utilizing the Action Request Form.
   e. The approved Third Party Product list will be clearly posted on the Vendor provided website and updated as products are approved.

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MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT D - WEBSITE

1. **IMPLEMENTATION.** Within 30 calendar days of Master Agreement award, the Contract Vendor must provide a sample URL of the Master Agreement webpage to the Lead State for review and approval. The Lead State will review and determine acceptability of the website format and data. If the information is determined to be unacceptable or incorrect, the Contract Vendor will have 15 calendar days to provide revisions to the Lead State. Once the website is approved, the Contract Vendor may not make material changes to the website without notifying the Lead State and receiving written approval of the changes utilizing the Action Request Form. The Contract Vendor must continue to monitor and update the website throughout the life of the contract. Periodic audits may be conducted to ensure websites are updated and Contract Vendors will be expected to correct deficiencies.

2. **WEBSITE CONTENT.** The website must be separate from the Contract Vendor's commercially available (i.e., public) on-line catalog and ordering systems. Contract Vendor agrees to pursue design of a website to include the items listed below. The Lead State will review and determine acceptability of the website format and data as stated in Item 1 above.

   a. Baseline Price List and historic versions
   b. Approved Product and Service Schedule (PSS)
   c. Product specifications, pricing, and configuration aids for the major product categories proposed that can be used to obtain an on-line quote
   d. Third Party Product list will be clearly posted on the Vendor provided website and updated as products are approved
   e. Link to the WSCA-NASPO EmarketCenter
   f. Online ordering capability with the ability to remember multiple ship to locations if applicable to product
   g. Contact information for order placement, service concerns (warranty and maintenance), problem reporting, and billing concerns
   h. Sales representatives for participating entities
   i. Purchase order tracking
   j. Available Twenty-four (24) hours per day, seven (7) days per week availability, except for regularly scheduled maintenance
   k. Additional Terms may not be posted on the Website without written approval of the Lead State
   l. Link to the WSCA-NASPO EmarketCenter if a State is participating
   m. Information on accessibility and accessible products
   n. If participating in Premium Savings Package Program, lead with these products and display prominently on the website
   o. Links to environmental certification, including but not limited to take-back/recycling programs,
   p. Information regarding the use of Conflict minerals, as required by Section 13(p) of the Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder. See: http://www.sec.gov/rules/final/2012/34-67716.pdf
   q. Service options, service agreements for negotiations when allowed by a participating addendum
   r. EPEAT, Energy Star, etc.
   s. Link to Signed Participating Addendums
   t. Link to Signed Master Agreement
   u. Link to solicitation and Response

3. **TERMINATION** Upon termination or expiration of the Master Agreement awarded from this RFP all websites, on-line offering systems and Electronic Catalog functions supported and/or available as part of the Master Agreement will cease and be removed from public viewing access without redirecting to another website.

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EXHIBIT E - ACTION REQUEST UPDATE FORM (ARF)

The Action Request Form (ARF) provided in this document must be utilized by the Contract Vendor to provide quarterly updates of PSS and to make requests. The Action Request Forms may be reviewed quarterly by the Lead State.

DATE: _____

ATTN: WSCA-NASPO Master Agreement Administrator

RE: Master Agreement #_____with _____(Contract Vendor)

Dear WSCA-NASPO Master Agreement Administrator:

_____ (Contract Vendor) is providing the following update and/or requesting the action noted below.

Action Requested: _____
Action Log: _____ Verify Log is attached

SELECT ACTION BELOW AND PROVIDE REQUIRED INFORMATION:

___Update of Product & Service Schedule Provide summary of additions, deletions and pricing changes.
NOTE: THIS WILL BE A NOTIFICATION OF CHANGES TO THE PSS, APPROVAL WILL NOT BE NEEDED
___Quarterly Self Audit Check this box to verify the Quarterly Self Audit has been completed

___Third Party Product Addition Provide warranty Guarantee

___Marketing Approval Attach Materials for review

___Material Website Change Describe and provide link for review

___Miscellaneous Inquiry Provide detail (e.g. key contact change, etc.)

The Contract Vendor certifies Products and Services provided meet the terms and conditions of the Master Agreement and understands they may be audited for compliance. Additional information may be requested upon submission. The Lead State may remove previously approved items throughout the life of the Master Agreement if in the best interest at its sole discretion.

Contract Vendor: _____ Name of Requester: _____

Title of Requester: _____

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT E - ACTION REQUEST FORM (ARF)

ACTION REQUEST FORM LOG

Submit updated Action Log with each update. Log must provide history of previous update.

CONTRACT VENDOR:_____

Contact Name and Email (for questions):_____

DATE:_____

DATE SUBMITTED	ACTION REQUESTED:	DATE APPROVED

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT F - REPORTING

1. **OWNERSHIP:** Recipient of the reports shall have exclusive ownership of the media containing the reports. The Lead State and WSCA-NASPO shall have a perpetual, irrevocable, non-exclusive, royalty free, transferable right to display, modify, copy, and otherwise use reports, data and information provided.

2. **DUE DATE:** Reports shall be due no later than the last day of the month following the end of the calendar quarter.

	FROM	TO	DUE
Q1	January 1	March 31	April 30
Q2	April 1	June 30	July 31
Q3	July 1	September 30	October 31
Q4	October 1	December 31	January 31

3. **REQUIRED REPORTS:**

	Report Name	Submitted to	Purpose & Submittal
1	WSCA-NASPO Administrative Fee	WSCA-NASPO	Identify total sales and administrative fee due to WSCA-NASPO 1) Go to: http://www.naspo.org/WNCPO/Calculator.aspx 2) Complete all contract report information fields 3) Enter total sales per State or Select "no sales for quarter" checkbox 4) Click on Submit button
2	WSCA-NASPO Detailed Sales	WSCA-NASPO	Detailed sales data by line item. Currently via an Excel Report template. Future MAY involve a portal. No modifications may be made by the Contract Vendor to the template. This report may also fulfill the reporting requirements of self audits, premium savings sales, and Bring Your Own Device Employee Sales.
3	Participating States	Participating State	Contract Vendor may utilize the detailed sales report to report to individual States unless otherwise directed by the State. States may require additional reporting.
4	Participating Addendum Status	WSCA-NASPO	Provides status of Participating Addendums. Excel Template to be provided by WSCA-NASPO.
5	Premium Saving Package (PSP)	PSP Lead	Additional reporting may be requested.
6	Quarterly Updates of PSS and Self Audit	Lead State	Utilize the Action Request Form (ARF)

MINNESOTA WSCA-NASPO MASTER AGREEMENT AWARD

EXHIBIT G - DEFINITIONS

Acceptance. See Master Agreement Terms regarding Acceptance and Acceptance Testing.
Accessory. Accessories do not extend the functionality of the computer, but enhances the user experience i.e., mouse pad, monitor stand. For the purposes of this proposal, accessories are considered peripherals.
Bands: For the purpose of this solicitation, there are six product bands which may be awarded. Each product band includes related peripherals and services. Responders must only respond to Bands in which they manufacture the defined product. Responder may receive an award in one or more bands for which they manufacture a product based on the evaluation.
BAND 1: DESKTOP. A desktop computer is a personal computer intended for regular use at a single location. A desktop computer typically comes in several units connected together during installation: 1) the processor, 2) display monitor and 3) input devices usually a keyboard and a mouse. All operating systems for tablets are allowed. Zero Clients, Thin clients, all in ones and workstations will also be included under desktops. Ruggedized equipment may also be included in the Product and Service schedule for this band.
BAND 2: LAPTOP. A laptop computer is a personal computer for mobile use. A laptop includes a display, keyboard, point device such as a touchpad and speakers into a single unit. A laptop can be used away from an outlet using a rechargeable battery. All operating systems for tablets are allowed. Laptops will include notebooks, ultrabook, mobile thin clients, chromebooks and netbooks. Computers with mobile operating systems will also be included under laptops. Tablets that have the option to be utilized with a keyboard can be sold in this band. Ruggedized equipment may also be included in the Product and Service Schedule for this band.
BAND 3: TABLET. A tablet is a mobile computer that provides a touchscreen which acts as the primary means of control. All operating systems for tablets are allowed. Ruggedized equipment may also be included as a category in the Product and Service Schedule for this band.
BAND 4: SERVER. A server is a physical computer dedicated to run one or more services or applications (as a host) to serve the needs of the users of other computers on a network. This band also includes server appliances. Server appliances have their hardware and software preconfigured by the manufacturer. It also includes embedded networking components such as those found in blade chassis systems. Ruggedized equipment may also be included in the Product and Service Schedule for this band.
BAND 5: STORAGE. Storage is hardware with the ability to store large amounts of data. This band includes SAN switching necessary for the proper functioning of the storage environment. Ruggedized equipment may also be included in the Product and Service Schedule for this band.
~~**BAND 6: RUGGEDIZED DEVICES** Ruggedized refers to devices specifically designed to operate reliably in harsh usage environments and conditions, such as strong vibrations, extreme temperatures and wet or dusty conditions. Ruggedized Devices may also be offered under bands 1-5 of the Master Agreement.~~ BAND 6 REMOVED. RUGGEDIZED EQUIPMENT MAY BE SOLD IN BANDS 1-5, PROVIDED IT MEETS BAND REQUIREMENTS.
Cloud Services. Delivery of computing as a service rather than a product, whereby shared resources, software and information are provided to computers and other devices as a utility over a network, such as the Internet. (Cloud Services including acquisitions structured as managed on-site services are not allowed.)
Contract Vendor or Contractor. The manufacturer responsible for delivering products or performing services under the terms and conditions set forth in the Master Agreement. The Contract Vendor must ensure partners utilized in the performance of this contract adhere to all the terms and conditions. For the purposes of this RFP, the term Partner will be utilized in naming the relationship a manufacturer has with another company to market and sell the contract. Participating States will have final determination/approval if a Partner may be approved for that state in the role identified by the Contract Vendor.
Components. Parts that make up a computer configuration.
Configuration. The combination of hardware and software components that make up the total functioning system.
Desktop. This is Band 1 of this solicitation. A desktop computer is a personal computer intended for regular use at a single location. A desktop computer typically comes in several units connected together during installation: 1) the processor,

2) display monitor and 3) input devices usually a keyboard and a mouse. Desktop virtualization endpoints such as zero and thin clients will also be included under the Desktop Band.

Energy Star®. A voluntary energy efficiency program sponsored by the U.S. Environmental Protection Agency. The Energy Star program makes identification of energy efficient computers easy by labeling products that deliver the same or better performance as comparable models while using less energy and saving money. Energy Star qualified computers and monitors automatically power down to 15 watts or less when not in use and may actually last longer than conventional products because they spend a large portion of time in a low-power sleep mode. For additional information on the Energy Star program, including product specifications and a list of qualifying products, visit the Energy Star website at http://www.energystar.gov.

EPEAT. A system for identifying more environmentally preferable computer desktops, laptops, and monitors. It includes an ANSI standard - the IEEE 1680 EPEAT standard – and website www.epeat.net to identify products manufacturers have declared as meeting the standard. EPEAT provides a clear and consistent set of performance criteria for the design of products. It is not a third-party certification program. Instead, Manufacturers self-certify that their products are in conformance with the environmental performance standard for electronic products.

FOB Destination. Shipping charges are included in the price of the item and the shipped item becomes the legal property and responsibility of the receiver when it reaches its destination unless there is acceptance testing required.

FOB Inside Delivery. Special Shipping arrangements, such as inside delivery, may include additional fees payable by the Purchasing Entity. Any FOB inside delivery must be annotated on the Purchasing Entity ordering document.

General Consulting. Services related to advising agencies on how best to use information technology to meet business objectives. Examples of such services would include management and administration of IT systems. Each State will have varying laws, rules, policies and procedures surrounding general consulting which need adherence. Minnesota Statute section 16C.08 defines general consulting for the State of Minnesota. https://www.revisor.mn.gov/statutes/?id=16C.08

Laptop. This is Band 2 of this solicitation. A laptop computer is a personal computer for mobile use. A laptop includes a display, keyboard, point device such as a touchpad and speakers into a single unit. A laptop can be used away from an outlet using a rechargeable battery. Laptop Band may include notebooks, ultrabooks, and netbooks. Computers with mobile operating systems will also be included under the Laptop Band.

Lead State. The State conducting this cooperative solicitation and centrally administering any resulting Master Agreement with the permission of the Signatory States. Minnesota is the Lead State for this procurement and the laws of Minnesota Statute Chapter 16C apply to this procurement.

Manufacturer. A company that, as one of its primary business function, designs, assembles owns the trademark/patent and markets branded computer equipment.

Master Agreement. The underlying agreement executed by and between the Lead State and the Contract Vendor.

Middleware. Middleware is the software "glue" that helps programs and databases (which may be on different computers) work together. Its most basic function is to enable communication between different pieces of software.

Options. An item of equipment or a feature that may be chosen as an addition to or replacement for standard equipment and features.

Order. A purchase order, sales order, or other document used by a Purchasing Entity to order the Equipment.

Participating Addendum. A written statement of agreement signed by the Contract Vendor and a Participating State or other Participating Entity that clarifies the operation of this Master Agreement for the Participating Entity (e.g., ordering procedures specific to a Participating State) and may add other state-specific language or other requirements. A Participating Addendum evidences the Participant's willingness to purchase and the Contract Vendor's willingness to provide equipment under the terms and conditions of this Master Agreement with any and all exceptions noted and agreed upon.

Participating States. States that utilize the Master Agreement established by the RFP and enter into a Participating Addendum which further defines their participation.

Participating Entity. A Participating State, or other legal entity, properly authorized by a Participating State to enter into the Master Agreement through a Participating Addendum and that authorizes orders from the Master Agreement by Purchasing Entities. Under the WSCA-NASPO program, in some cases, local governments, political subdivisions or other entities in a State may be authorized by the chief procurement official to execute its own Participating Addendum where a Participating Addendum is not executed by the chief procurement official for that state that covers local governments, political subdivisions, or other government entities in the state.

Partner. A company, authorized by the Contract Vendor and approved by the Participating State, to provide marketing, support, or other authorized contract services on behalf of the Contract Vendor in accordance with the terms and conditions of the Contract Vendor's Master Agreement. In the RFP, Partner is the term that is used to call out the many different relationships a manufacturer may have with another company to market their product including, but not limited to agents, subcontractors, partners, fulfillment partners, channel partners, business partners, servicing subcontractor, etc.

Peripherals. A peripheral means any hardware product that can be attached to, added within or networked with personal computers, servers and storage. Peripherals extend the functionality of a computer without modifying the core components of the system. For the purposes of this proposal, peripherals are defined as including accessories. Peripherals may be manufactured by a third party, however, Contract Vendor shall not offer any peripherals manufactured by another Contract Vendor holding a Master Agreement. The Contract Vendors shall provide the warranty service and

maintenance for all peripherals on the Master Agreement. **Examples of peripherals/accessories/options:** Include but are not limited to: printers, monitors, multifunction printers, audiovisual equipment, instructional equipment, cabling, modems, networking to support server, storage and client applications such as routers, switches. Software is an option which must be related to the purchase of equipment and subject to configuration limits. **Third party products are allowed to be offered as peripherals/accessories/options and may be offered in any related band.**

Per Transaction Multiple Unit Discount. A contractual volume discount based on dollars in a single purchase order or combination of purchase orders submitted at one time by a Participating Entity or multiple entities conducting a cooperative purchase.

Premium Savings Packages. Deeply discounted standard configurations available to Purchasing Entities using the Master Agreement. This specification includes a commitment to maintain and upgrade (keep pace with the advance of technology) the standard configurations for a stated period of time or intervals. WSCA-NASPO reserves the right to expand and modify the PSP throughout the life of the contract. See http://www.wnpsp.com/index.html.

Purchasing Entity – means a state, city, county, district, other political subdivision of a State, and a nonprofit organization under the laws of some states if authorized by a Participating Addendum, that issues an order against the Master Agreement and becomes financially committed to the purchase.

Ruggedized. This was band 6 of this solicitation. Ruggedized refers to equipment specifically designed to operate reliably in harsh usage environments and conditions, such as strong vibrations, extreme temperatures and wet or dusty conditions.

Services. Broadly classed as installation/de-installation, maintenance, support, training, migration, and optimization of products offered or supplied under the Master Agreement. These types of services may include, but are not limited to: warranty services, maintenance, installation, de-installation, factory integration (software or equipment components), asset management, recycling/disposal, training and certification, pre-implementation design, disaster recovery planning and support, service desk/helpdesk, and any other directly related technical support service required for the effective operation of a product offered or supplied. Contract Vendors may offer, but participating States and entities do not have to accept, limited professional services related **ONLY** to the equipment and configuration of the equipment purchased through the resulting contracts. EACH PARTICIPATING STATE DETERMINES RESTRICTIONS AND NEGOTIATES TERMS FOR SERVICES.

Server. This is Band 4 of this solicitation. A server is a physical computer dedicated to run one or more services or applications (as a host) to serve the needs of the users of other computers on a network. This band also includes server appliances. Server appliances have their hardware and software preconfigured by the manufacturer. It also includes embedded networking components such as those found in blade chassis systems. Ruggedized equipment may also be included in the Product and Service Schedule for this band.

Storage. This is Band 5 of this solicitation. Storage is hardware with the ability to store large amounts of data. This band includes SAN switching necessary for the proper functioning of the storage environment. Ruggedized equipment may also be included in the Product and Service Schedule for this band.

Storage Area Network. A storage area network (SAN) is a high-speed special-purpose network (or subnetwork) that interconnects different kinds of data storage devices with associated data servers on behalf of a larger network of users.

Storage as a Service (STaaS). An architecture model by which a provider allows a customer to rent or lease storage space on the provider's hardware infrastructure on a subscription basis. E.g., manage onsite or cloud services.

Software. For the purposes of this proposal, software is commercial operating off the shelf machine-readable object code instructions including microcode, firmware and operating system software that are preloaded on equipment. The term "Software" applies to all parts of software and documentation, including new releases, updates, and modifications of software.

Tablet. This is Band 3 of this solicitation. A tablet is a mobile computer that provides a touchscreen which acts as the primary means of control. Tablet band may include notebooks, ultrabooks, and netbooks that are touchscreen capable.

Takeback Program. The Contract Vendor's process for accepting the return of the equipment or other products at the end of life.

Third Party Products. Products sold by the Contract Vendor which are manufactured by another company.

Upgrade. Refers to replacement of existing software, hardware or hardware component with a newer version.

Warranty. The Manufacturers general warranty tied to the product at the time of purchase.

Wide Area Network or **WAN.** A data network that serves users across a broad geographic area and often uses transmission devices provided by common carriers.

WSCA-NASPO. The WSCA-NASPO cooperative purchasing program, facilitated by the WSCA-NASPO Cooperative Purchasing Organization LLC, a 501(c)(3) limited liability company that is a subsidiary organization of the National Association of State Procurement Officials (NASPO). The WSCA-NASPO Cooperative Purchasing Organization facilitates administration of the cooperative group contracting consortium of state chief procurement officials for the benefit of state departments, institutions, agencies, and political subdivisions and other eligible entities (i.e., colleges, school districts, counties, cities, some nonprofit organizations, etc.) for all states and the District of Columbia. The WSCA-NASPO Cooperative Development Team is identified in the Master Agreement as the recipient of reports and may be performing contract administration functions as assigned by the Lead State Contract Administrator.

PARTICIPATING ADDENDUM AMENDMENT

NASPO VALUEPOINT COMPUTER EQUIPMENT

California Participating Addendum No. 7-15-70-34-003
Amendment No. 2

DELL MARKETING L.P. (Contractor)

This Amendment 2 ("Amendment") for Participating Addendum Number 7-15-70-34-003 ("Participating Addendum") is entered into between the State of California, Department of General Services ("State") and Dell Marketing, L.P. ("Contractor").

The parties hereto mutually agree to amend the Participating Addendum as follows:

1. The Contractor primary contact specified in Participating Addendum Section 10 (Contract Management) is revised to the following:

Dell Marketing L.P. (Contractor)	
Name:	Sadie Robbins
Phone:	(512) 723-6961
Fax:	(512) 283-9092
E-Mail:	Sadie_Robbins@Dellteam.com
Address:	One Dell Way, Mailstop RR1-33 Legal Round Rock, Texas 78682

All other terms and conditions remain the same.

IN WITNESS WHEREOF, the parties have executed this Participating Addendum Amendment as of the date of execution by both parties below.

Participating State:
STATE OF CALIFORNIA

By: _____

Name: Jim Butler

Title: Deputy Director

Date: September 8, 2016

Contractor:
DELL MARKETING, L.P.

By: _____

Name: Amy Ivy

Title: Contracts Manager

Date: 9/7/16

PARTICIPATING ADDENDUM

NASPO ValuePoint Cooperative Purchasing Program

COMPUTER EQUIPMENT MASTER AGREEMENT
Minnesota Master Agreement No.: MNWNC-108

California Participating Addendum No. 7-15-70-34-003

DELL MARKETING, L.P. (Contractor)

This Participating Addendum Number **7-15-70-34-003** is entered into between the State of California, Department of General Services (hereafter referred to as "State" or "DGS") and Dell Marketing, L.P. (hereafter referred to as "Contractor") under the NASPO ValuePoint Cooperative Purchasing Program Master Agreement Number MNWNC-108 ("Master Agreement") executed by the State of Minnesota.

1. Scope

A. This Participating Addendum covers the purchase of Computer Equipment under the Master Agreement for the following product bands:

Band 1 – Desktop
Band 2 – Laptop
Band 3 – Tablet
Band 4 – Server
Band 5 – Storage

B. This Participating Addendum is available for use by California political subdivisions/local governments (hereafter referred to as "Purchasing Entities"). A political subdivision/local government is defined as any city, county, city and county, district, or other local governmental body or corporation, including the California State Universities (CSU) and University of California (UC) systems, K-12 schools and community colleges empowered to expend public funds.

C. Political subdivision/local government use of this Participating Addendum is optional. Each political subdivision/local government is to make its own determination whether this Participating Addendum and the Minnesota Master Agreement are consistent with its procurement policies and regulations.

D. Participating Entities may enter into lease agreements for the products covered in the Master Agreement, if they have the legal authority to enter into these types of agreements.

2. Term

A. The term of this Participating Addendum shall begin upon signature approval by the State and will end March 31, 2017, or upon termination by the State, whichever occurs first.

B. Lead State amendments to extend the Master Agreement term date are automatically incorporated into this Participating Addendum unless terminated early in accordance with the terms and conditions of the Master Agreement or this Participating Addendum.

3. Order of Precedence

In the event of any inconsistency between the articles, attachments, or provisions which constitute this agreement, the following descending order of precedence shall apply:

A. California Participating Addendum 7-15-70-34-003
B. Minnesota WSCA-NASPO Master Agreement MNWNC-108

4. Terms and Conditions

The California General Provisions - Information Technology (GSPD401IT), revised and effective 09/5/14, is hereby incorporated by reference and made a part of this Participating Addendum. The 12 page document is available at: http://www.documents.dgs.ca.gov/pd/poliproc/GSPD401IT14_0905.pdf.

5. Price List

Contractor shall maintain a website dedicated to this Participating Addendum which contains the Product and Service Schedule (PSS) and designated base line price list for participating entities to verify product/service pricing and applicable discounts offered under the Master Agreement.

6. Partner Utilization

A. Contractor may use Partners under this Participating Addendum for sales and service functions as defined herein. Each Purchasing Entity will determine whether use of Partners is consistent with its procurement policies and regulations.

B. Contractor shall be responsible for successful performance and compliance with all requirements in accordance with the terms and conditions under this Participating Addendum, even if work is performed by Partners.

C. Contractor will be the sole point of contact with regard to Participating Addendum contractual matters, reporting, and administrative fee requirements.

D. Partners are classified as follows:

1) "Authorized Reseller"

a. Authorized Resellers may provide quotes, accept purchase orders, fulfill purchase orders, perform maintenance/warranty services and accept payment from ordering agencies for products and associated services offered under this Participating Addendum.
b. Authorized Resellers are responsible for sending a copy of all purchase orders and invoices to the Contractor for compliance with quarterly usage reporting and administrative fee requirements.
c. All purchase documents to Authorized Resellers shall reference the Participating Addendum Number.
d. If applicable, Authorized Reseller(s) under this Participating Addendum will be listed on the Contractor's dedicated website.

2) "Agent"

a. Agents are only authorized to provide quotes, sales assistance, configuration guidance and ordering support for products and associated services offered under this Participating Addendum.
b. Agents are not authorized to accept orders or payments.
c. If applicable, Agent(s) under this Participating Addendum will be listed on the Contractor's dedicated website.

7. Invoicing

The Participating Addendum Number and Ordering Agency Purchase Order Number shall appear on each purchase order and invoice for all purchases placed under this Participating Addendum.

8. Usage Reporting

A. Contractor shall submit usage reports on a quarterly basis to the State Contract Administrator for all California entity purchases using the WSCA-NASPO Detailed Sales report template.

B. The report is due even when there is no activity.

C. The report shall be an Excel spreadsheet transmitted electronically to the DGS mailbox at PDWSCA@dgs.ca.gov.

D. Any report that does not follow the required format or that excludes information will be deemed incomplete. Contractor will be responsible for submitting corrected reports within five business days of the date of written notification from the State.

E. Tax must not be included in the report, even if it is on the purchase order.

F. Reports are due for each quarter as follows:

Reporting Period	Due Date
JUL 1 to SEP 30	OCT 31
OCT 1 to DEC 31	JAN 31
JAN 1 to MAR 31	APR 30
APR 1 to JUN 30	JUL 31

G. Failure to meet reporting requirements and submit the reports on a timely basis shall constitute grounds for suspension of this contract.

9. Administrative Fee

A. Contractor shall submit a check, payable to the State of California, remitted to the Department of General Services, Procurement Division for the calculated amount equal to one percent (0.01) of the sales for the quarterly period.

B. Contractor must include the Participating Addendum Number on the check. Those checks submitted to the State without the Participating Addendum Number will be returned to Contractor for additional identifying information.

C. Administrative fee checks shall be submitted to:

State of California
Department of General Services, Procurement Division
Attention: Multiple Awards Program
707 3rd Street, 2nd Floor, MS 2-202
West Sacramento, CA 95605

D. The administrative fee shall not be included as an adjustment to Contractor's Master Agreement pricing.

E. The administrative fee shall not be invoiced or charged to the ordering agency.

F. Payment of the administrative fee is due irrespective of payment status on orders or service contracts from a Purchasing Entity.

G. Administrative fee checks are due for each quarter as follows:

Reporting Period	Due Date
JUL 1 to SEP 30	OCT 31
OCT 1 to DEC 31	JAN 31
JAN 1 to MAR 31	APR 30
APR 1 to JUN 30	JUL 31

H. Failure to meet administrative fee requirements and submit fees on a timely basis shall constitute grounds for suspension of this contract.

10. Contract Management

A. The primary contact individuals this Participating Addendum shall be as follows:

Contractor	
Name:	Amanda Hudson
Phone:	(512) 723-6806
Fax:	(512) 283-2691
E-Mail:	Amanda_Hudson@Dell.com
Address:	One Dell Way, Mailstop RR1-33 Legal Round Rock, Texas 78682

State Contract Administrator	
Name:	Julie Matthews
Phone:	(916) 375-4612
Fax:	(916) 375-4663
E-Mail:	Julie.Matthews@dgs.ca.gov
Address:	Department of General Services Procurement Division 707 Third Street, 2nd Floor, MS 2-202 West Sacramento, CA 95605

B. Should the contact information for either party change, the party will provide written notice with updated information no later than ten business days after the change.

11. Termination of Agreement

The State may terminate this Participating Addendum at any time upon 30 days prior written notice to the Contractor. Upon termination or other expiration of this Participating Addendum, each party will assist the other party in orderly termination of the Participating Addendum and the transfer of all assets, tangible and intangible, as may facilitate the orderly, nondisrupted business continuation of each party. This provision shall not relieve the Contractor of the obligation to perform under any purchase order or other similar ordering document executed prior to the termination becoming effective.

12. Agreement

A. This Participating Addendum and the Master Agreement together with its exhibits and/or amendments, set forth the entire agreement between the parties with respect to the subject matter of all previous communications, representations or agreements, whether oral or written, with respect to the subject matter hereof. Terms and conditions inconsistent with, contrary or in addition to the terms and conditions of this Participating Addendum and the Master Agreement, together with its exhibits and/or amendments, shall not be added to or incorporated into this Participating Addendum or the Master Agreement and its exhibits and/or amendments, by any subsequent purchase order or otherwise, and any such attempts to add or incorporate such terms and conditions are hereby rejected. The terms and conditions of this Participating Addendum and the Master Agreement and its exhibits and/or amendments shall prevail and govern in the case of any such inconsistent or additional terms.

B. By signing below Contractor agrees to offer the same products/and or services as on the Master Agreement, at prices equal to or lower than the prices on that contract.

C. IN WITNESS WHEREOF, the parties have executed this Participating Addendum as of the date of execution by both parties below.

Participating State:
STATE OF CALIFORNIA

By: CCull for JB

Name: Jim Butler

Title: Deputy Director

Date: 10/1/15

Contractor:
DELL MARKETING, L.P.

By: Amy Ivy

Name: Amy Ivy

Title: Contracts Manager

Date: 9/30/15

MDC Replacement Purchase - Cost Summary
January 23, 2023

Quote and Description	Quote Number	Amount
MDCs for Assignment		
Includes laptops and accessories for division assignments within the Police Department, does not include equipment installed in vehicles	3000134855705.8	$ 57,614.13
MDCs for Vehicles and Associated Hardware		
Laptops, vehicle hardware, and installation for patrol vehicles (see Scope of Work for installation details)	3000137542807.2	102,292.77
Total Recommended Purchase		**$ 159,906.90**

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **8.**

FROM: Douglas Dancs, Director of Public Works

DATE: 01/23/2023

SUBJECT: **Award Contract for Traffic Camera Upgrades, Project 339**

RECOMMENDATION

Award a contract for traffic camera upgrades to Macadee Electrical Construction for $76,022, and authorize a contingency of $7,600.

DISCUSSION

The city has 40 traffic monitoring cameras throughout Cypress that allow Public Works to monitor real-time traffic conditions, traffic signal operations, signal timing, and construction projects. Most of the cameras are more than 10 years old and beyond their useful life. The cameras do not record video, nor do they have license plate reading or vehicle identification capabilities.

This project is the fourth year of a five-year Capital Improvement Program project to replace traffic monitoring cameras, install cameras at new intersections, and upgrade equipment and infrastructure throughout the city. The FY 2022-23 year project will replace 11 cameras.

As required by State law/the Municipal Code, Public Works solicited bids from qualified contractors specializing in installing traffic monitoring cameras. Macadee Electrical Construction is the low bidder and has completed several projects of similar size and scope for Cypress and other agencies in Orange County. A summary of project award information is attached.

BUDGET IMPACT

The estimated project cost is $83,622 and sufficient amounts are budgeted in the Measure M2 Fund for the recommended capital improvements.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Award Information and Bid Proposals

Project Award Information Checklist

Description of Project:
Replace 11 traffic monitoring cameras at various locations.

Contract Working Days: 30 working days

	Bidders		Amount
1.	Macadee Electrical Construction, Chino, CA	$	76,022
2.	Yunex Traffic, Anaheim, CA	$	77,745
3.	Crosstown Electrical & Data Inc., Irwindale, CA	$	79,875

Apparent Low Bidder: Macadee Electrical Construction - $76,022

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.

PROPOSAL BID SHEET
PROJECT 339
UPGRADE TRAFFIC CAMERA

Bid Due Date: Thursday, December 15, 2022

Company Name: MACADEE ELECTRICAL CONSTRUCTION

Address: 4821 LANIER RD, CHINO, CA 91710

Telephone: (909) 627-1336

Email: kevin@macadee.com

Contractor's License No. and Class: 583125, C10

Contractor's DIR Public Works Registration No: PW-LR-1000395429

Honorable Councilmembers:

The undersigned principal, after having carefully examined the plans, Specifications and General Provisions for the City of Cypress Project 339, hereby proposes and agrees to furnish all labor, materials, equipment, plant, transportation, services, sales taxes and other costs necessary to complete the entire project in strict conformity with the specifications, general and special provisions, and all addenda therefore as prepared by the Engineering Division of the Department of Public Works Department of the City of Cypress and to complete all work within the contract time specified in this PROPOSAL, for the following bid:

BASE BID:

No.	Quantity	Unit	Items of Work (Please Print Unit Prices Written in Words)	Unit Price	Total
1.	11	EA	Furnish and install Axis Q6075-E PTZ Network Camera Axis T91G61 Wall Mount, Axis T91B57 Pole Mount & Cat 5 Cable included FIVE THOUSAND NINE HUNDRED FOURTEEN & 00/100 PER EA	$ 5,914.00	$ 65,054.00
2.	2	EA	Furnish Axis Q6075-E PTZ Network Camera (spare camera) Axis T91G61 Wall Mount, Axis T91B57 Pole Mount included FOUR THOUSAND TWO HUNDRED THIRY-FOUR & 00/100 PER EA	$ 4,234.00	$ 8,468.00
3.	5	EA	Remove existing Pelco Camera and its cable from camera to cabinet. FIVE HUNDRED & 00/100 PER EA	$ 500.00	$ 2,500.00

TOTAL AMOUNT OF BASE BID: $ 76,022.00

TOTAL AMOUNT OF BID IN WORDS:

SEVENTY-SIX THOUSAND TWENTY-TWO 00/100 Dollars

(Please Print Total Amount of Bid in WORDS)



12/15/2022

YUNEX TRAFFIC

PROPOSAL BID SHEET
PROJECT 339
UPGRADE TRAFFIC CAMERA

Bid Due Date: Thursday, December 15, 2022

Company Name: Yunex LLC

Address: 1026 E. Lacy Ave Anaheim, CA 92805

Telephone: (714) 284-0206

Email: Joshua.ferras@yunextraffic.com

Contractor's License No. and Class: 1080007 C10/A

Contractor's DIR Public Works Registration No: PW-LR-1000815000

Honorable Councilmembers:

The undersigned principal, after having carefully examined the plans, Specifications and General Provisions for the City of Cypress Project 339, hereby proposes and agrees to furnish all labor, materials, equipment, plant, transportation, services, sales taxes and other costs necessary to complete the entire project in strict conformity with the specifications, general and special provisions, and all addenda therefore as prepared by the Engineering Division of the Department of Public Works Department of the City of Cypress and to complete all work within the contract time specified in this PROPOSAL, for the following bid:

BASE BID:

No.	Quantity	Unit	Items of Work (Please Print Unit Prices Written in Words)	Unit Price	Total
1.	11	EA	Furnish and install Axis Q6075-E PTZ Network Camera Axis T91G61 Wall Mount, Axis T91B57 Pole Mount & Cat 5 Cable included PER EA	$6,075.00	$66,825.00
2.	2	EA	Furnish Axis Q6075-E PTZ Network Camera (spare camera) Axis T91G61 Wall Mount, Axis T91B57 Pole Mount included PER EA	$4,335.00	$8,670.00
3.	5	EA	Remove existing Pelco Camera and its cable from camera to cabinet. PER EA	$450.00	$2,250.00

TOTAL AMOUNT OF BASE BID: $ 77,745.00

TOTAL AMOUNT OF BID IN WORDS: Seventy-seven thousand, seven hundred forty-five dollars and zero cents Dollars

(Please Print Total Amount of Bid in WORDS)

PROPOSAL BID SHEET
PROJECT 339
UPGRADE TRAFFIC CAMERA

Bid Due Date: Thursday, December 15, 2022

Company Name: CROSSTOWN ELECTRICAL & DATA, INC.

Address: 5454 DIAZ ST., IRWINDALE, CA 91706

Telephone: 626-813-6693

Email: AHEERMANCE@CROSSTOWNDATA.COM

Contractor's License No. and Class: 756309; A & C-10

Contractor's DIR Public Works Registration No: 1000000155

Honorable Councilmembers:

The undersigned principal, after having carefully examined the plans, Specifications and General Provisions for the City of Cypress Project 339, hereby proposes and agrees to furnish all labor, materials, equipment, plant, transportation, services, sales taxes and other costs necessary to complete the entire project in strict conformity with the specifications, general and special provisions, and all addenda therefore as prepared by the Engineering Division of the Department of Public Works Department of the City of Cypress and to complete all work within the contract time specified in this PROPOSAL, for the following bid:

BASE BID:

No.	Quantity	Unit	Items of Work (Please Print Unit Prices Written in Words)	Unit Price	Total
1.	11	EA	Furnish and install Axis Q6075-E PTZ Network Camera Axis T91G61 Wall Mount, Axis T91B57 Pole Mount & Cat 5 Cable included PER EA	$ 6,100.00	$ 67,100.00
2.	2	EA	Furnish Axis Q6075-E PTZ Network Camera (spare camera) Axis T91G61 Wall Mount, Axis T91B57 Pole Mount included PER EA	$ 3,575.00	$ 7,150.00
3.	5	EA	Remove existing Pelco Camera and its cable from camera to cabinet. PER EA	$ 1,125.00	$ 5,625.00

TOTAL AMOUNT OF BASE BID: $ 79,875.00

TOTAL AMOUNT OF BID IN WORDS: SEVENTY NINE THOUSAND, EIGHT HUNDRED SEVENTY FIVE DOLLARS AND NO CENTS. Dollars

(Please Print Total Amount of Bid in WORDS)

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **9.**

FROM: Peter Grant, City Manager

DATE: 01/23/2023

SUBJECT: **Receive an Update on the Strategic Plan Six-Month Objectives**

RECOMMENDATION

Receive an update on the Strategic Plan six-month objectives.

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 2022, 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 23, 2023, several of which are impacted by staff transitions in Public Works' engineering team and the resources required by the City Council transition.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

SP Objectives

CITY OF CYPRESS

SIX-MONTH STRATEGIC OBJECTIVES

September 21, 2022 – March 15, 2023

THREE-YEAR GOAL: **MAINTAIN INFRASTRUCTURE AND FACILITIES**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the March 13, 2023 City Council meeting	Public Works Director, working with the RCS Director	Report the results of public engagement for the reimagining of Arnold Cypress Park.	X			
2. At the Feb. 27, 2023 City Council workshop	Public Works Director, working with SCE	Present options for converting to LED streetlights.			X	
3. FUTURE	Public Works Director, working with Golden State Water	Present recommendations to encourage/support residential water conservation.		X		On hold to a time when users will be more inclined to conservation
4. At the Mar. 27, 2023 City Council meeting	Public Works Director	Recommend a consultant to develop a plan to provide Arnold Cypress Park with reclaimed water.			X	
5. At the Mar. 27, 2023 City Council meeting	Public Works Director	Recommend a consultant to evaluate right-of-way irrigation systems and software to reduce water consumption.			X	

CITY OF CYPRESS

SIX-MONTH STRATEGIC OBJECTIVES

September 21, 2022 – March 15, 2023

MAINTAIN FINANCIAL STABILITY AND PROMOTE ECONOMIC ACTIVITY						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the Oct. 24, 2022 City Council meeting	Finance Director	Recommend an update to the Fiscal Strategies establishing annual discretionary payments to CalPERS to further mitigate the City's unfunded pension liability.	X			
2. At the March 13, 2023 City Council workshop	Planning Director	Provide a Housing Element implementation update.			X	
3. By March 1, 2023	Planning Director	Present the City Manager with the Business Park Market Trends and Opportunities.		X		
4. By March 15, 2023	Planning Director	Release the Housing Element Implementation Draft Environmental Impact Report for public review and comment.		X		
5. At the March 13, 2023 City Council meeting	Planning Dir, working with the Economic Development Subcommittee	Recommend an implementation plan for economic development-related projects in the Pandemic Recovery Plan.		X		

CITY OF CYPRESS

SIX-MONTH STRATEGIC OBJECTIVES

September 21, 2022 – March 15, 2023

THREE-YEAR GOAL: **ENHANCE AND MAINTAIN PUBLIC SAFETY**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. By Feb. 15, 2023	Police Chief, working with a consultant	Present the City Manager with the Police Department's Property and Evidence operations audit.			X	
2. At the Feb. 13, 2023 City Council meeting	Police Chief	Present an update on the HOPE Center and the Orange County Public Safety Collaborative.		X		
3. On Feb. 16, 2023	Police Chief	Conduct an orientation and training for city staff in the new Emergency Operations Center.		X		
4. By March 15, 2023	Police Chief, working with the Police Management Association and Police Officers' Association	Issue an RFQ for a consultant to review and enhance the Police Department's personnel performance evaluation system.		X		

CITY OF CYPRESS

SIX-MONTH STRATEGIC OBJECTIVES

September 21, 2022 – March 15, 2023

THREE-YEAR GOAL: **ENHANCE RECREATION FACILITIES AND PROGRAMS**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the Oct. 24, 2022 City Council meeting	Public Works Director, working with the RCS Director	Recommend plans and specifications for Senior Center improvements.	X			
2. FUTURE	RCS Director	Provide a review of Celebrate Cypress events, including the Women's Conference Partnership and viability of the Cypress Run.			X	Celebrate Cypress-related Decision Packages will be recommended in the Proposed FY 23-24 Budget
3. At the March 13, 2023 City Council meeting	Public Works Director, working with the RCS Director	Recommend a design contract for security upgrades at Oak Knoll Park.		X		
4. By March 27, 2023	RCS Director, working with the RCS Commission	Present the City Manager options for relocating Cypress Girls Softball and pickle ball during Arnold Cypress Park construction.			X	

CITY OF CYPRESS

SIX-MONTH STRATEGIC OBJECTIVES

September 21, 2022 – March 15, 2023

THREE-YEAR GOAL: **MAINTAIN HIGH QUALITY AN HIGH VALUE SERVICES FOR THE COMMUNITY**						
WHEN	**WHO**	**WHAT**	**STATUS**			**COMMENTS**
			DONE	ON TARGET	REVISED	
1. At the Oct. 10, 2022 City Council meeting	Planning Director	Provide an update on the Neighborhood Preservation Program.	X			
2. By Jan. 1, 2023	City Manager, working with the Mayor, Mayor Pro Tem and City Clerk	Select a consultant and organize a team-building event for the City Council and department directors.	X			
3. By Feb. 15, 2023	City Clerk, working with the Finance Director	Release an agenda management and video streaming services RFQ.			X	
4. At the March 13, 2023 City Council meeting	Finance Director	Recommend a contract for a Voice Over Internet Protocol (VOIP) telephone system.		X		
5. Ongoing	City Manager and City Attorney, working with the City Council	Assess and respond to the California Voting Rights Act lawsuit and potentially consider changes to the City's system for electing Council Members.				

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **10.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Receive and File the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022**

RECOMMENDATION

Receive and file the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022.

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, 2022. 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 on 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 36 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 2021-22 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.

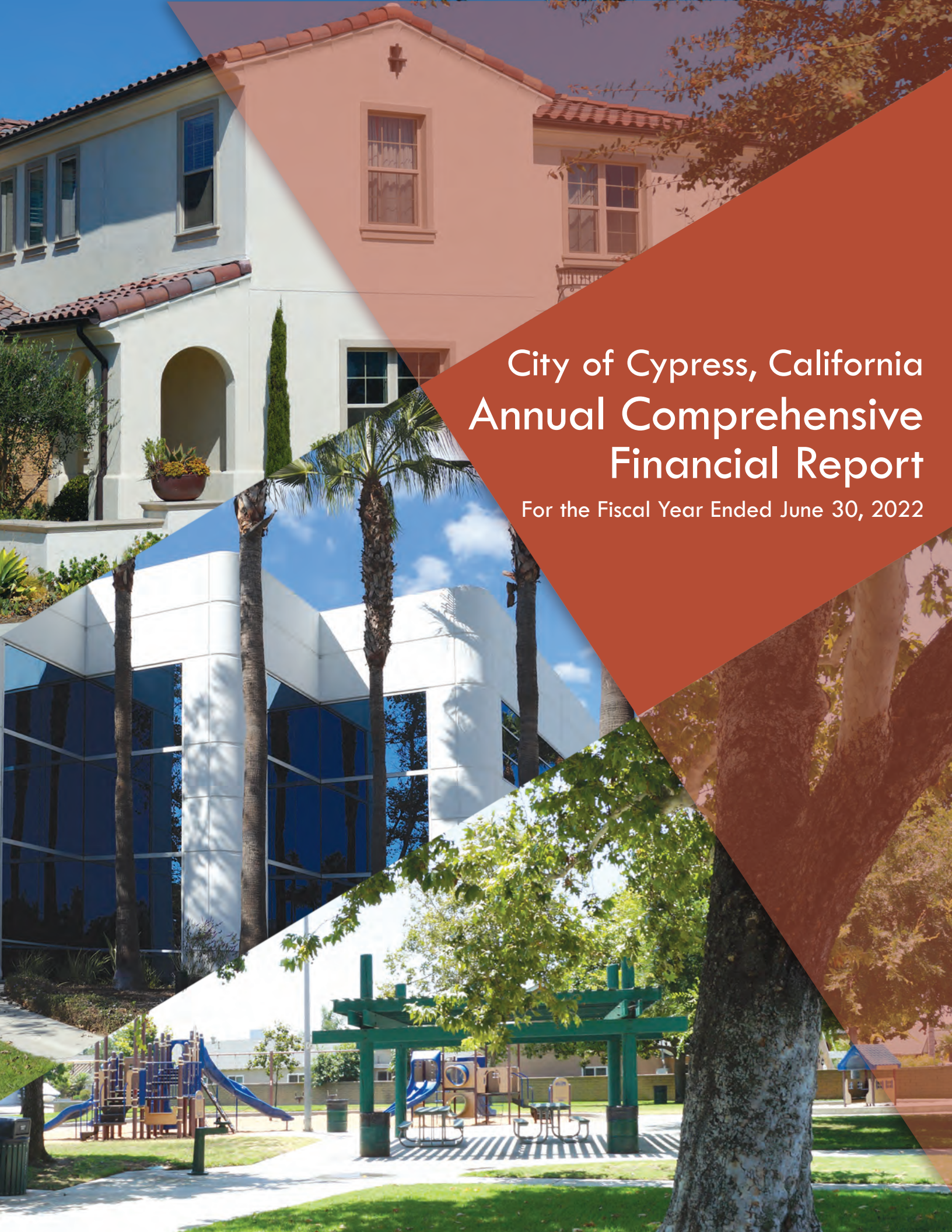
LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

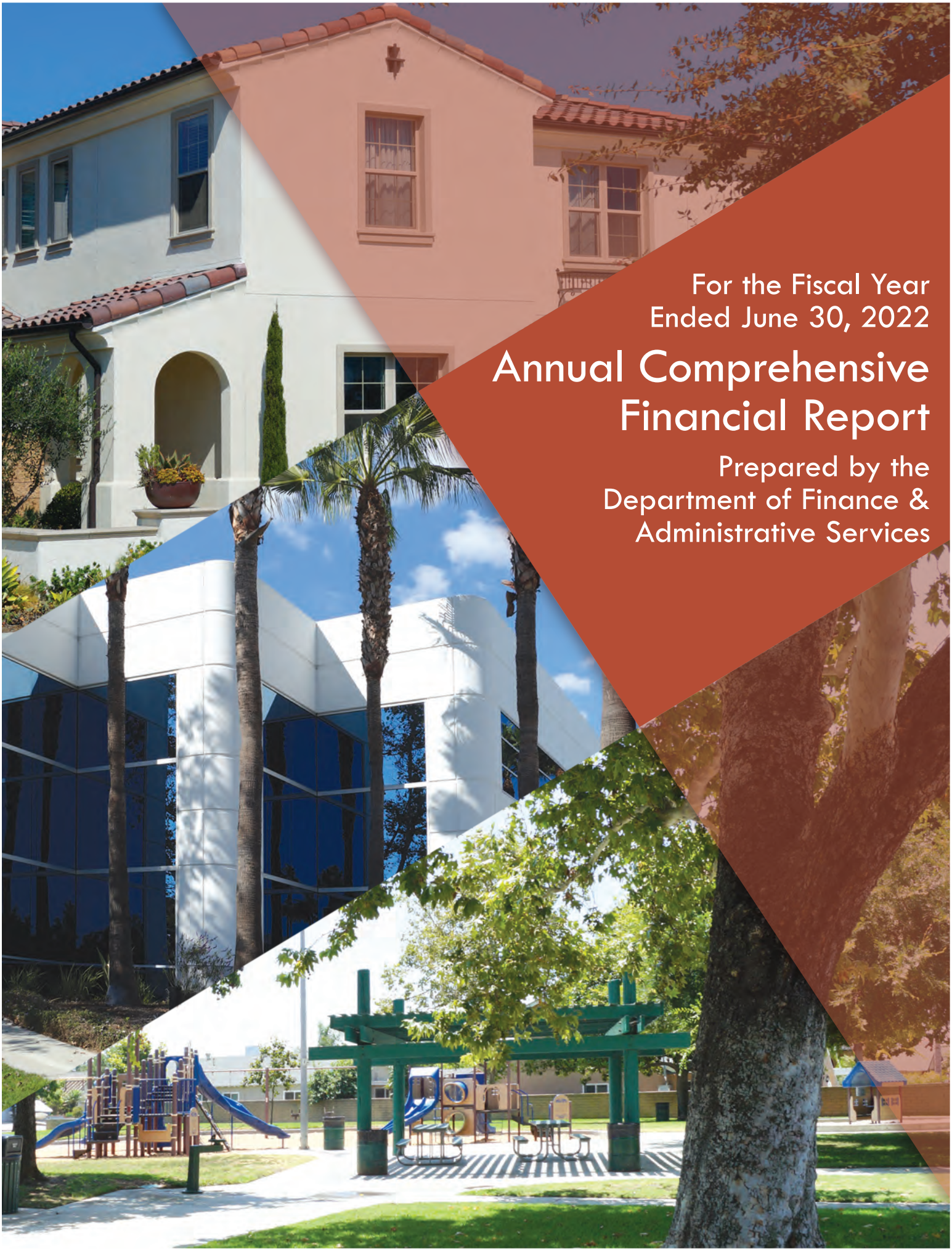
Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022



City of Cypress, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022



For the Fiscal Year
Ended June 30, 2022

Annual Comprehensive Financial Report

Prepared by the
Department of Finance &
Administrative Services

CITY OF CYPRESS

Annual Comprehensive Financial Report

Year ended June 30, 2022

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CITY OF CYPRESS

Annual Comprehensive Financial Report

Year ended June 30, 2022

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CITY OF CYPRESS

Annual Comprehensive Financial Report

Year ended June 30, 2022

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Introductory Section

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

December 21, 2022

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, 2022. 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, 2022. 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, 2022 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, 2022, 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 49,810. 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 generated a significant percentage of City 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 COVID-19 pandemic brought with it huge uncertainties that have now lingered for over two years, the local economy has proved resilient. The negative toll on Cypress' revenue base has been far less than feared, but the long-term economic impacts of the pandemic, and associated recovery period, will likely continue in the Orange County region for the foreseeable future.

Since the end of the great recession, the City has 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 pandemic as the City has been able to keep a balanced budget while maintaining service levels. Property taxes remain a stable source of income, while sales tax revenues are 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 in 2020 which saw the departure of one of the City's major generators and the start of the COVID-19 pandemic. While sales tax revenues over the past two years have not declined as much as feared, City leaders will 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 the discount rates since that time, have been passed on to members of CalPERS in the form of higher payments for the foreseeable future. Cypress, like most other California cities, has seen its annual required contributions nearly double over the last five-years. While healthy investment returns in FY 2020-21 favorably impacted the City's unfunded accrued liability, CalPERS portfolio losses in the last 18 month have eroded those gains and the unfunded liability calculated in the next actuarial report will likely increase significantly.

It seems that just when you get a handle on one financial challenge, another new challenge comes onto the scene. In the past year, inflation has taken center stage as the latest threat to the City's financial health as increases to the Consumer Price Index (CPI) have risen to levels not seen in over 40 years. The potential impacts to City expenditures cannot be overstated, as cost increase for all City services and projects are expected to far outpace revenue growth. While the move out of the pandemic phase of COVID-19 is a laudable event, it appears the certainty of uncertainty will accompany our return to normalcy.

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 $13.4 million has been accumulated in the General fund for contingencies and budget stabilization at June 30, 2022. In addition, a pension trust was established in 2017 in response to pension and budget stabilization concerns, and $20.2 million is invested in the trust at June 30, 2022. 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 in the future, accumulated fund balance and net position amounts are at a level which should allow the City to withstand negative short-term 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 instability and risk of recession, inflation, sales tax volatility and rising pension costs.

Another ongoing financial challenge remains funding the necessary maintenance and improvements required for the City's facilities and infrastructure systems. The seven-year capital 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 quarter century 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 economic concerns, sales tax uncertainty, inflation 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. Most of these strategic objectives were completed during the past year and included developing plans for both American Rescue Plan Act (ARPA) monies and pandemic recovery, an update to the community survey to assess satisfaction with city services and public engagement, creation of a citizen's academy to educate residents, establishing the new full-time classification of Business Development Manager, launching the residential organics recycling program, and celebrating the opening of Lexington Park and the reopening of the modernized Police Department.

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 factors discussed in detail 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. When compared to where we feared we might be at the outset of the pandemic, 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, 2021. This is the 36th 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 challenges and uncertainty associated with the last few years is unprecedented, and I want to extend my thanks to all the Finance staff that assisted and contributed to the preparation of this report. Appreciation must also be extended to the Cypress City Council for their ongoing commitment to plan ahead and put the City in a positon to be financially prepared for unforeseen challenges. This strategic approach has greatly benefited Cypress residents and businesses during the pandemic and will continue to do so during the ongoing recovery period. I look forward to working with the City Manager and the newly-elected City Council on ensuring the City's short-term and long-term fiscal health continues to be strong and it remains the highest priority so that Cypress will be able to flourish for generations to come.

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, 2022

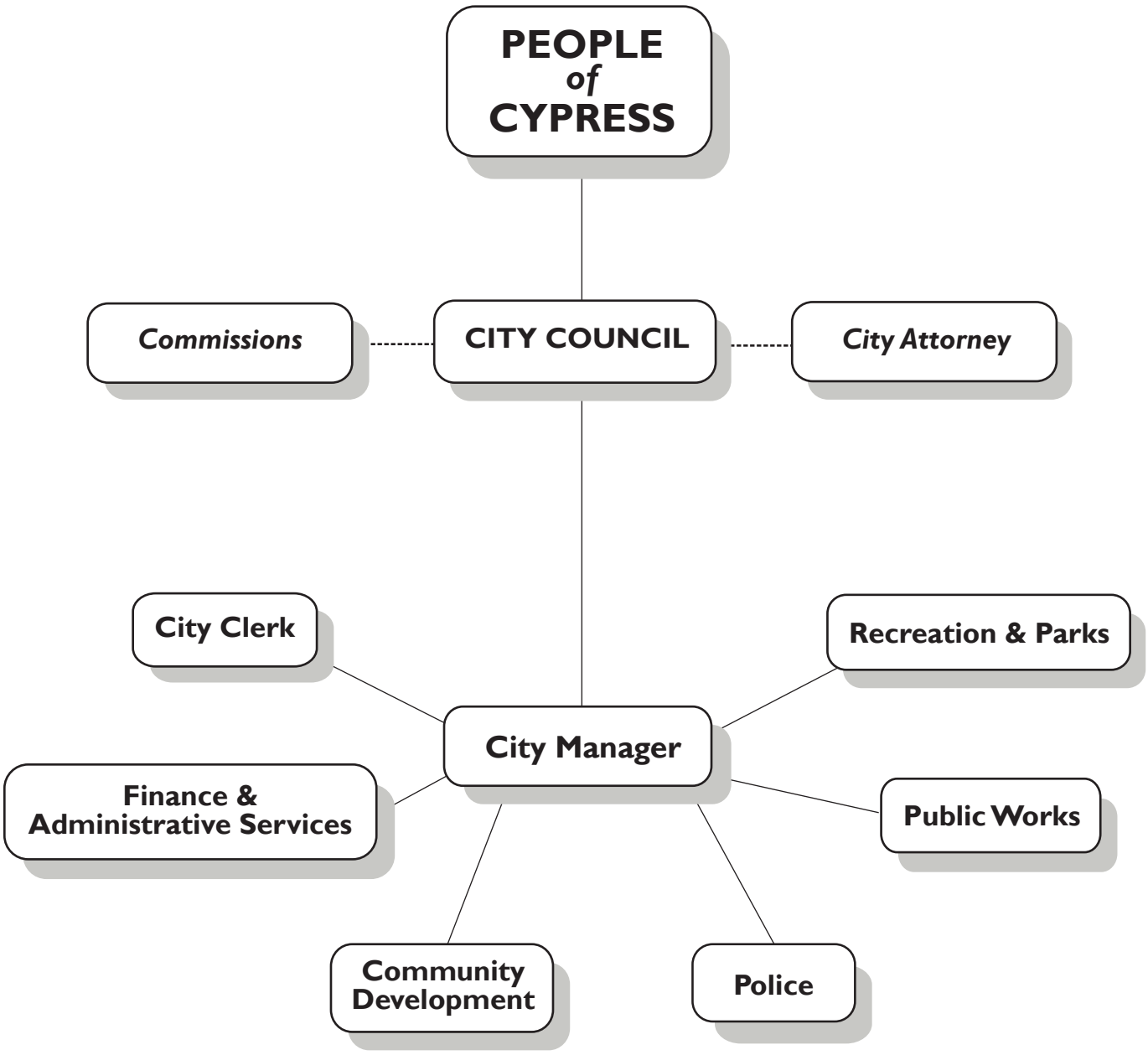
Legislative Body

Paulo Morales	Mayor
Anne Hertz-Mallari	Mayor Pro-Tem
Frances Marquez, PhD	Council Member
Scott Minikus	Council Member
Jon Peat	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, 2021



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 the City of Cypress, California, (the "City") as of and for the year ended June 30, 2022, 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 as of June 30, 2022, 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 opinions.

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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 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, budgetary comparison schedules for General Fund and major special revenue funds, and the required pension and other post-employment benefits schedules, as listed in the table of contents, 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 City's basic financial statements. The combining and individual 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 supplementary information is 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 21, 2022 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 21, 2022

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, 2022. 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, 2022 by $334,485,147 (*net position*). Of this amount, $95,515,524 (*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 $17,983,910 during the fiscal year.
- As of June 30, 2022, the City's governmental funds reported combined ending fund balances of $144,498,266, an increase of $11,138,302 in comparison with the prior year. A total of $1,043,486 is unassigned within the General fund and is available for spending at the government's discretion, while a deficit fund balance of $163,885 is included in the nonmajor governmental funds (*unassigned fund balance of the governmental funds*).
- As of June 30, 2022, the total fund balance of the General fund was $31,417,525. Of this total, $8.9 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 $21.2 million of the fund balance has been assigned – including for use on future capital improvements, investment in the City's pension trust, potential budget shortfalls, pandemic recovery programs and storm drainage purposes. 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 for investment to offset the City's unfunded pension liabilities.

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 Pandemic Response Special Revenue Fund, the Recreation and Park District Special Revenue fund, and the City Capital Projects fund, all of which are considered to be major funds. Also presented is the Streets Special Revenue fund which management has designated as a major fund. 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 Pandemic Response Special Revenue 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 Pandemic Response Special Revenue 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, 2022 and 2021

	Governmental Activites		Business-type Activites		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	$ 205,414,223	$ 193,239,901	$ 6,700,860	$ 5,363,075	$ 212,115,083	$ 198,602,976
Capital assets	172,804,367	166,272,625	18,876,494	19,322,767	191,680,861	185,595,392
Total assets	378,218,590	359,512,526	25,577,354	24,685,842	403,795,944	384,198,368
Deferred Outflows of Resources:						
Deferred outflows - pension & OPEB	14,230,921	15,161,001	-	-	14,230,921	15,161,001
Total deferred outflows	14,230,921	15,161,001	-	-	14,230,921	15,161,001
Liabilities:						
Long-term liabilities outstanding	13,910,689	15,203,699	-	-	13,910,689	15,203,699
Net pension liability	32,737,065	53,272,251	-	-	32,737,065	53,272,251
Other liabilities	7,867,424	9,554,930	62,488	109,282	7,929,912	9,664,212
Total liabilities	54,515,178	78,030,880	62,488	109,282	54,577,666	78,140,162
Deferred Inflows of Resources:						
Deferred inflows - pension & OPEB	28,964,052	4,717,970	-	-	28,964,052	4,717,970
Total deferred outflows	28,964,052	4,717,970	-	-	28,964,052	4,717,970
Net Position:						
Invested in capital assets	172,804,367	166,272,625	18,876,494	19,322,767	191,680,861	185,595,392
Restricted	40,650,390	37,532,553	6,638,372	5,253,793	47,288,762	42,786,346
Unrestricted	95,515,524	88,119,499	-	-	95,515,524	88,119,499
Total net position	$ 308,970,281	$ 291,924,677	$ 25,514,866	$ 24,576,560	$ 334,485,147	$ 316,501,237

Net position of the City increased by nearly $18.0 million (5.7 percent) to $334.5 million at June 30, 2022, of which $191.7 million is invested in capital assets such as land, buildings and improvements, equipment, and infrastructure. Of the remaining total, $47.3 million is restricted as to use by specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining $95.5 million classified as unrestricted net position increased by $7.4 million (8.4 percent) from $88.1 million at June 30, 2021, 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 many factors, including: tax revenues exceeding estimates, the receipt of one-time American Rescue Plan Act (ARPA) monies made available to local governments for pandemic response and recovery, and realizing budget savings associated with personnel vacancies throughout all departments of the City.

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 57.3 percent of total net position, which is a modest decrease 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, 2022 and 2021

	Governmental Activites		Business-type Activites		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues:						
Charges for services	$ 10,505,192	$ 3,719,781	$ 1,779,495	$ 1,861,974	$ 12,284,687	$ 5,581,755
Operating grants and contributions	16,061,186	3,862,387	35	37	16,061,221	3,862,424
Capital grants and contributions	1,638,108	1,869,583	-	-	1,638,108	1,869,583
General Revenues:						
Sales tax	13,292,177	11,249,720	-	-	13,292,177	11,249,720
Property taxes	19,500,488	18,720,345	32,508	30,499	19,532,996	18,750,844
Other taxes	6,369,071	5,221,855	-	-	6,369,071	5,221,855
Other	(4,695,002)	2,282,935	28,657	27,924	(4,666,345)	2,310,859
Total Revenues	62,671,220	46,926,606	1,840,695	1,920,434	64,511,915	48,847,040
Expenses						
General government	5,477,433	6,295,641	-	-	5,477,433	6,295,641
Community development	2,333,245	2,100,332	-	-	2,333,245	2,100,332
Public safety	19,494,326	19,428,392	-	-	19,494,326	19,428,392
Public works	12,737,505	13,865,043	-	-	12,737,505	13,865,043
Recreation	5,583,107	5,303,581	-	-	5,583,107	5,303,581
Sewer	-	-	902,389	888,283	902,389	888,283
Total Expenses	45,625,616	46,992,989	902,389	888,283	46,528,005	47,881,272
Excess of revenues over expenses before special item	17,045,604	(66,383)	938,306	1,032,151	17,983,910	965,768
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	17,045,604	1,986,789	938,306	1,032,151	17,983,910	3,018,940
Net Position						
Beginning Net Position	291,924,677	289,937,888	24,576,560	23,544,409	316,501,237	313,482,297
Ending Net Position	$ 308,970,281	$ 291,924,677	$ 25,514,866	$ 24,576,560	$ 334,485,147	$ 316,501,237

The following revenue impacts contributed to the change in net position for governmental activities for the fiscal year ended June 30, 2022:

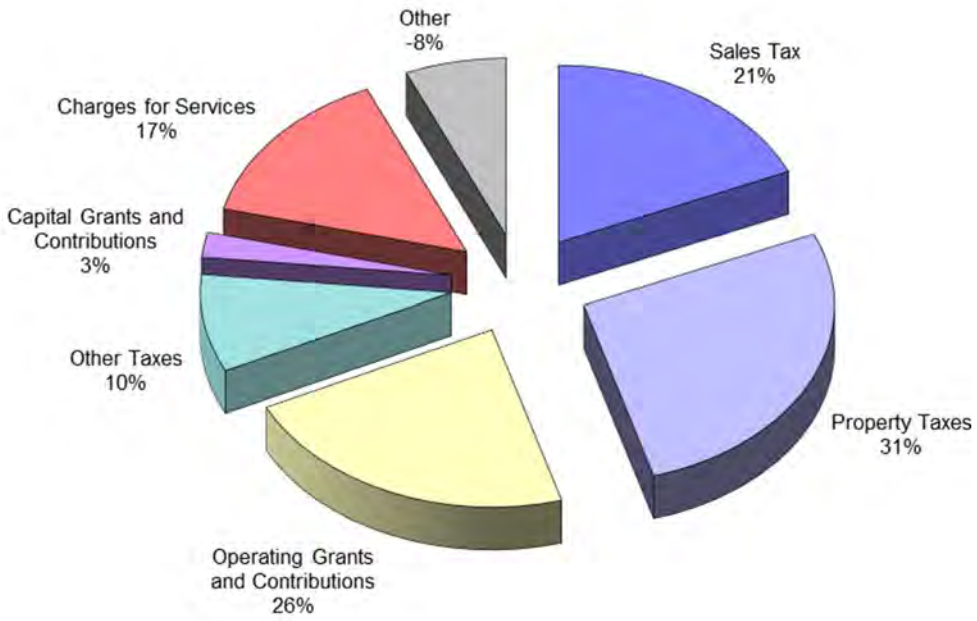
- The City's program revenues totaled 46.5 percent of total revenues and nearly tripled from the prior year. Charges for services (which include items such as planning and building fees, city services, and recreation user fees) experienced large increases due to activity levels bouncing back to pre-pandemic levels (especially in development and recreation activities) and receiving nearly $6.2 million of park development fees. These park development fees were over $6.1 million more than the prior year and tend to fluctuate year to year based on development activity. In FY 2021-22, a few large developments in the area of the Los Alamitos Race Track paid significant fees which must be used to build new or

enhanced parks. Operating grants and contributions also far exceed prior year totals, in most part due to the one-time receipt of $11.7 million of American Rescue Plan Act (ARPA) monies provided by the Federal government which replace pandemic-related revenue losses. While grants and contributions tend to fluctuate year-to-year based on availability and project timing, the increases experienced in the past year due to ARPA receipts are unprecedented.

- The City's general revenues represent 53.5 percent of total revenues. General revenues decreased by just over $3.0 million (8.0 percent) from the prior year. Sales taxes, which represent 38.5 percent of total general revenues and experienced declines due to the pandemic and the loss of a major generator in October 2020, experienced healthy increases in FY 2021-22. The resiliency of the economy despite the threat of recession, rising gasoline prices and the highest inflation seen in over 40 years, as well as strong business to business sales all helped propel sales tax revenues up by over $2.0 million. Property tax revenues, the City's largest revenue source, continued to grow due to the stable real estate market and its impact on assessed values. Growth in other taxes, including a strong post-pandemic rebound in transient occupancy taxes, resulted in a $1.1 million year over year increase. However, other general revenues totaled a negative $4.7 million for the year due to experiencing $6.0 million of fair market value adjustments in accordance with generally accepted accounting principles. These adjustment includes $3.1 million in paper losses to the City's investment portfolio that will never be realized since the City's practice is to hold all investments to maturity, and a $2.9 million adjustment to the City's pension trust which is not expected to be realized due to the long-term nature of pension trust investments.

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

Revenues by Source – Governmental Activities

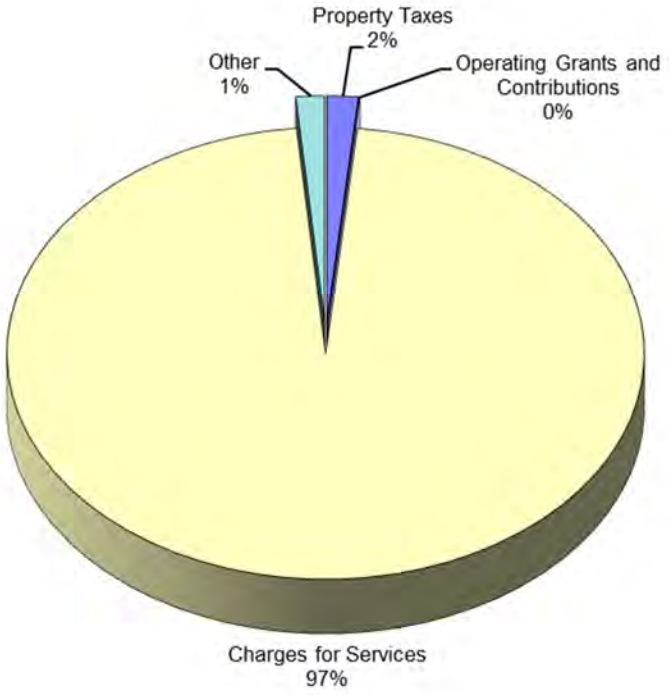


The following revenue items contributed to the change in net position for business-type activities for the fiscal year ended June 30, 2022:

- 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 decreased by 4.2 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 and drought restrictions 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 decreased by nearly $1.4 million for the fiscal year ended June 30, 2022, (2.9 percent), compared to the prior year.

- General government expenses decreased due to higher activity levels in the prior fiscal year associated with pandemic response and recovery related programs to assist local business, non-profit organizations and a hot meal program for eligible residents. While recovery efforts are ongoing, FY 2021-22 pandemic expenditures to assist the community fell well below the levels established in the two previous years.
- Community Development expenses increased 11.1 percent due to contract costs associated with state-mandated housing element update and implementation which is required every eight years.
- Public safety (police) continues to account for the largest portion (42.7 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 limited year over year increases.
- Public works expenses decreased over $1.1 million due primarily to incurring lower costs for recurring street maintenance projects. These project costs, which include roadway paving and curb and sidewalk maintenance, tend to vary year to year based the scale and timing of projects.

- Recreation expenses increased 5.3 percent due to fully reinstituting many programs which had been halted or scaled back due to the pandemic. These lower levels of programming reduced part-time staffing costs and payments for contract class instructors.
- Total expenses for business-type activities increased $14,106 (1.6 percent). Ongoing investments to improve the sewer system occur each year, and the modest increase in expenses is largely attributable to increased personnel and consulting costs associated with sewer operations.

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 $144,498,266, an increase of $11,138,302 over total fund balances at June 30, 2021. The increase can be attributed to the receipt of one-time federal ARPA monies and park development fees related to large development projects in the City.

Total fund balance is broken down into five categories – ranging from nonspendable to unassigned. Restricted fund balance amounts total $20.3 million and increased by $1.1 million from the prior year and equal 14.1 percent of total fund balance. The increase in restricted fund balance is due to the accumulation of additional fund balance in the streets fund which will be used for future capital improvements. The restricted amounts at June 30, 2022 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 $20.5 million (14.2 percent) and decreased by just over $0.6 million in the past year. The small decrease in committed fund balance is due to having a lower amount of City Council approved contracts outstanding at the end of the most recent fiscal year than the prior 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 decrease is largely attributed to declines in the outstanding contract balances associated with the police department remodel and Lexington Park. An additional $102.5 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, potential future budget shortfalls and future pandemic recovery programs. 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, 2022 totaled $25.5 million, which is just over $938,000 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, 2022, the total fund balance of the General fund was $31,417,525 (compared to $25,192,662 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 $4.5 million was transferred out for future infrastructure and facility needs, and an additional $4.5 million for pension trust investment, during the fiscal year ended June 30, 2022. It is important to note the annual General Fund monies transferred to the City Capital Projects fund for the intended purpose of providing infrastructure and facility 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 72.1 percent (up from 54.5 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, 2022, cash and investments in the General fund totaled $26,251,338, a decrease of $348,523 from the prior fiscal year. The net decrease to cash is due to the one-time American Rescue Plan Act monies transferred into the General Fund for eligible revenue replacement being offset by the transfer out of prior year

accumulations for capital projects and pension trust investments. These transfers for capital and pension investment had been deferred for a year due to budget uncertainties associated with the pandemic.

CITY OF CYPRESS

Summary of Changes in Fund Balances - General Fund
For the fiscal year ended June 30, 2022 and 2021

	2022	2021	Change
Revenues			
Taxes:			
Sales	$ 13,292,177	$ 11,579,445	$ 1,712,732
Property	11,852,927	11,398,114	454,813
Other	6,751,658	5,568,782	1,182,876
Total taxes	31,896,762	28,546,341	3,350,421
Licenses and permits	1,326,104	884,938	441,166
Fines and forfeitures	167,159	257,141	(89,982)
From use of property	(2,894,980)	(547,569)	(2,347,411)
From other agencies	667,581	240,412	427,169
Charges for services	3,540,366	3,481,808	58,558
Other	363,434	419,100	(55,666)
Total Revenues	35,066,426	33,282,171	1,784,255
Expenditures			
General government	4,833,262	5,291,414	(458,152)
Community development	2,099,379	1,852,108	247,271
Public safety	17,746,963	17,222,083	524,880
Public works	6,189,563	5,869,347	320,216
Total Expenditures	30,869,167	30,234,952	634,215
Net Transfers	2,027,604	(898,347)	2,925,951
Increase (decrease) in fund balance	$ 6,224,863	$ 2,148,872	$ 4,075,991

Total General fund revenues for the fiscal year ended June 30, 2022 increased by nearly $1.8 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, increased by $1.7 million from the prior year. The ongoing rebound from the pandemic's negative impact on sales tax revenue, combined with rising gasoline prices and inflationary pressures, contributed to the 14.8 percent year over year revenue increase.
- 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 $5.3 million in property taxes in lieu of Motor Vehicle License Fees (MVLF), which represented an increase over the prior year.

- Other taxes were up significantly due to several factors, with the impacts on post-pandemic non-essential travel and transient occupancy tax receipts accounting for the majority of the increase.
- 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 while development activity in the City remained strong throughout the pandemic, activity levels increased further in the past year.
- Revenue from use of property experienced another year over year decline, resulting in a second consecutive year of recognizing negative amounts for this revenue source due to investment earnings. While the market interest rate earned on the City's cash and investment reserves rose throughout the year, the market value of the underlying assets was less than their purchase price. Accounting standards require all investments be recorded at their fair market value on June 30, 2022, which 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 $3.1 million of losses required to be recorded at year end will never be realized.
- Revenue from other agencies increased due to receiving a one-time pandemic-related $105,000 meal gap services grant from the County and the first year of a three year State tobacco grant to fund the City's new school resource officer in the Police Department. This State grant will provide up to $710,000 of funding over three years for tobacco education and compliance purposes.

Changes in General fund expenditures, by function, occurred as follows during the year ended June 30, 2022:

- General government expenditures decreased by $458,152 (8.7 percent). The decrease is attributed to a higher volume of one-time pandemic response expenditures incurred in the previous fiscal year. In the fiscal year ended June 30, 2021, the City expended $950,000 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. While meal assistance programs continued into FY 2021-22, total expenditures for pandemic response and recovery declined to $300,000.
- Community development expenditures increased due primarily to incurring higher contract costs to provide support for the preparation and implementation of the City's Housing Element. The Housing Element is a State-mandated document that establishes housing programs and zoning amendments and is required to be updated every eight years. Implementing the components of the housing element will take several years and is expected to cost over $1 million.
- Public safety (police) expenditures increased by $524,880 (3.0 percent) when compared to the prior fiscal year. Cost increases associated with implementing negotiated salary and benefit increases for sworn officers, and contract cost

increases brought on by inflationary impacts, accounted for the majority of the additional expenditures.

- Public works expenditures rose by $320,216 (5.5 percent) due to many factors, including having 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 continue to increase due to higher water prices and 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 in increased by over $2.9 million as compared to the prior fiscal year and are summarized as follows:

- The General fund transferred $1,550,000, as compared to $725,000 in the prior year, to the City's Capital Projects fund for current year projects. Additionally, $4.5 million of accumulated fund balance, up from $1.3 million in the prior year, was transferred from the General fund to the City's Capital Projects fund for future infrastructure projects.
- $4.5 million was transferred to the City's Internal Service Employee Benefits fund during the past year, compared to $150,000 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 increases to transfers from the General fund for future capital and pension trust investments were significantly higher than the prior year. The increases were a result of overcoming two pandemic-related 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 in the prior fiscal year. Fortunately, no additional pandemic response efforts were necessary in the past year and the projected budget deficits never materialized which resulted in additional General fund amounts being available to set-aside for future capital and pension trust investment.
- $11.7 million of American Rescue Plan Act (ARPA) monies were transferred to the General fund during the fiscal year ended June 30, 2022. In accordance with eligibility guidelines, the City elected to use these one-time amounts to replace revenue losses brought on by the pandemic.

General Fund Budgetary Highlights

Differences between the original appropriations budget and the final amended budget totaled a net increase of $2,935,210. The annual carryover of appropriations to the new fiscal year for encumbrances and services not completed in the prior fiscal year accounted for $1,713,545 of the change. The majority of the carryover appropriations related to unexpended contingency amounts, unexpended grant awards and planning services for the State-mandated update to the City's housing element. The remaining major changes in appropriations are summarized as follows:

- $37,500 increase in Legislative for consulting assistance to further community outreach and public engagement related to the California Voting Rights Act and the format Cypress uses to elect Council Members.
- $105,000 increase in Administration for a grant from the County of Orange for meal gap support initiatives in response to the COVID-19 pandemic.
- $78,000 in the Police Department for a State Office of Traffic Safety grant for a selective traffic enforcement program which aims to reduce collisions involving alcohol, speed and red light violations.
- $666,610 of contract cost increases in Planning for the State-mandated update of the Housing Element and associated implementation, business park modernization and integration project, and a neighborhood preservation pilot program for code enforcement issues.
- $211,000 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 strength of the local economy and housing market. The additional inspection and plan check appropriations were fully offset by increases in revenues in the General fund.
- $50,000 in Public Works for a solid waste low-income assistance program for eligible residents designed to help offset higher solid waste fees resulting from the implementation of a new State-mandated organics recycling program.

Total actual General fund revenues fell below the final amended revenue budget by $370,014. Tax revenue exceeded the amended budget by over $3.3 million due to several factors, with sales tax being the largest impact and exceeding initial estimates by $2.0 million. This sales tax overage was driven by the ongoing strength of the City's largest sales tax generators, inflationary impacts including rising gas prices, and a post-pandemic rebound in business to business sales. Other tax sources contributed to the overage and include property tax, transient occupancy tax and franchise taxes. Several revenue sources fell below budget, which more than offset the tax overages. The most significant revenue shortfall was from the use of property (which includes interest earnings on the City's investments). Accounting requirements mandate all investments are adjusted to their fair market value at fiscal year end, which resulted in $3.1 million of markdowns in FY 2021-22. While the rate earned on cash balances increased from historic lows in the prior year, rising interest rates caused the market value of assets to fall below their purchase price. Since the City's investment policy provides for all investments to be held to maturity, these additional losses will never be realized. So in many ways, the negative amount recorded as revenue from use of property is misleading and gives a false impression to the reader of the financial statement. Other revenue sources that fell short of the amended budget include revenue from other agencies which consists primarily of grant allocations which remained unexpended at the end of fiscal year.

Total operating expenditures were nearly $6.1 million below the final amended budget (before any carryover amounts to the fiscal year ended June 30, 2023) 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 with 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 one-time amounts budgeted for contingency purposes and COVID-19 recovery not being expended prior to June 30, 2022. 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.

Pandemic Response Special Revenue Fund

The Pandemic Response and Recovery Fund accounts for receipts and expenditures of money received from federal, state and county sources in response to the COVID-19 pandemic. Included in this fund are Coronavirus Aid, Relief, and Economic Security (CARES) act and American Rescue Plan Act (ARPA) monies used to respond to the pandemic in accordance with established guidelines.

CITY OF CYPRESS
Summary of Changes in Fund Balances
Pandemic Response Fund
For the fiscal year ended June 30, 2022 and 2021

	2022	2021	Change
Revenues			
From use of property	$ -	$ 505	$ (505)
From other agencies	11,717,000	675,035	11,041,965
Other revenue	-	611	(611)
Total Revenues	11,717,000	676,151	11,040,849
Expenditures			
General Government	-	194,355	(194,355)
Total Expenditures	-	194,355	(194,355)
Net Transfers	(11,717,000)	(481,796)	(11,235,204)
Increase (decrease) in fund balance	$ -	$ -	$ -

Total revenues for the fiscal year ended June 30, 2022 increased over $11 million from the prior fiscal year due to the one-time allocation of Coronavirus State and Local Fiscal Recovery Funds through ARPA. In January 2022, the City Council approved a spending

plan which uses the full allocation as revenue replacement to the maximum extent allowed by U.S. Treasury guidelines. Eligible revenue losses total $11,717,000 through June 30, 2021 and were transferred out during the fiscal year ended June 30, 2022. Coronavirus State and Local Fiscal Recovery Funds of $6,277 remain unexpended at June 30, 2022 and are anticipated to be available for revenue replacement in future fiscal years.

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 $6,406,514 as compared to $6,342,546 at the beginning of the year. The fund balance represents 141.4 percent (compared with 151.7 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 fund balance restrictions at June 30, 2022 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, 2022, the cash and investments balance in the Recreation and Park District special revenue fund was $13,769,669, a decrease of $1,053,886 from the prior fiscal year. Total receivables at the end of the fiscal year were $127,734, a decrease from the prior year total of $147,048. The decrease in receivables is attributed to more registration fees outstanding in the prior year partially offset by larger interest receivable. The change to interest receivables is a direct result of higher market rates earned on cash balances at June 30, 2022 than the prior year.

CITY OF CYPRESS

Summary of Changes in Fund Balances
Recreation and Park District Special Revenue Fund
For the fiscal year ended June 30, 2022 and 2021

	2022	2021	Change
Revenues			
Taxes:			
Property	$ 6,222,354	$ 5,958,449	$ 263,905
From use of property	190,760	101,041	89,719
From other agencies	53,076	32,300	20,776
Charges for services	6,831,408	468,056	6,363,352
Other	27,104	4,938	22,166
Total Revenues	13,324,702	6,564,784	6,759,918
Expenditures			
Recreation	4,532,507	4,181,884	350,623
Capital outlay	7,648,236	6,894,042	754,194
Total Expenditures	12,180,743	11,075,926	1,104,817
Excess of revenues over expenditures	1,143,959	(4,511,142)	5,655,101
Net transfers	(1,079,991)	(1,094,928)	14,937
Increase in fund balance	$ 63,968	$ (5,606,070)	$ 5,670,038

Total Recreation and Park District Special Revenue fund revenues for the fiscal year ended June 30, 2022 more than doubled from the prior year. Individual components of this change are highlighted as follows:

- Property tax revenues, the District's largest recurring revenue source, were 4.4 percent more than the prior year. The District continues to benefit from the positive impacts to property tax revenues resulting from rising assessed values.
- Revenues from the use of property increased due to higher facility rentals resulting from the easing of COVID-19 pandemic restrictions which had severely limited facility rentals throughout the prior fiscal year.
- The huge increase to charges for services is two-fold. First, traditional recreation programming, which had been significantly curtailed while dealing with a variety of pandemic-related challenges and caused sharp declines in fee revenues, largely returned to normal during the fiscal year ended June 30, 2022. The second, more significant factor, relates to park development fee receipts. These receipts are difficult to predict due to uncertainties associated with development activity and economic conditions, and can fluctuate drastically from year to year. Three major developments, consisting of over 340 new units, generated fees totaling nearly $6.2 million in the fiscal year ended June 30, 2022 while prior year receipts were just under $100,000.

Notable changes in expenditures during the fiscal year ended June 30, 2022 follow:

- Recreation expenditures increased just over $350,000 (8.4 percent) due to the rebound from pandemic-related declines in recreation activities which yielded lower costs for part-time personnel and contract class instructors. Also contributing to the increase are cost of living salary and benefit increases for all full-time employees.
- Capital expenditures rose by $754,194 due primarily to the completion of the multi-year construction of Lexington Park. This project created two large sports fields and other amenities with a total cost of approximately $13 million. In addition to the investment in Lexington Park, amounts were expended for the initial redesign of Arnold Cypress Park ADA and a variety of enhancements at six 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 transitioned to 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, 2022 and 2021

	2022	2021	Change
Revenues			
From use of property	$ 23,603	$ 32,765	$ (9,162)
From other agencies	3,420,933	2,929,680	491,253
Charges for services	404,131	8,789	395,342
Other revenue	-	65,673	(65,673)
Total Revenues	3,848,667	3,036,907	811,760
Expenditures			
Public works	842,875	2,228,221	(1,385,346)
Capital outlay	713,140	111,922	601,218
Total Expenditures	1,556,015	2,340,143	(784,128)
Net Transfers	(979,727)	(1,906,455)	926,728
Increase (decrease) in fund balance	$ 1,312,925	$ (1,209,691)	$ 2,522,616

Total revenues for the fiscal year ended June 30, 2022 increased $811,760 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. All these allocations experienced increases from the prior year, which were likely the result of the overall rebound from the pandemic and its positive impact on the activities that generate these revenues. In addition, traffic mitigation fees increased $363,729 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 decreased in the past year. Also, extensive median improvements in the prior year along Lincoln Avenue utilized $535,000 of restricted Gas Tax monies resulting in the year over year decrease 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, 2022 and 2021

	2022	2021	Change
Revenues			
From use of property	$ 373,338	$ 443,888	$ (70,550)
From other agencies	225,000	-	225,000
Total Revenues	598,338	443,888	154,450
Expenditures			
Public works	1,083,215	940,847	142,368
Capital outlay	3,958,855	4,642,503	(683,648)
Total Expenditures	5,042,070	5,583,350	(541,280)
Net Transfers	8,186,370	6,363,157	1,823,213
Special Item			
Gain on sale of land held for resale	-	2,053,172	(2,053,172)
Increase (decrease) in fund balance	$ 3,742,638	$ 3,276,867	$ 465,771

Total revenues for the fiscal year ended June 30, 2022 increased $154,450 from the prior fiscal year. The increase is a result of earning a higher interest rate on idle cash balances and receiving $225,000 of Community Development Block Grant monies for a portion of residential street resurfacing project costs. It is common 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. During each of the last two fiscal years, expenditures have been higher than typical years due to median improvements on Katella Avenue as well as incurring nearly $6.5 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. Total net transfers

from restricted funds decreased year over 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 in FY 2020-21. 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 2020-21, and transferred to the City Capital Projects fund in FY 2021-22, were $4.3 million higher than the prior year. This increase is partially attributed to pandemic impacts limiting the prior year transfer due to the City Council's decision to utilize a large portion of FY 2019-20 General fund surpluses for community pandemic response programs.

Changes to fund balance were 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 nearly $940,000 during the year and 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, 2022 and 2021

	2022	2021	Change
Operating Revenues			
Charges for services	$ 1,779,495	$ 1,861,974	$ (82,479)
Other	2,442	2,779	(337)
Total Operating Revenues	1,781,937	1,864,753	(82,816)
Operating Expenditures			
Sewer Maintenance	308,534	298,261	10,273
Depreciation	593,855	590,022	3,833
Total Operating Expenditures	902,389	888,283	14,106
Non-Operating Revenues (Expenses)			
Property Taxes	32,508	30,499	2,009
From other agencies	35	37	(2)
Interest income	26,215	25,145	1,070
Total Non-operating Revenues	58,758	55,681	3,077
Increase (Decrease) in net position	$ 938,306	$ 1,032,151	$ (93,845)

Total Sewer fund operating revenues for the fiscal year ended June 30, 2022 are comprised primarily of sewer fee revenues, which decreased by $82,479 from the prior year. Sewer fees are charged to both residential and commercial accounts based on water consumption and can fluctuate year to year based on many factors, including precipitation levels and drought restrictions.

Maintenance expenditures tend to be consistent from year to year except in years in which the comprehensive update to the Sewer System Management Plan (SSMP) is required. This update occurs every five years and was last performed in the fiscal year ended June 30, 2020 with a cost of nearly $100,000.

All non-operating revenues and expenses have remained consistent over the past two years. However, interest income can vary year to year due to changes in the City's investment portfolio earnings rate of return and average cash balances held for sewer purposes.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2022 amounts to $191,680,861 (net of accumulated depreciation) and consists of $172,804,367 for governmental activities and $18,876,494 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 $12.9 million (3.8 percent) before depreciation. The following table summarizes capital asset activity for the fiscal year ended June 30, 2022.

Summary of Capital Assets
As of June 30, 2022 and 2021

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Governmental Activities:						
Capital Assets, Not Depreciated:						
Land	$ 9,734,882	$ 9,734,882	$ -	$ -	$ 9,734,882	$ 9,734,882
Construction in Progress	23,701,600	13,185,847	253,324	105,742	23,954,924	13,291,589
Total, Not Depreciated	33,436,482	22,920,729	253,324	105,742	33,689,806	23,026,471
Capital Assets, Being Depreciated:						
Buildings and Improvements	40,222,966	38,390,119	-	-	40,222,966	38,390,119
Machinery and Equipment	11,352,637	11,209,381	-	-	11,352,637	11,209,381
Infrastructure	233,968,226	233,683,122	34,445,054	34,445,054	268,413,280	268,128,176
Total, Being Depreciated	285,543,829	283,282,622	34,445,054	34,445,054	319,988,883	317,727,676
Less Accumulated Depreciation:						
Buildings and Improvements	(21,311,078)	(20,093,724)	-	-	(21,311,078)	(20,093,724)
Machinery and Equipment	(8,341,912)	(7,720,733)	-	-	(8,341,912)	(7,720,733)
Infrastructure	(116,522,954)	(112,116,269)	(15,821,884)	(15,228,029)	(132,344,838)	(127,344,298)
Total Accumulated Depreciation	(146,175,944)	(139,930,726)	(15,821,884)	(15,228,029)	(161,997,828)	(155,158,755)
Total Depreciated, Net	139,367,885	143,351,896	18,623,170	19,217,025	157,991,055	162,568,921
Governmental Activities Capital Assets, Net	$ 172,804,367	$ 166,272,625	$ 18,876,494	$ 19,322,767	$ 191,680,861	$ 185,595,392

Major governmental activities capital asset transactions during the fiscal year ended June 30, 2022 included the following:

- The large increase to construction in progress is due to the ongoing construction associated with Lexington Park and the Police Department modernization and seismic retrofit project. These two large-scale, multi-year projects were completed soon after June 30, 2022 and were recorded as construction in progress at the end of the current fiscal year.
- Additions to buildings and improvements of $1.8 million include Americans with Disabilities Act (ADA) playground surfacing upgrades at several parks, and restroom improvements at the Senior Center, maintenance yard and Evergreen Park.
- The increase to machinery and equipment is attributed to the purchase of one tractor loader backhoe, a new wood chipper, and the replacement of information technology firewalls at all City locations.
- Infrastructure additions of $285,000 are comprised of capitalizing prior year construction in progress amounts as well as street name sign upgrades incurred in the fiscal year ended June 30, 2022.

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

- Nearly $148,000 was invested in sewer capacity and condition improvement projects at various locations and recorded as construction in progress at June 30, 2022.

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 $46,544,375 at June 30, 2022. The following schedule summarizes the City's long-term liabilities.

Summary of Long-Term Debt
As of June 30, 2022 and 2021

	2022	2021	Change
Claims Payable	$ 2,490,415	$ 2,301,334	$ 189,081
Compensated Absences	2,405,207	2,295,261	109,946
Retiree's Health Benefits	9,015,067	10,607,104	(1,592,037)
Accrued Pension Liability	32,737,065	53,272,251	(20,535,186)
Total	$ 46,647,754	$ 68,475,950	$ (21,828,196)

Long-term debt activity during the fiscal year ended June 30, 2022 included:

- The claims payable increase is a result of two offsetting factors. Outstanding general liability claims declined by $400,000 in the past year, while workers' compensation claims rose by $590,000 due to several new workers' compensation cases remaining open at June 30, 2022. This is the second straight year workers' compensation claims have experienced large increases.
- Compensated absences increased by $109,946. Compensated absence liabilities tend to grow modestly in years where there are few retirements or resignations of long-term employees, such as in the past 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, 2022. The results of the actuarial valuation resulted in a decrease to the City's liability for retiree's health benefits due to an increase in the required discount rate used to calculate future benefits. Any changes in liability from year to year are due to many factors, including adjustment 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 decreased by over $20.5 million during the fiscal year ended June 30, 2022. These decreases 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 nearly $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, $20.2 million is invested in the City's pension trust as of June 30, 2022. These trust amounts are legally restricted and may only be used to pay 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 for families and businesses.

The City's long-term financial position remains remarkably strong and benefits from the $11.7 million Coronavirus State and Local Fiscal Recovery Funds windfall through the American Rescue Plan Act (ARPA). The FY 2022-23 Budget is effectively balanced, but dogged by a modest, stubborn structural deficit that limits the City's options to absorb cost increases or enhance community service levels. The structural deficit is a function of the City ongoing commitment of a $1.5 million annual contribution toward capital and infrastructure projects using General Fund operating revenues. The deficit is expected to be resolved by drawing on reserves established to bridge small budget deficits, or more likely, be rectified through operational efficiencies and prior fiscal year end savings.

While the City has proficiently addressed small budget deficits for several years, Cypress must remain financially vigilant. In particular, City operations are heavily dependent on Sales Tax – a volatile revenue source that is not generated evenly throughout the business community. Rather, Cypress relies on a handful of businesses for the majority of its Sales Tax, which means a disruption to any of these major producers could jeopardize City operations.

The discipline and foresight to preserve the commitment of annual General fund operating revenue for capital and infrastructure investment; creation of reserves for budget

stabilization purposes; and the development of prudent Fiscal Strategies to ensure the City's long-term health are hallmarks of Cypress' financial management practices.
Our financial management practices are also a justifiable source of community pride and industry leadership. Cypress is the only city to be recognized twice by former State Senator (and Certified Public Accountant) John Moorlach for having the largest unrestricted net position per capita of Orange County's 34 cities.

After two tumultuous Budgets, FY 2022-23 finds the City's short-term financial condition largely untroubled by the pandemic, but facing a variety of challenges due to inflation skyrocketing to 40-year highs.

Runaway inflation will challenge the City across the board:

- The cost to provide municipal services will increase. Everything from supplies, to gasoline, to service contracts will cost more.

- The cost of capital projects will go up. Annual projects, like residential street resurfacing and rehabilitation, may see their scope of work reduced compared to prior years. Fortunately, Cypress' strong financial management practices enable the City to avoid higher borrowing costs by continuing to fund CIP projects on a pay-as-you basis.

- There will be pressure to increase employee compensation as the City works to retain and attract employees in a tight labor market. While some City revenues will increase due to inflation, those increases cannot keep pace with historically large CPI increases, which also limit the City's ability to preserve employee wages relative to the cost of living.

- Employer pension costs are likely to increase as CalPERS navigates soaring interest rates, volatile financial markets, and rising employee wages.

The potential for a recession in the next 12-18 months appears to have increased significantly since the start of 2022. California State University, Fullerton's recent midyear economic forecast presented a decidedly grim outlook, "The confluence of an escalating war, rapid rate hikes, unprecedented labor shortages, persistent supply disruptions, higher energy costs, a multi-decade spike in inflation and continued flare-ups in a once-in-a-century pandemic are bound to dim even the most Pollyannaish outlook." Many economists peg the risk of a recession by 2023 as high as the impacts of the cumulative Federal Reserve rate hikes used to attack inflation further weigh on mortgage payments and monthly payments.

While Cypress is exceedingly well prepared to weather a typical recession/business cycle, the risk of recession must be a consideration in the City's planning and operational decisions for the foreseeable future.

Revenues. The City's projected revenues for Fiscal Year 2022-23 are $44.8 million and do not include any tax rate increases from the previous year. The Fiscal Year 2022-23 revenues included in the budget are 7.5 percent higher than the Fiscal Year 2021-22 adopted revenue budget.

The City's largest General fund revenue sources remain sales tax ($12.4 million) and property tax ($12.0 million including State backfills). Together, these two sources comprise over two-thirds of General Fund revenues. Budgeted sales tax revenues have increased by nearly $1.2 million (10.2 percent) from the FY 2021-22 Budget. The increase is attributed to the lingering impacts of the pandemic 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 were significant, but have rebounded well and TOT revenues are projected to increase by $750,000 (39%) when compared to the FY 2021-22 Budget.

Expenditures. Fiscal Year 2022-23 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 and personnel increases due to inflation, etc.) Major expenditure highlights in the Fiscal Year 2022-23 Budget are as follows:

- Maintaining current service levels.
- Funding required CalPERS pension cost increases.
- Incorporating negotiated employee salary and benefit increases.
- Year one of the City's updated Seven Year Capital Improvement Program which totals $10.2 million.
- Capital Outlay funding of slightly more than $1.1 million to acquire and/or replace computer software/hardware items, vehicles and various tools and equipment. Most capital outlay amounts are being funded with accumulated monies specifically set-aside 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, 2022

ASSETS	Governmental Activities	Business-type Activities	Total
Cash and investments	$ 172,147,287	$ 6,549,537	$ 178,696,824
Restricted cash and investments	20,198,541	-	20,198,541
Receivables:			
Taxes	3,798,725	122	3,798,847
Interest	268,734	9,969	278,703
Notes, net of allowance	152,801	-	152,801
Accounts	7,214,741	141,232	7,355,973
Prepaid items	103,250	-	103,250
Inventory	5,057	-	5,057
Net Pension Asset	103,379	-	103,379
Assets available for resale	1,421,708	-	1,421,708
Capital assets			
Non-depreciable:			
Land	9,734,882	-	9,734,882
Construction in progress	23,701,600	253,324	23,954,924
Depreciable, net of accumulated depreciation:			
Building and improvements	18,911,888	-	18,911,888
Machinery and equipment	3,010,725	-	3,010,725
Infrastructure	117,445,272	18,623,170	136,068,442
TOTAL ASSETS	378,218,590	25,577,354	403,795,944
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount from pension plans	12,006,762	-	12,006,762
Deferred amount from OPEB	1,253,299	-	1,253,299
Deferred amount from OCERS	970,860	-	970,860
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,230,921	-	14,230,921
LIABILITIES			
Accounts payable and other accrued liabilities	5,387,762	62,488	5,450,250
Deposits	1,332,884	-	1,332,884
Unclaimed property	64,417	-	64,417
Unearned revenue	853,950	-	853,950
Due to bondholders	153,575	-	153,575
Due to other governments	74,836	-	74,836
Long-term liabilities:			
Due within one year			
Claims payable	622,600	-	622,600
Compensated absences	601,300	-	601,300
Due in more than one year			
Claims payable	1,867,815	-	1,867,815
Retirees' health payable	9,015,067	-	9,015,067
Compensated absences	1,803,907	-	1,803,907
Net pension liability	32,737,065	-	32,737,065
TOTAL LIABILITIES	54,515,178	62,488	54,577,666
DEFERRED INFLOWS OF RESOURCES			
Deferred amount from pension plans	26,391,420	-	26,391,420
Deferred amount from OPEB	2,061,388	-	2,061,388
Deferred amount from OCERS	511,244	-	511,244
TOTAL DEFERRED INFLOWS OF RESOURCES	28,964,052	-	28,964,052
NET POSITION			
Invested in capital assets	172,804,367	18,876,494	191,680,861
Restricted:			
Pension trust	20,198,541	-	20,198,541
Public safety	1,041,827	-	1,041,827
Public works	12,819,497	-	12,819,497
Recreation	4,206,514	-	4,206,514
Sanitary sewer	-	6,638,372	6,638,372
Other	2,410,929	-	2,410,929
Unrestricted	95,488,606	-	95,488,606
TOTAL NET POSITION	$ 308,970,281	$ 25,514,866	$ 334,485,147

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF ACTIVITIES

For the fiscal year ended June 30, 2022

		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	$ 5,477,433	$ 420,799	$ 11,781,951	$ 75,610	$ 6,800,927	$ -	$ 6,800,927
Community development	2,333,245	1,985,828	171,877	-	(175,540)	-	(175,540)
Public safety	19,494,326	277,816	1,374,444	-	(17,842,066)	-	(17,842,066)
Public works	12,737,505	873,072	2,578,243	1,562,498	(7,723,692)	-	(7,723,692)
Recreation	5,583,107	6,947,677	154,671	-	1,519,241	-	1,519,241
Total Governmental Activities	45,625,616	10,505,192	16,061,186	1,638,108	(17,421,130)	-	(17,421,130)
Business-type Activities:							
Sewer	902,389	1,779,495	35	-	-	877,141	877,141
Total	$ 46,528,005	$ 12,284,687	$ 16,061,221	$ 1,638,108	$ (17,421,130)	$ 877,141	$ (16,543,989)
General Revenues:							
Taxes:							
Property tax, levied for general purpose					6,530,911	-	6,530,911
Property tax, levied for recreation purposes					6,222,354	-	6,222,354
Property tax, levied for lighting purposes					1,425,207	-	1,425,207
Property tax, levied for sewer purposes					-	32,508	32,508
Property tax, backfill of vehicle license fees					5,322,016	-	5,322,016
Sales tax					13,292,177	-	13,292,177
Transient occupancy tax					2,602,233	-	2,602,233
Franchise tax					1,801,173	-	1,801,173
Other taxes					1,965,665	-	1,965,665
Total taxes					39,161,736	32,508	39,194,244
Investment earnings (loss)					(4,733,571)	26,215	(4,707,356)
Miscellaneous					38,569	2,442	41,011
Total General Revenues					34,466,734	61,165	34,527,899
Change in Net Position					17,045,604	938,306	17,983,910
Net Position at Beginning of Year					291,924,677	24,576,560	316,501,237
Net Position at End of Year					$ 308,970,281	$ 25,514,866	$ 334,485,147

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2022

	Major Funds		
		Special Revenue	
ASSETS	**General**	**Pandemic Response**	**Recreation and Park District**
Cash and investments	$ 26,251,338	$ 662	$ 13,769,669
Receivables:			
Taxes	3,231,708	-	79,568
Interest	82,870	-	27,839
Notes, net of allowance	79,973	-	-
Accounts	616,310	5,855,362	20,327
Prepaids	26,738	-	26,759
Inventory	-	-	159
Due from other funds	5,932,954	-	-
Advances to other funds	163,885	-	-
Assets available for resale	-	-	-
TOTAL ASSETS	$ 36,385,776	$ 5,856,024	$ 13,924,321
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable and other accrued liabilities	$ 2,618,291	$ -	$ 915,319
Deposits	1,315,984	-	16,900
Unclaimed property	64,117	-	300
Unearned revenue	596,922	-	220,028
Due to other funds	-	5,856,024	-
Advances from other funds	-	-	6,365,260
Due to bondholders	153,575	-	-
Due to other governments	74,836	-	-
TOTAL LIABILITIES	4,823,725	5,856,024	7,517,807
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue	144,526	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	144,526	-	-
FUND BALANCES:			
Nonspendable	270,596	-	-
Restricted	28,944	-	4,206,514
Committed	8,862,296	-	-
Assigned	21,212,203	-	2,200,000
Unassigned	1,043,486	-	-
TOTAL FUND BALANCES	31,417,525	-	6,406,514
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 36,385,776	$ 5,856,024	$ 13,924,321

See Accompanying Notes to the Basic Financial Statements.

Major Funds (Continued)				
Special Revenue	City	Nonmajor		
Streets	Capital Projects Fund	Governmental Funds	Total	
$ 5,865,200	$ 85,330,768	$ 8,599,195	$ 139,816,832	
469,226	-	18,223	3,798,725	
9,020	127,421	13,631	260,781	
-	-	72,828	152,801	
-	-	47,398	6,539,397	
-	-	-	53,497	
-	-	-	159	
-	-	-	5,932,954	
-	6,365,260	-	6,529,145	
-	-	1,421,708	1,421,708	
$ 6,343,446	$ 91,823,449	$ 10,172,983	$ 164,505,999	
$ 87,836	$ 1,058,302	$ 240,207	$ 4,919,955	
-	-	-	1,332,884	
-	-	-	64,417	
-	37,000	-	853,950	
54,979	-	21,951	5,932,954	
-	-	163,885	6,529,145	
-	-	-	153,575	
-	-	-	74,836	
142,815	1,095,302	426,043	19,861,716	
-	-	1,491	146,017	
-	-	1,491	146,017	
-	-	-	270,596	
6,200,631	-	9,909,334	20,345,423	
-	11,600,177	-	20,462,473	
-	79,127,970	-	102,540,173	
-	-	(163,885)	879,601	
6,200,631	90,728,147	9,745,449	144,498,266	
$ 6,343,446	$ 91,823,449	$ 10,172,983	$ 164,505,999	

CITY OF CYPRESS

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

June 30, 2022

Fund Balances of Governmental Funds	$ 144,498,266
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 $3,226,460 which is included in the amount reported below, the capital assets net of accumulated depreciation were equal to the following amount.	169,577,907
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.	146,017
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.	(5,251,909)
Net Position of Governmental Activities	$ 308,970,281

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, 2022

	Major Funds		
		Special Revenue	
REVENUES:	General	Pandemic Response	Recreation and Park District
Taxes	$ 31,896,762	$ -	$ 6,222,354
Licenses and permits	1,326,104	-	-
Fines and forfeitures	167,159	-	-
From use of property	(2,894,980)	-	190,760
From other agencies	667,581	11,717,000	53,076
Charges for services	3,540,366	-	6,831,408
Other revenue	363,434	-	27,104
TOTAL REVENUES	35,066,426	11,717,000	13,324,702
EXPENDITURES:			
Current:			
General government	4,833,262	-	-
Community development	2,099,379	-	-
Public safety	17,746,963	-	-
Public works	6,189,563	-	-
Recreation	-	-	4,532,507
Capital outlay	-	-	7,648,236
TOTAL EXPENDITURES	30,869,167	-	12,180,743
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,197,259	11,717,000	1,143,959
OTHER FINANCING SOURCES (USES):			
Transfers in	12,602,563	-	-
Transfers out	(10,574,959)	(11,717,000)	(1,079,991)
TOTAL OTHER FINANCING SOURCES (USES)	2,027,604	(11,717,000)	(1,079,991)
NET CHANGE IN FUND BALANCES	6,224,863	-	63,968
FUND BALANCE - BEGINNING OF YEAR	25,192,662	-	6,342,546
FUND BALANCES - END OF YEAR	$ 31,417,525	$ -	$ 6,406,514

See Accompanying Notes to the Basic Financial Statements.

Major Funds (Continued)				
Special Revenue Streets	City Capital Projects Fund	Nonmajor Governmental Funds	Total
$ -	$ -	$ 1,500,817	$ 39,619,933
-	-	-	1,326,104
-	-	83,255	250,414
23,603	373,338	50,835	(2,256,444)
3,420,933	225,000	228,945	16,312,535
404,131	-	303,442	11,079,347
-	-	355,883	746,421
3,848,667	598,338	2,523,177	67,078,310
-	-	-	4,833,262
-	-	60,300	2,159,679
-	-	192,375	17,939,338
842,875	1,083,215	1,146,597	9,262,250
-	-	-	4,532,507
713,140	3,958,855	207,548	12,527,779
1,556,015	5,042,070	1,606,820	51,254,815
2,292,652	(4,443,732)	916,357	15,823,495
326,288	8,186,370	-	21,115,221
(1,306,015)	-	(1,122,449)	(25,800,414)
(979,727)	8,186,370	(1,122,449)	(4,685,193)
1,312,925	3,742,638	(206,092)	11,138,302
4,887,706	86,985,509	9,951,541	133,359,964
$ 6,200,631	$ 90,728,147	$ 9,745,449	$ 144,498,266

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, 2022

Net Change in Fund Balances - Total Governmental Funds	$	11,138,302
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		12,527,779
Depreciation expense (less $759,982 recorded in the Internal Service Funds)		(5,624,039)
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		(371,645)
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.		(624,793)
Change in Net Position of Governmental Activities	$	17,045,604

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2022

	Business-type Activities - Enterprise Funds	Governmental Activities -
	Sewer Fund	Internal Service Funds
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,549,537	$ 32,330,455
Restricted cash and cash equivalents	-	20,198,541
Receivables:		
Taxes	122	-
Interest	9,969	7,953
Accounts	141,232	675,344
Prepaid items	-	49,753
Inventory	-	4,898
TOTAL CURRENT ASSETS	6,700,860	53,266,944
NON-CURRENT ASSETS:		
Net pension asset	-	103,379
Construction in progress	253,324	215,735
Equipment (Net)	-	3,010,725
Infrastructure (Net)	18,623,170	-
TOTAL NON-CURRENT ASSETS	18,876,494	3,329,839
TOTAL ASSETS	25,577,354	56,596,783
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from pension plans	-	12,006,762
Deferred amount from OPEB	-	1,253,299
Deferred amount from OCERS	-	970,860
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	14,230,921
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable and other accrued liabilities	62,488	467,807
Claims payable	-	622,600
Compensated absences, current portion	-	601,300
TOTAL CURRENT LIABILITIES	62,488	1,691,707
LONG-TERM LIABILITIES:		
Claims payable	-	1,867,815
Retirees' health payable	-	9,015,067
Compensated absences	-	1,803,907
Net pension liability	-	32,737,065
TOTAL LONG-TERM LIABILITIES	-	45,423,854
TOTAL LIABILITIES	62,488	47,115,561
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from pension plans	-	26,391,420
Deferred amount from OPEB	-	2,061,388
Deferred amount from OCERS	-	511,244
TOTAL DEFERRED INFLOWS OF RESOURCES	-	28,964,052
NET POSITION		
Invested in capital assets	18,876,494	3,226,460
Restricted:		
Pension trust	-	20,198,541
Sanitary sewer	6,638,372	-
Unrestricted	-	(28,676,910)
TOTAL NET POSITION	$ 25,514,866	$ (5,251,909)

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, 2022

	Business-type Activities - Enterprise Funds	Governmental Activities -
	Sewer Fund	Internal Service Funds
OPERATING REVENUES:		
From other agencies	$ -	$ 29,965
Charges for services	1,779,495	17,948,682
Other revenue	2,442	494,054
TOTAL OPERATING REVENUES	1,781,937	18,472,701
OPERATING EXPENSES:		
Personnel services	-	1,148,246
Contractual services	-	12,991,345
Supplies and other services	-	5,781,955
Claim payments and changes in estimates	-	897,538
Sewer maintenance	308,534	-
Depreciation	593,855	759,982
TOTAL OPERATING EXPENSES	902,389	21,579,066
OPERATING INCOME	879,548	(3,106,365)
NON-OPERATING REVENUES (EXPENSES):		
Taxes	32,508	-
From other agencies	35	-
Interest income (loss)	26,215	(2,197,632)
Gain (loss) on disposal of equipment	-	(5,989)
TOTAL NON-OPERATING REVENUES (EXPENSES)	58,758	(2,203,621)
INCOME BEFORE TRANSFERS	938,306	(5,309,986)
TRANSFERS:		
Transfers in	-	4,685,193
TOTAL TRANSFERS	-	4,685,193
CHANGE IN NET POSITION	938,306	(624,793)
NET POSITION - BEGINNING OF YEAR	24,576,560	(4,627,116)
NET POSITION - END OF YEAR	$ 25,514,866	$ (5,251,909)

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the fiscal year ended June 30, 2022

	Business-type Activities - Enterprise Funds	Governmental Activities -
	Sewer Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 1,789,618	$ 18,071,216
Cash payments to suppliers for goods and services	(247,225)	(16,533,089)
Cash payments to employees	(108,102)	(1,141,040)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,434,291	397,087
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
From taxes and other agencies	32,543	-
Transfers in	-	4,685,193
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	32,543	4,685,193
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposal of capital assets	-	13,848
Acquisition of capital assets	(147,582)	(407,823)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(147,582)	(393,975)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	26,215	(2,197,632)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	26,215	(2,197,632)
INCREASE (DECREASE) IN CASH AND INVESTMENTS	1,345,467	2,490,673
CASH AND INVESTMENTS - BEGINNING OF YEAR	5,204,070	50,038,323
CASH AND INVESTMENTS - END OF YEAR	$ 6,549,537	$ 52,528,996
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	$ 879,548	$ (3,106,365)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	593,855	759,982
Changes in assets and liabilities:		
Accounts receivable decreased (increased)	7,682	(18,749)
Prepaid items decreased (increased)	-	(19,244)
Inventory decreased (increased)	-	(3,201)
Deferred outflows decreased (increased)	-	930,080
Accounts payable and other accrued liabilities increased (decreased)	(46,794)	(459,924)
Insurance claims payable increased (decreased)	-	189,081
Accrued retirees' health payable increased (decreased)	-	(1,592,037)
Accrued leave payable increased (decreased)	-	109,947
Accrued pension liability increased (decreased)	-	(20,638,565)
Deferred inflows increased (decreased)	-	24,246,082
TOTAL ADJUSTMENTS	554,743	3,503,452
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 1,434,291	$ 397,087
NON-CASH CAPITAL ACTIVITIES:		
Gain/(loss) on disposition of capital assets	$ -	$ (5,989)

See Accompanying Notes to the Basic Financial Statements.

CITY OF CYPRESS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2022

	Successor Agency to the City of Cypress Redevelopment Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and cash equivalents	$ 225,186	$ 3,616,142
Restricted cash and investments	-	161,793
Interest receivable	345	5,766
Accounts receivable		46,670
Prepaid items	-	20,866
Notes receivable	437,690	-
TOTAL ASSETS	663,221	3,851,237
LIABILITIES		
Current liabilities		
Accounts payable and other accrued liabilities	-	177,737
Unearned revenue	-	37,383
Bonds payable	-	170,000
Accrued leave payable	-	68,216
Noncurrent liabilities		
Accrued leave payable	-	204,646
Retirees' health payable	-	611,017
Due to other governments	-	1,114,616
TOTAL LIABILITIES	-	2,383,615
NET POSITION		
Restricted for:		
Other governments	663,221	-
Assessment district improvements	-	10,156
Member agencies	-	1,457,466
TOTAL NET POSITION	$ 663,221	$ 1,467,622

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, 2022

	Successor Agency to the City of Cypress Redevelopment Agency Private Purpose Trust Fund	Custodial Funds
ADDITIONS:		
Member contributions	$ -	$ 2,885,055
Investment income	10,556	15,779
Other revenue	-	149,266
TOTAL ADDITIONS	10,556	3,050,100
DEDUCTIONS:		
Dispatch services	-	2,435,520
Debt service	-	14,392
Other expenses	-	5,580
TOTAL DEDUCTIONS	-	2,455,492
CHANGE IN NET POSITION	10,556	594,608
NET POSITION - BEGINNING OF YEAR,	652,665	873,014
NET POSITION - END OF YEAR	$ 663,221	$ 1,467,622

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

Government–Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government 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 Pandemic Response Fund – This fund accounts 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.

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, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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. 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. 92 – *"Omnibus 2020"* becomes effective for fiscal year ending June 30, 2022.
-

Pending Accounting Pronouncements:

GASB has issued the following statements which may impact the City's financial reporting requirements in the future:

- 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*, represent a consumption of net assets 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, 2021 measurement date, which is 3.7 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 5.45 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, 2022 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 assets 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, 2021 measurement date is 3.7 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, 2022, the carrying amount of the City's demand deposits was $5,084,196. The bank balances of these funds totaled $5,166,525 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, 2022:

	Government Wide Statement of Net Position		Fiduciary Funds	
	Governmental Activities	Business-type Activities	Statement of Net Position	Totals
Cash and investments	$ 172,147,287	$ 6,549,537	$ 3,841,328	$ 182,538,152
Restricted cash and investments	20,198,541	-	161,793	20,360,334
Totals	$ 192,345,828	$ 6,549,537	$ 4,003,121	$ 202,898,486

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, 2022, consist of the following deposits, and investments and maturities:

		Remaining Maturity		
	Amount	12 Months or Less	13 to 24 Months	25 to 60 Months
Deposits:				
Demand Deposits	5,084,196	$ 5,084,196		
Restricted Deposits	1,668	1,668		
Investments:				
State of California Local Agency Investment Fund	130,300,555	130,300,555		
CalTrust Short Term Fund	1,991,678	1,991,678		
CalTrust Medium Term Fund	21,236,258	21,236,258		
Federal Farm Credit Bank	3,746,160			$ 3,746,160
Federal Home Loan Bank	15,254,505		12,434,295	2,820,210
United States Treasury	4,924,800	4,924,800		
Restricted Cash and Investments:				
Money Market Accounts	160,125	160,125		
PARS Mutual Funds	20,198,541	20,198,541		
Total Cash and Investments	$202,898,486	$183,897,821	$12,434,295	$ 6,566,370

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, 2022, investments in Federal Home Loan Bank securities totaling $15,254,505 represented 7.52% 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, 2022, 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 87 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, 2022, 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, 2022 the factor used was 0.987125414. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. As of June 30, 2022, the City had total deposits of $132,000,000 invested in LAIF, with a fair value of $130,300,555. LAIF had invested 1.88% 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, 2022:

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Classification: Due Within One Year	Classification: Due in More than One Year
Home Loans	$ 582,098	$ 67,727	$ (134,409)	$ 515,416	$ 10,000	$ 505,416
Housing Covenants	10,193,888	238,342	-	10,432,230	-	10,432,230
Other Notes	5,566	-	(428)	5,138	428	4,710
Subtotal	10,781,552	306,069	(134,837)	10,952,784	10,428	10,942,356
Less: Allowance	(10,573,171)	(306,069)	79,257	(10,799,983)	-	(10,799,983)
Total	$ 208,381	$ -	$ (55,580)	$ 152,801	$ 10,428	$ 142,373

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 $217,525 (which is net of an allowance of $297,891 for forgivable loans) at June 30, 2022 in both the fund financial statements and the government-wide statements.

Housing Covenants

The City holds notes receivable totaling $10,432,230 (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 $491,023 at June 30, 2022, 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 $577,756 at June 30, 2022, 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 $1,222,532 at June 30, 2022, 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 $10,432,230 has fully offset the amount reported as notes receivable in the government-wide statements at June 30, 2022.

Other Notes

The City receives an annual refund from Golden State Water related to the extension of a main water line in 1994. This annual payment of $428 will end in 2034.

(5) Interfund Transactions

Interfund Balances

The following summarizes the total due to and from other funds as of June 30, 2022:

		Due To	
		General Fund	Total
Due From	Pandemic Response Fund	$ 5,856,024	$ 5,856,024
	Streets Special Revenue Funds	54,979	54,979
	Non-major Governmental Funds	21,951	21,951
	Total	$ 5,932,954	$ 5,932,954

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	Special Revenue	
		AB 2766 Trip Reduction Fund	Recreation and Park District Fund	Total
Advances from	General Fund	$ 163,885	$ -	$ 163,885
	Capital Projects Fund	-	6,365,260	6,365,260
	Total	$ 163,885	$ 6,365,260	$ 6,529,145

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 2021-22, $62,419 was repaid, leaving a remaining balance of $163,885 at June 30, 2022. 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 pays interest annually on June 30 at the California Local Agency Investment Fund (LAIF) rate, with repayment to occur on or before June 30, 2024 from park development fees. The preliminary design was completed in fiscal year 2020-21 at a total cost of $426,409. On February 14, 2022, the advance was repaid in full from park development fees. Interest of $592, based on an average LAIF rate of 0.222%, was earned through the payoff date and paid at the same time.

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 2021-22, additional advances for construction costs were $6,839,779, bringing total construction costs to $12,258,065. Repayments of $4,785,916 and $1,106,889 were made from park development fees during the year. Interest of $27,120 was earned and paid on the outstanding balance, based on an average LAIF rate of 0.522%. The remaining balance at June 30, 2022 is $6,365,260.

(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, 2022 are as follows:

		Transfers Out					
		General Fund	Pandemic Response Fund	Recreation and Park District Fund	Streets Fund	Non-major Governmental Funds	Totals
Transfers In	General Fund	$ -	$ 11,717,000	$ -	$ 599,186	$ 286,377	$ 12,602,563
	Capital Projects Fund - City	6,050,000	-	919,757	706,829	509,784	8,186,370
	Special Revenue Funds - Streets	-	-	-	-	326,288	326,288
	Internal Service Funds	4,524,959	-	160,234	-	-	4,685,193
	Totals	$ 10,574,959	$ 11,717,000	$ 1,079,991	$ 1,306,015	$ 1,122,449	$ 25,800,414

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, administrative costs associated with the Stanton Channel Maintenance District and Lighting District funds, and American Rescue Plan Act reimbursements for COVID-19 revenue losses.

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 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 and a Civic Center energy study.

(5) Interfund Transactions (Continued)

Interfund Transfers (Continued)

The transfer from the General Fund to the Internal Service Funds provided $4,500,000 to the Employees' Benefit Fund for investment in the pension trust, and $24,959 for information technology and capital equipment.

The transfers to the Internal Service Funds from the Recreation and Park District fund 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, 2022, 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.

(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 2022, 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	23,701,600	253,324	23,954,924
Total, Not Depreciated	33,436,482	253,324	33,689,806
Capital Assets, Being Depreciated:			
Buildings and Improvements	40,222,966	-	40,222,966
Machinery and Equipment	11,352,637	-	11,352,637
Infrastructure	233,968,226	34,445,054	268,413,280
Total, Being Depreciated	285,543,829	34,445,054	319,988,883
Less Accumulated Depreciation:			
Buildings and Improvements	(21,311,078)	-	(21,311,078)
Machinery and Equipment	(8,341,912)	-	(8,341,912)
Infrastructure	(116,522,954)	(15,821,884)	(132,344,838)
Total Accumulated Depreciation	(146,175,944)	(15,821,884)	(161,997,828)
Total Depreciated, Net	139,367,885	18,623,170	157,991,055
Total Capital Assets, Net	$ 172,804,367	$ 18,876,494	$ 191,680,861

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

	Governmental Activities			
	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets, Not Depreciated:				
Land	$ 9,734,882	$ -	$ -	$ 9,734,882
Construction in Progress	13,185,847	12,093,044	(1,577,291)	23,701,600
Total, Not Depreciated	22,920,729	12,093,044	(1,577,291)	33,436,482
Capital Assets, Being Depreciated:				
Buildings and Improvements	38,390,119	1,832,847	-	40,222,966
Machinery and Equipment	11,209,381	301,897	(158,641)	11,352,637
Infrastructure	233,683,122	285,104	-	233,968,226
Total, Being Depreciated	283,282,622	2,419,848	(158,641)	285,543,829
Less Accumulated Depreciation:				
Buildings and Improvements	(20,093,724)	(1,217,354)	-	(21,311,078)
Machinery and Equipment	(7,720,733)	(759,983)	138,804	(8,341,912)
Infrastructure	(112,116,269)	(4,406,685)	-	(116,522,954)
Total Accumulated Depreciation	(139,930,726)	(6,384,022)	138,804	(146,175,944)
Total Depreciated, Net	143,351,896	(3,964,174)	(19,837)	139,367,885
Governmental Activities Capital Assets, Net	$ 166,272,625	$ 8,128,870	$ (1,597,128)	$ 172,804,367

(7) Capital Assets and Depreciation (Continued)

Depreciation expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2022 as follows:

General Government	$ 398,390
Recreation	686,339
Public Safety	113,267
Public Works	4,426,044
Internal Service Funds Depreciation (Charged to Programs Based on Usage)	759,982
Total Depreciation Expense - Governmental Activities	$ 6,384,022

Construction Commitments

The City has active construction projects as of June 30, 2022. 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	$ 74,663
Lighting Fund	11,050
Capital Projects Fund - City	180,304
Sewer Fund	74,454
Totals	$ 340,471

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, 2021	Additions	Deletions	Balance June 30, 2022
Capital Assets, Not Depreciated:				
Construction in Progress	$ 105,742	$ 147,582	$ -	$ 253,324
Total, Not Depreciated	105,742	147,582	-	253,324
Capital Assets, Being Depreciated:				
Infrastructure	34,445,054	-	-	34,445,054
Total, Being Depreciated	34,445,054	-	-	34,445,054
Less Accumulated Depreciation:				
Infrastructure	(15,228,029)	(593,855)	-	(15,821,884)
Total Accumulated Depreciation	(15,228,029)	(593,855)	-	(15,821,884)
Total Depreciated, Net	19,217,025	(593,855)	-	18,623,170
Business-type Activities Capital Assets, Net	$ 19,322,767	$ (446,273)	$ -	$ 18,876,494

(7) Capital Assets and Depreciation (Continued)

Depreciation expense for business-type activities for the fiscal year ended June 30, 2022 was charged as follows:

Sewer	$ 593,855
Total Depreciation Expense - Business-type Activities	$ 593,855

(8) Long-Term Debt

There is no City-obligated debt outstanding as of June 30, 2022, nor was there any activity related to City-obligated debt during fiscal year 2021-22.

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, 2022, the District held in the Custodial Fund cash and investments totaling $180,125, including $160,125 held in bond reserves and $20,000 held for future improvements and other costs. The outstanding assessment bonds at June 30, 2022 totaled $170,000.

(9) Other Long-Term Liabilities

During the year ended June 30, 2022, 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, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year	Due in More than One Year
Compensated Absences	$ 2,295,261	$ 1,495,967	$ (1,386,021)	$ 2,405,207	$ 601,300	$ 1,803,907
	$ 2,295,261	$ 1,495,967	$ (1,386,021)	$ 2,405,207	$ 601,300	$ 1,803,907

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)

Pension Plan Summaries

	Net Pension Liability/(Asset)	Deferred Outflows	Deferred Inflows
CalPERS			
Safety	$ 19,580,447	$ 7,750,960	$ 13,527,591
Miscellaneous	13,156,618	4,255,802	12,863,829
	32,737,065	12,006,762	26,391,420
OCERS *	(103,379)	970,860	511,244
Total Pension	$ 32,633,686	$ 12,977,622	$ 26,902,664

* See Note 12 for information on the OCERS Pension Plan

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, 2022, are summarized as follows:

(10) Public Employees' Retirement System (CalPERS) (Continued)

A. General Information about the Pension Plan (Continued)

	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%	7.250%
Required employer contribution rates:		
Normal cost rate	11.180%	9.590%
Payment of unfunded liability	$1,864,295	$7,153

	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	25.590%	13.980%
Payment of unfunded liability	$2,267,644	$5,010

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.

(10) Public Employees' Retirement System (CalPERS) (Continued)

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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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

(1) The mortality table used was developed based on the CalPERS-specific data. The table includes 15 years of mortality improvements 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.

(10) Public Employees' Retirement System (CalPERS) (Continued)

B. Net Pension Liability (Continued)

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%		

(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, 2021, 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	$ 19,580,447
Miscellaneous Plan	13,156,618
Total Net Pension Liability	$ 32,737,065

(10) Public Employees' Retirement System (CalPERS) (Continued)

C. Changes in the Net Pension Liability (Continued)

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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 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, 2020 and 2021 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2020	0.20786%	0.28006%
Proportion - June 30, 2021	0.24327%	0.36205%
Change - Increase (Decrease)	0.03541%	0.08199%

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%	$25,281,430	$34,271,619	$59,553,049
Current Discount Rate	7.15%	13,156,618	19,580,447	32,737,065
1 % Increase	8.15%	3,133,209	7,513,465	10,646,674

Pension Plan Fiduciary Net Position: Detailed information about each pension plan's fiduciary net position is available in the separately-issued CalPERS financial reports.

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

For the year ended June 30, 2022, the City recognized pension expense of $4,858,077 in the Miscellaneous Plan; $4,086,938 in the Safety Plan; and ($105,942) in the Terminated OCERS Plan (Note 12) for a total of $8,839,073. At June 30, 2022, the City reported deferred outflows and deferred inflows of resources related to CalPERS pensions as follows:

(10) Public Employees' Retirement System (CalPERS) (Continued)

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 2,447,524	$ -
Differences between expected and actual experience	1,475,373	-
Net difference between projected and actual earnings on pension plan investments	-	(11,485,031)
Adjustments due to differences in proportions	332,905	(75,969)
Changes in proportion and differences between contributions and proportionate share of	-	(1,302,829)
Total	$ 4,255,802	$ (12,863,829)

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 3,558,957	$ -
Differences between expected and actual experience	3,345,303	-
Net difference between projected and actual earnings on pension plan investments	-	(11,654,130)
Adjustments due to differences in proportions	846,700	-
Changes in proportion and differences between contributions and proportionate share of	-	(1,873,461)
Total	$ 7,750,960	$ (13,527,591)

Total PERS Pension Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 6,006,481	$ -
Differences between expected and actual experience	4,820,676	-
Net difference between projected and actual earnings on pension plan investments	-	(23,139,161)
Adjustments due to differences in proportions	1,179,605	(75,969)
Changes in proportion and differences between contributions and proportionate share of	-	(3,176,290)
Total	$ 12,006,762	$ (26,391,420)

(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 $2,447,524 for the Miscellaneous Plan and $3,558,957 for the Safety Plan, totaling $6,006,481, will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The amount reported as deferred inflows, net of the remaining deferred outflows, will be recognized as pension expense as follows:

Measurement Periods	Deferred Outflows/(Inflows) of Resources		
Ending June 30,	Miscellaneous Plan	Safety Plan	Total
2022	$ (2,577,319)	$(1,628,858)	$ (4,206,177)
2023	(2,585,416)	(1,968,109)	(4,553,525)
2024	(2,718,946)	(2,531,567)	(5,250,513)
2025	(3,173,870)	(3,207,054)	(6,380,924)
Thereafter	-	-	-
	$ (11,055,551)	$(9,335,588)	$(20,391,139)

E. Payable to the Pension Plan

At June 30, 2022, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2022.

(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, 2022, the City's payroll covered by the plan was $714,950. Employee contributions to the plan totaled $53,622. 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, 2021, 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	4
Active members	0
Total	26

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.

The recalculated unfunded actuarial liability attributable to the District as of December 31, 2020 is $536,775. The District has until December 31, 2023 to pay OCERS, but elected to make the payment, plus accrued interest of $58,825, on July 15, 2022.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources

As of December 31, 2021, the District reported a net pension asset for the OCERS plan of $103,379. The net pension liability was measured as of December 31, 2021, and 2020. 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, 2020 and 2019, respectively.

The District's net pension liability as of December 31, 2020 and 2021 was as follows:

	OCERS
Net Pension Liability - December 31, 2020	185,117
Net Pension Liability (Asset) - December 31, 2021	(103,379)
Change - Increase (Decrease)	(288,496)

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources (Continued)

Actuarial Assumptions: The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	December 31, 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: 4.0% 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%

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 total pension liability was 7.00% as of December 31, 2021 and 2020. 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 total pension liability as of December 31, 2021.

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources (Continued)

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.

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%	

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources (Continued)

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%
$1,261,728	($103,379)	($1,216,068)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately-issued OCERS financial reports.

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

For the year ended June 30, 2022, the District recognized pension income of $105,942 in the OCERS Plan. At June 30, 2022, 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	$ 947,260	$ -
Net difference between projected and actual earnings on pension plan investments		(501,465)
Changes of assumptions	23,600	(9,779)
Total	$ 970,860	$ (511,244)

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
2023	$ 681,559
2024	(116,015)
2025	(68,323)
2026	(45,355)
2027	7,750
Thereafter	-
	$ 459,616

(12) Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (Continued)

D. Payable to the Pension Plan

At June 30, 2022, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2022.

(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 ($149 per month in 2022) 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.

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, 2022 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	10	113
Eligible Retirees - Enrolled	71	31	n/a
Eligible Retirees - Not Enrolled	82	0	n/a

(13) Post-Employment Health Care Benefits (Continued)

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, 2022, 71 retirees were receiving the PEMHCA benefit and the cost to the City for the year ended June 30, 2022 was $122,795. The City paid an additional $104,059 to 35 retirees during the year for the Supplemental Health Care Benefit. For the measurement date ended June 30, 2022, the City's cash contributions were $226,854, 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, 2022, the City's contribution towards the implicit subsidy was $336,060.

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, 2022, the City paid $124,655 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 $9,015,067 was based on an actuarial valuation as of June 30, 2021, a measurement date of June 30, 2022 and a discount rate of 3.54%. The total OPEB liability was determined using the following assumptions:

(13) Post-Employment Health Care Benefits (Continued)

Total OPEB Liability (Continued)

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions	
Discount Rate [1]	
As of 6/30/22	3.54%, 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.

Changes in the OPEB Liability

The changes in the Total OPEB liability for the Plan are as follows:

Balance at June 30, 2021 (measurement date 6/30/21)	$10,607,104
Changes recognized for the measurement period:	
Service cost	411,807
Interest	227,512
Difference between expected and actual experience	2,850
Changes of assumptions *	(1,671,292)
Benefit payments, including implicit subsidy	(562,914)
Net changes	(1,592,037)
Balance at June 30, 2021	$9,015,067

* The interest assumption changed from 2.16% to 3.54%.

(13) Post-Employment Health Care Benefits (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability as of June 30, 2022 calculated using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current rate:

	1% Decrease 2.54%	Current Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	$10,206,118	$9,015,067	$8,191,630

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, 2022, 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	$7,851,442	$9,015,067	$10,390,322

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, 2022, the City recognized OPEB expense of $675,883.

Deferred Outflows/Inflows of Resources Related to OPEB

As of the fiscal year ended June 30, 2022, 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	$ 352,857	$ 77,558
Changes of assumptions	900,442	1,983,830
Total	$ 1,253,299	$ 2,061,388

(13) Post-Employment Health Care Benefits (Continued)

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
2023	$ 36,564
2024	82,079
2025	14,007
2026	(218,269)
2027	(218,269)
Thereafter	(504,201)

(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, 2022, $20,198,541 in restricted cash and investment in the Employees' Benefit Internal Service Fund is restricted for pension contribution stabilization.

(15) Self Insurance

At June 30, 2022 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.

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, 2022. 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.

(15) Self Insurance (Continued)

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, 2022 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, 2022, the Liability Insurance Fund and the Workers' Compensation Fund had reserves for catastrophic losses of $2,970,718 and $94,880, respectively, which are reported as net position in these funds. The claims liabilities of $196,094 and $2,294,321 reported in the Liability Insurance and Workers' Compensation Funds, respectively, at June 30, 2022, 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, 2021 and June 30, 2022 are as follows:

	Liability Insurance	Workers' Compensation	Total
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
Balance at July 1, 2021	$ 599,524	$ 1,701,810	$ 2,301,334
Current year claims	19,545	180,954	200,499
Changes in estimates	(403,430)	592,511	189,081
Claims payments	(19,545)	(180,954)	(200,499)
Balance at June 30, 2022	$ 196,094	$ 2,294,321	$ 2,490,415

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, 2022 is summarized as follows:

	Government Wide Statement of Net Position		
	Governmental Activities	Business-type Activities	Totals
Capital Assets	$ 318,980,311	$34,698,378	$ 353,678,689
Less: Accumulated Depreciation	(146,175,944)	(15,821,884)	(161,997,828)
Net Invested in Capital Assets	172,804,367	18,876,494	191,680,861
Restricted for:			
Public Safety	1,041,827	-	1,041,827
Public Works-Street Maintenance and Improvements	6,200,631	-	6,200,631
Public Works-Street Lighting	5,401,064	-	5,401,064
Public Works-Local Drainage Improvements	1,050,302	-	1,050,302
Public Works-Other	167,500	-	167,500
Total - Public Works	12,819,497	-	12,819,497
Sanitary Sewer System	-	6,638,372	6,638,372
Recreation	4,158,242	-	4,158,242
Recreation-Open Space Improvements	1,697	-	1,697
Recreation-Facility and Service Enhancements	19,657	-	19,657
Total-Recreation	4,179,596	-	4,179,596
Other-Pension Trust	20,198,541	-	20,198,541
Other-Promotional Activities	28,944	-	28,944
Other-Low and Moderate Income Housing	1,546,397	-	1,546,397
Other-Cable Television Equipment	703,735	-	703,735
Other-LEAP Grant	48,037	-	48,037
Other-Tobacco Grant	56,935	-	56,935
Other-Community Development Block Grant	1,800	-	1,800
Other-Office of Traffic Safety Grant	19,370	-	19,370
Other-Department of Justice Grant	5,711	-	5,711
Total-Other	2,410,929	-	2,410,929
Unrestricted	95,515,524	-	95,515,524
Total Net Position	$ 308,970,281	$25,514,866	$ 334,485,147

(16) Classification of Net Position (Continued)

Net Invested 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 – 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 – LEAP Grant – This restriction represents Local Early Action Planning grant funds to pay for online permitting software.

Restricted for Other – Tobacco Grant – This restriction represents grant funds to be used for the School Resource Officer position and related activities.

(16) Classification of Net Position (Continued)

Restricted for Other – Community Development Block Grant – This restriction represents federal grant funds to be used for housing loans.

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	Pandemic Response Fund	Recreation and Park District Fund	Streets Fund	City Capital Projects Fund	Nonmajor Governmental Funds	Totals
Nonspendable							
Prepaids	$ 26,738	$ -	$ -	$ -	$ -	$ -	$ 26,738
Notes Receivable	79,973	-	-	-	-	-	79,973
Advances from Other Funds	163,885	-	-	-	-	-	163,885
Total Nonspendable	270,596	-	-	-	-	-	270,596
Restricted							
Notes Receivable	-	-	-	-	-	72,828	72,828
Prepaids	-	-	26,759	-	-	-	26,759
Inventory	-	-	159	-	-	-	159
Community Promotion	28,944	-	-	-	-	-	28,944
Open Space	-	-	1,697	-	-	-	1,697
Youth League Renovations	-	-	67,596	-	-	-	67,596
Senior Center Enhancements	-	-	30,077	-	-	-	30,077
Facility and Service Enhancements	-	-	19,657	-	-	-	19,657
Recreation	-	-	4,060,569	-	-	-	4,060,569
Streets	-	-	-	6,200,631	-	-	6,200,631
Local Drainage	-	-	-	-	-	1,050,302	1,050,302
Landscape Maintenance	-	-	-	-	-	166,009	166,009
Street Lighting	-	-	-	-	-	5,401,064	5,401,064
Cable Television Equipment	-	-	-	-	-	703,735	703,735
Police	-	-	-	-	-	1,041,827	1,041,827
Low and Moderate Income Housing	-	-	-	-	-	1,473,569	1,473,569
Total Restricted	28,944	-	4,206,514	6,200,631	-	9,909,334	20,345,423
Committed							
Stabilization Agreement	8,862,296	-	-	-	-	-	8,862,296
Captial Improvements	-	-	-	-	11,600,177	-	11,600,177
Total Committed	8,862,296	-	-	-	11,600,177	-	20,462,473
Assigned							
Future Capital Improvements	3,200,000	-	2,200,000	-	79,127,970	-	84,527,970
Pension Investment	1,400,000	-	-	-	-	-	1,400,000
Business Relocation Stabilization	2,500,000	-	-	-	-	-	2,500,000
Budget Stabilization	2,000,000	-	-	-	-	-	2,000,000
Pandemic Recovery Plan	9,305,552	-	-	-	-	-	9,305,552
Storm Drainage	1,185,360	-	-	-	-	-	1,185,360
Carryover Appropriations	1,621,291	-	-	-	-	-	1,621,291
Total Assigned	21,212,203	-	2,200,000	-	79,127,970	-	102,540,173
Unassigned	1,043,486	-	-	-	-	(163,885)	879,601
Total Fund Balances	$ 31,417,525	$ -	$ 6,406,514	$ 6,200,631	$ 90,728,147	$ 9,745,449	$ 144,498,266

(17) Classifications of Fund Balances (Continued)

The stabilization agreement amount of $8,862,296 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, 2022.

Notes Receivable

The following is a summary of notes receivable transactions for Successor Agency activities for the fiscal year ended June 30, 2022:

Description	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Classification: Due Within One Year	Classification: Due in More than One Year
Other Notes	$ 428,092	$ 9,598	$ -	$ 437,690	$ -	$ 437,690
Total	$ 428,092	$ 9,598	$ -	$ 437,690	$ -	$ 437,690

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, 2022 is $333,929. The total combined principal and interest outstanding on the note at June 30, 2022 is $437,690.

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, 2022, 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 ($32,817,723) at June 30, 2022 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 ($163,885) at June 30, 2022 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, 2022 was ($163,885).

(23) Subsequent Event

On August 15, 2022, National Church Residences paid off the Note Receivable identified in Note 20 as part of a refinancing transaction. Full principal of $437,690 plus interest of $1,210 was received and subsequently remitted to the County for distribution to the taxing entities in accordance with redevelopment dissolution law.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CYPRESS

Required Supplementary Information

For the Fiscal Year Ended June 30, 2022

(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 Pandemic Response 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	$ 28,567,200	$ 28,567,200	$ 31,896,762	$ 3,329,562
Licenses and permits	808,890	1,234,090	1,326,104	92,014
Fines and forfeitures	210,000	210,000	167,159	(42,841)
From use of property	302,803	302,803	(2,894,980)	(3,197,783)
From other agencies	862,804	1,307,161	667,581	(639,580)
Charges for services	3,484,551	3,757,851	3,540,366	(217,485)
Other revenue	57,335	57,335	363,434	306,099
TOTAL REVENUES	34,293,583	35,436,440	35,066,426	(370,014)
EXPENDITURES:				
Current:				
General government - Legislative	778,521	870,880	802,657	68,223
General government - Administration	1,906,696	3,126,602	2,015,337	1,111,265
General government - Finance	2,119,287	2,144,287	2,015,268	129,019
Community development - Planning	1,520,018	2,506,043	1,245,046	1,260,997
Community development - Building	771,476	982,476	854,333	128,143
Public safety - Police	20,010,041	20,133,826	17,746,963	2,386,863
Public works - Engineering	1,592,188	1,836,000	1,622,647	213,353
Public works - Maintenance	5,303,560	5,336,883	4,566,916	769,967
TOTAL EXPENDITURES	34,001,787	36,936,997	30,869,167	6,067,830
EXCESS OF REVENUES OVER EXPENDITURES	291,796	(1,500,557)	4,197,259	5,697,816
OTHER FINANCING SOURCES (USES):				
Transfers in	1,245,160	12,772,160	12,602,563	(169,597)
Transfers out	(1,596,842)	(10,623,842)	(10,574,959)	48,883
TOTAL OTHER FINANCING SOURCES (USES)	(351,682)	2,148,318	2,027,604	(120,714)
NET CHANGE IN FUND BALANCE	$ (59,886)	$ 647,761	6,224,863	$ 5,577,102
FUND BALANCE - BEGINNING OF YEAR			25,192,662	
FUND BALANCE - END OF YEAR			$ 31,417,525	

Budgetary Comparison Schedule, Pandemic Response Fund

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From other agencies	$ -	$ -	$ 11,717,000	$ 11,717,000
TOTAL REVENUES	-	-	11,717,000	11,717,000
OTHER FINANCING USES:				
Transfers out	(625,000)	(11,767,000)	(11,717,000)	50,000
TOTAL OTHER FINANCING USES	(625,000)	(11,767,000)	(11,717,000)	50,000
NET CHANGE IN FUND BALANCE	$ (625,000)	$ (11,767,000)	-	$ 11,767,000
FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			$ -	

Budgetary Comparison Schedule, Recreation and Park District Special Revenue Fund

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 6,192,000	$ 6,192,000	$ 6,222,354	$ 30,354
From use of property	370,410	370,410	190,760	(179,650)
From other agencies	72,000	72,000	53,076	(18,924)
Charges for services	862,255	862,255	6,831,408	5,969,153
Other revenue	-	-	27,104	27,104
TOTAL REVENUES	7,496,665	7,496,665	13,324,702	5,828,037
EXPENDITURES:				
Current:				
Recreation	5,610,468	5,648,651	4,532,507	1,116,144
Capital outlay	3,612,500	11,605,372	7,648,236	3,957,136
TOTAL EXPENDITURES	9,222,968	17,254,023	12,180,743	5,073,280
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,726,303)	(9,757,358)	1,143,959	10,901,317
OTHER FINANCING SOURCES (USES):				
Transfers out	(1,299,718)	(1,309,718)	(1,079,991)	229,727
TOTAL OTHER FINANCING SOURCES (USES)	(1,299,718)	(1,309,718)	(1,079,991)	229,727
NET CHANGE IN FUND BALANCE	$ (3,026,021)	$ (11,067,076)	63,968	$ 11,131,044
FUND BALANCE - BEGINNING OF YEAR			6,342,546	
FUND BALANCE - END OF YEAR			$ 6,406,514	

Budgetary Comparison Schedule, Streets Special Revenue Fund

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 11,500	$ 11,500	$ 23,603	$ 12,103
From other agencies	3,115,931	3,251,412	3,420,933	169,521
Charges for services	500	500	404,131	403,631
Other revenue	-	-	-	-
TOTAL REVENUES	3,127,931	3,263,412	3,848,667	585,255
EXPENDITURES:				
Current:				
Public works	1,200,000	1,204,300	842,875	361,425
Capital outlay	100,000	1,018,485	713,140	305,345
TOTAL EXPENDITURES	1,300,000	2,222,785	1,556,015	666,770
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,827,931	1,040,627	2,292,652	1,252,025
OTHER FINANCING USES:				
Operating transfers in	-	343,605	326,288	(17,317)
Transfers out	(1,407,888)	(1,852,127)	(1,306,015)	546,112
TOTAL OTHER FINANCING USES	(1,407,888)	(1,508,522)	(979,727)	528,795
NET CHANGE IN FUND BALANCE	$ 420,043	$ (467,895)	1,312,925	$ 1,780,820
FUND BALANCE - BEGINNING OF YEAR			4,887,706	
FUND BALANCE - END OF YEAR			$ 6,200,631	

(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]

	2022	2021	2020	2019
Plan's proportion of the net pension liability	0.24327%	0.20786%	0.20394%	0.19859%
Plan's proportionate share of the net pension liability	$ 13,156,618	$ 22,615,628	$ 20,897,731	$ 19,136,711
Plan's Covered Payroll	$ 6,135,709	$ 6,072,109	$ 6,385,921	$ 6,863,694
Plan's proportionate share of the net pension liability as a percentage of covered payroll	214.43%	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	85.67%	74.68%	75.87%	76.84%
Plan's proportionate share of aggregate employer contributions	$ 3,094,471	$ 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]

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 2,447,524	$ 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	(2,447,524)	(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	$ 5,866,594	$ 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	41.72%	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, 2019	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	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	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)	(4)
Mortality	(5)	(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.

(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 (*)

	2022	2021	2020	2019	2018	2017	2016	2015
Plan's proportion of the net pension liability	0.36205%	0.28006%	0.27150%	0.26653%	0.25531%	0.25420%	0.24622%	0.23884%
Plan's proportionate share of the net pension liability	$ 19,580,447	$ 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	$ 5,651,021	$ 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	346.49%	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	82.06%	71.35%	72.54%	73.38%	72.73%	73.87%	79.00%	80.99%
Plan's proportionate share of aggregate employer contributions	$ 4,784,748	$ 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*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 3,558,957	$ 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	(3,558,957)	(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	$ 6,228,738	$ 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	57.14%	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, 2019	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	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15-Year Smoothed Market
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.15% (3)	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)	(4)
Mortality	(5)	(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]

	2022	2021	2020	2019
Plan's proportion of the net pension liability	-0.00500%	0.00400%	0.00500%	0.00700%
Plan's proportionate share of the net pension liability/(asset)	$ (103,379)	$ 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	n/a
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	102.18%	96.03%	94.23%	90.81%
Plan's proportionate share of aggregate employer contributions	n/a	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]

	2022	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	n/a	n/a	n/a	n/a
Valuation Date	12/31/2019	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]

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	$ 411,807	$ 382,033	$ 370,906	$ 293,425	$ 304,903
Interest on the total OPEB liability	227,512	232,699	232,807	330,023	306,496
Actual and expected experience difference	2,850	428,577	(155,120)	63,400	10,351
Changes in assumptions	(1,671,292)	(593,595)	1,491,035	447,917	(324,881)
Changes in benefit terms	-	-	-	-	-
Benefit payments, including implicit subsidy	(562,914)	(460,068)	(394,969)	(397,959)	(329,123)
Net Change in Total OPEB Liability	(1,592,037)	(10,354)	1,544,659	736,806	(32,254)
Total OPEB Liability - Beginning of Year	10,607,104	10,617,458	9,072,799	8,335,993	8,368,247
Total OPEB Liability - End of Year (a)	$ 9,015,067	$ 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%	0.00%
Covered-employee payroll	$ 14,464,271	$ 13,846,871	$ 14,180,802	$ 14,518,971	$ 14,482,504
Total OPEB liability as percentage of covered- employee payroll	62.33%	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, changed as follows for the fiscal year ended:

June 30, 2022 – increased from 2.16% to 3.54%
June 30, 2021 – decreased from 2.20% to 2.16%
June 30, 2020 – decreased from 3.50% to 2.20%
June 30, 2021 – decreased from 3.90% to 3.50%

[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, 2022

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
From use of property	$ 350,000	$ 350,000	$ 373,338	$ 23,338
From other agencies	224,000	449,000	225,000	(224,000)
TOTAL REVENUES	574,000	799,000	598,338	(200,662)
EXPENDITURES:				
Current:				
Public works	2,024,000	2,204,002	1,083,215	1,120,787
Capital outlay	1,785,000	6,386,391	3,958,855	2,427,536
TOTAL EXPENDITURES	3,809,000	8,590,393	5,042,070	3,548,323
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,235,000)	(7,791,393)	(4,443,732)	3,347,661
OTHER FINANCING SOURCES:				
Transfers in	3,419,000	8,817,011	8,186,370	(630,641)
TOTAL OTHER FINANCING SOURCES	3,419,000	8,817,011	8,186,370	(630,641)
NET CHANGE IN FUND BALANCE	$ 184,000	$ 1,025,618	3,742,638	$ 2,717,020
FUND BALANCE - BEGINNING OF YEAR			86,985,509	
FUND BALANCE - END OF YEAR			$ 90,728,147	

CITY OF CYPRESS

Nonmajor Governmental Funds

June 30, 2022

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:

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, 2022

	Special Revenue Funds			
	Local Drainage	Stanton Channel Maintenance District	Lighting District	CATV Peg Grant
ASSETS				
Cash and investments	$ 1,048,693	$ 170,448	$ 5,556,519	$ 684,346
Receivables:				
Taxes	-	-	18,223	-
Interest	1,609	-	9,411	-
Notes, net of allowance	-	-	-	-
Accounts	-	-	5,700	19,389
Land Held for Resale	-	-	-	-
TOTAL ASSETS	$ 1,050,302	$ 170,448	$ 5,589,853	$ 703,735
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable and other accrued liabilities	$ -	$ 4,439	$ 187,298	$ -
Due to other funds	-	-	-	-
Advances to other funds	-	-	-	-
TOTAL LIABILITIES	-	4,439	187,298	-
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue	-	-	1,491	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	1,491	-
FUND BALANCE:				
Restricted	1,050,302	166,009	5,401,064	703,735
Unassigned	-	-	-	-
TOTAL FUND BALANCES	1,050,302	166,009	5,401,064	703,735
TOTAL LIABILITIES AND FUND BALANCES	$ 1,050,302	$ 170,448	$ 5,589,853	$ 703,735

Special Revenue Funds (Continued)						
AB 2766	Traffic Safety	Supplemental Law Enforcement	Narcotics Asset Seizure	Low & Moderate Housing Assets	Total Nonmajor Governmental Funds
$ -	$ -	$ 8,599	$ 1,073,540	$ 57,050	$ 8,599,195
-	-	-	-	-	18,223
-	-	78	2,405	128	13,631
-	-	-	-	72,828	72,828
15,962	5,989	-	144	214	47,398
-	-	-	-	1,421,708	1,421,708
$ 15,962	$ 5,989	$ 8,677	$ 1,076,089	$ 1,551,928	$ 10,172,983
$ -	$ -	$ 8,677	$ 34,262	$ 5,531	$ 240,207
15,962	5,989	-	-	-	21,951
163,885	-	-	-	-	163,885
179,847	5,989	8,677	34,262	5,531	426,043
-	-	-	-	-	1,491
-	-	-	-	-	1,491
-	-	-	1,041,827	1,546,397	9,909,334
(163,885)	-	-	-	-	(163,885)
(163,885)	-	-	1,041,827	1,546,397	9,745,449
$ 15,962	$ 5,989	$ 8,677	$ 1,076,089	$ 1,551,928	$ 10,172,983

CITY OF CYPRESS

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

For the fiscal year ended June 30, 2022

	Special Revenue Funds			
	Local Drainage	Stanton Channel Maintenance District	Lighting District	CATV Peg Grant
REVENUES:				
Taxes	$ -	$ -	$ 1,425,207	$ 75,610
Fines and forfeitures	-	-	-	-
From use of property	4,116	-	25,429	-
From other agencies	-	-	5,241	-
Charges for services	214,616	88,826	-	-
Other revenue	-	-	17,040	-
TOTAL REVENUES	218,732	88,826	1,472,917	75,610
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	82,412	1,064,185	-
Capital outlay	-	-	207,548	-
TOTAL EXPENDITURES	-	82,412	1,271,733	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	218,732	6,414	201,184	75,610
OTHER FINANCING USES:				
Transfers out	-	(12,362)	(528,060)	-
TOTAL OTHER FINANCING USES	-	(12,362)	(528,060)	-
NET CHANGE IN FUND BALANCES	218,732	(5,948)	(326,876)	75,610
FUND BALANCE - BEGINNING OF YEAR	831,570	171,957	5,727,940	628,125
FUND BALANCES - END OF YEAR	$ 1,050,302	$ 166,009	$ 5,401,064	$ 703,735

Special Revenue Funds (Continued)						
AB 2766	Traffic Safety	Supplemental Law Enforcement	Narcotics Asset Seizure	Low & Moderate Housing Assets	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ 1,500,817
-	83,255	-	-	-	83,255
-	-	191	5,109	15,990	50,835
62,419	-	161,285	-	-	228,945
-	-	-	-	-	303,442
-	-	-	332,468	6,375	355,883
62,419	83,255	161,476	337,577	22,365	2,523,177
-	-	-	-	60,300	60,300
-	-	161,476	30,899	-	192,375
-	-	-	-	-	1,146,597
-	-	-	-	-	207,548
-	-	161,476	30,899	60,300	1,606,820
62,419	83,255	-	306,678	(37,935)	916,357
-	(83,255)	-	(498,772)	-	(1,122,449)
-	(83,255)	-	(498,772)	-	(1,122,449)
62,419	-	-	(192,094)	(37,935)	(206,092)
(226,304)	-	-	1,233,921	1,584,332	9,951,541
$ (163,885)	$ -	$ -	$ 1,041,827	$ 1,546,397	$ 9,745,449

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 1,500	$ 1,500	$ 4,116	$ 2,616
Charges for services	5,000	5,000	214,616	209,616
TOTAL REVENUES	$ 6,500	$ 6,500	218,732	$ 212,232
FUND BALANCE - BEGINNING OF YEAR			831,570	
FUND BALANCE - END OF YEAR			$ 1,050,302	

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Charges for services	$ 87,000	$ 87,000	$ 88,826	$ 1,826
TOTAL REVENUES	87,000	87,000	88,826	1,826
EXPENDITURES:				
Current:				
Public works	77,477	92,777	82,412	10,365
TOTAL EXPENDITURES	77,477	92,777	82,412	10,365
EXCESS OF REVENUES OVER EXPENDITURES	9,523	(5,777)	6,414	12,191
OTHER FINANCING USES:				
Transfers out	(11,622)	(11,622)	(12,362)	(740)
TOTAL OTHER FINANCING USES	(11,622)	(11,622)	(12,362)	(740)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (2,099)	$ (17,399)	(5,948)	$ 11,451
FUND BALANCE - BEGINNING OF YEAR			171,957	
FUND BALANCE - END OF YEAR			$ 166,009	

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 1,303,010	$ 1,303,010	$ 1,425,207	$ 122,197
From use of property	25,000	25,000	25,429	429
From other agencies	5,820	5,820	5,241	(579)
Other revenue	10,000	10,000	17,040	7,040
TOTAL REVENUES	1,343,830	1,343,830	1,472,917	129,087
EXPENDITURES:				
Current:				
Public works	974,327	1,161,978	1,064,185	97,793
Capital outlay	610,000	945,836	207,548	738,288
TOTAL EXPENDITURES	1,584,327	2,107,814	1,271,733	836,081
EXCESS OF REVENUES OVER EXPENDITURES	(240,497)	(763,984)	201,184	965,168
OTHER FINANCING USES:				
Transfers out	(207,650)	(581,255)	(528,060)	53,195
TOTAL OTHER FINANCING USES	(207,650)	(581,255)	(528,060)	53,195
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (448,147)	$ (1,345,239)	(326,876)	$ 1,018,363
FUND BALANCE - BEGINNING OF YEAR			5,727,940	
FUND BALANCE - END OF YEAR			$ 5,401,064	

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
Taxes	$ 80,000	$ 80,000	$ 75,610	$ (4,390)
TOTAL REVENUES	80,000	80,000	75,610	(4,390)
OTHER FINANCING USES:				
Transfers out	(43,000)	(43,000)	-	43,000
TOTAL OTHER FINANCING USES	(43,000)	(43,000)	-	43,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING USES	$ 37,000	$ 37,000	75,610	$ 38,610
FUND BALANCE - BEGINNING OF YEAR			628,125	
FUND BALANCE - END OF YEAR			$ 703,735	

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From other agencies	$ 63,000	$ 63,000	$ 62,419	$ (581)
TOTAL REVENUES	63,000	63,000	62,419	(581)
OTHER FINANCING USES:				
Transfers out	(63,000)	(63,000)	-	63,000
TOTAL OTHER FINANCING USES	(63,000)	(63,000)	-	63,000
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	$ -	$ -	62,419	$ 62,419
FUND BALANCE - BEGINNING OF YEAR			(226,304)	
FUND BALANCE - END OF YEAR			$ (163,885)	

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Fines and forfeitures	$ 120,000	$ 120,000	$ 83,255	$ (36,745)
TOTAL REVENUES	120,000	120,000	83,255	(36,745)
OTHER FINANCING USES:				
Transfers out	(120,000)	(120,000)	(83,255)	36,745
TOTAL OTHER FINANCING USES	(120,000)	(120,000)	(83,255)	36,745
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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 100	$ 100	$ 191	$ 91
From other agencies	129,096	161,377	161,285	(92)
TOTAL REVENUES	129,196	161,477	161,476	(1)
EXPENDITURES:				
Current:				
Public safety	129,196	161,477	161,476	1
TOTAL EXPENDITURES	129,196	161,477	161,476	1
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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive (Negative)
	Original	Final	Actual	
REVENUES:				
From use of property	$ 1,500	$ 1,500	$ 5,109	$ 3,609
Other revenue	10,000	10,000	332,468	322,468
TOTAL REVENUES	11,500	11,500	337,577	326,077
EXPENDITURES:				
Current:				
Public safety	65,632	68,732	30,899	37,833
TOTAL EXPENDITURES	65,632	68,732	30,899	37,833
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(54,132)	(57,232)	306,678	363,910
OTHER FINANCING USES:				
Transfers out	-	(498,772)	(498,772)	-
TOTAL OTHER FINANCING USES	-	(498,772)	(498,772)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	$ (54,132)	$ (556,004)	(192,094)	$ 363,910
FUND BALANCE - BEGINNING OF YEAR			1,233,921	
FUND BALANCE - END OF YEAR			$ 1,041,827	

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, 2022

	Budgeted Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
REVENUES:				
From use of property	$ 1,500	$ 1,500	$ 15,990	$ 14,490
Other revenue	6,480	6,480	6,375	(105)
TOTAL REVENUES	7,980	7,980	22,365	14,385
EXPENDITURES:				
Current:				
Community Development	28,037	60,337	60,300	(37)
TOTAL EXPENDITURES	28,037	60,337	60,300	(37)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (20,057)	$ (52,357)	(37,935)	$ 14,422
FUND BALANCE - BEGINNING OF YEAR			1,584,332	
FUND BALANCE - END OF YEAR			$ 1,546,397	

CITY OF CYPRESS

Internal Service Funds

June 30, 2022

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	$ 20,711,730	$ 702,711
Restricted cash and investments	-	-
Receivables:		
Interest	-	-
Accounts	1,663	-
Prepaid items	41,742	-
Inventory	4,898	-
TOTAL CURRENT ASSETS	20,760,033	702,711
NON-CURRENT ASSETS:		
Net pension asset	-	-
Equipment (Net)	2,942,225	284,235
TOTAL NON-CURRENT ASSETS	2,942,225	284,235
TOTAL ASSETS	23,702,258	986,946
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	188,988	-
Claims payable	-	-
Compensated absences	-	-
TOTAL CURRENT LIABILITIES	188,988	-
LONG-TERM LIABILITIES:		
Claims payable	-	-
Retirees' health payable	-	-
Compensated absences	-	-
Net pension liability	-	-
TOTAL LONG-TERM LIABILITIES	-	-
TOTAL LIABILITIES	188,988	-
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from pension plans	-	-
Deferred amount from OPEB	-	-
Deferred amount from OCERS	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-
NET POSITION:		
Invested in capital assets	2,942,225	284,235
Restricted:		
Pension trust	-	-
Unrestricted	20,571,045	702,711
TOTAL NET POSITION	$ 23,513,270	$ 986,946

Employees' Benefit	Liability Insurance	Workers' Compensation	Total
$ 5,359,215	$ 3,166,812	$ 2,389,987	$ 32,330,455
20,198,541	-	-	20,198,541
7,953	-	-	7,953
671,185	-	2,496	675,344
8,011	-	-	49,753
-	-	-	4,898
26,244,905	3,166,812	2,392,483	53,266,944
103,379	-	-	103,379
-	-	-	3,226,460
103,379	-	-	3,329,839
26,348,284	3,166,812	2,392,483	56,596,783
12,006,762	-	-	12,006,762
1,253,299	-	-	1,253,299
970,860	-	-	970,860
14,230,921	-	-	14,230,921
275,537	-	3,282	467,807
-	49,000	573,600	622,600
601,300	-	-	601,300
876,837	49,000	576,882	1,691,707
-	147,094	1,720,721	1,867,815
9,015,067	-	-	9,015,067
1,803,907	-	-	1,803,907
32,737,065	-	-	32,737,065
43,556,039	147,094	1,720,721	45,423,854
44,432,876	196,094	2,297,603	47,115,561
26,391,420	-	-	26,391,420
2,061,388	-	-	2,061,388
511,244	-	-	511,244
28,964,052	-	-	28,964,052
-	-	-	3,226,460
20,198,541	-	-	20,198,541
(53,016,264)	2,970,718	94,880	(28,676,910)
$ (32,817,723)	$ 2,970,718	$ 94,880	$ (5,251,909)

CITY OF CYPRESS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2022

	Central Services	Recreation District Central Services
OPERATING REVENUES:		
From other agencies	$ -	$ 29,965
Charges for services	3,746,595	29,020
Other revenue	21,914	-
TOTAL OPERATING REVENUES	3,768,509	58,985
OPERATING EXPENSES:		
Personnel services	1,126,849	-
Contractual services	338,910	11,645
Supplies and other services	1,167,415	-
Claim payments and changes in estimates	-	-
Depreciation	711,303	48,679
TOTAL OPERATING EXPENSES	3,344,477	60,324
OPERATING INCOME (LOSS)	424,032	(1,339)
NON-OPERATING REVENUES (EXPENSES):		
Interest income (loss)	-	-
Gain (loss) on disposal of equipment	(5,130)	(859)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(5,130)	(859)
INCOME (LOSS) BEFORE TRANSFERS	418,902	(2,198)
TRANSFERS:		
Transfers in	24,959	10,234
TOTAL TRANSFERS	24,959	10,234
CHANGE IN NET POSITION	443,861	8,036
NET POSITION - BEGINNING OF YEAR	23,069,409	978,910
NET POSITION - END OF YEAR	$ 23,513,270	$ 986,946

Employees' Benefit	Liability Insurance	Workers' Compensation	Total
$ -	$ -	$ -	$ 29,965
12,859,335	586,000	727,732	17,948,682
-	460,812	11,328	494,054
12,859,335	1,046,812	739,060	18,472,701
-	-	21,397	1,148,246
12,463,454	-	177,336	12,991,345
3,952,390	489,721	172,429	5,781,955
-	-	897,538	897,538
-	-	-	759,982
16,415,844	489,721	1,268,700	21,579,066
(3,556,509)	557,091	(529,640)	(3,106,365)
(2,197,632)	-	-	(2,197,632)
-	-	-	(5,989)
(2,197,632)	-	-	(2,203,621)
(5,754,141)	557,091	(529,640)	(5,309,986)
4,650,000	-	-	4,685,193
4,650,000	-	-	4,685,193
(1,104,141)	557,091	(529,640)	(624,793)
(31,713,582)	2,413,627	624,520	(4,627,116)
$ (32,817,723)	$ 2,970,718	$ 94,880	$ (5,251,909)

CITY OF CYPRESS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the fiscal year ended June 30, 2022

	Central Services	Recreation District Central Services
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from users	$ 3,869,171	$ 58,985
Cash payments to suppliers for goods and services	(1,488,620)	(102,833)
Cash payments to employees	(1,119,785)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,260,766	(43,848)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in	24,959	10,234
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	24,959	10,234
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from disposal of capital assets	13,848	-
Acquisition of capital assets	(358,561)	(49,262)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(344,713)	(49,262)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	-	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	-	-
INCREASE IN CASH AND CASH EQUIVALENTS	941,012	(82,876)
CASH AND INVESTMENTS - BEGINNING OF YEAR	19,770,718	785,587
CASH AND INVESTMENTS - END OF YEAR	$ 20,711,730	$ 702,711
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	$ 424,032	$ (1,339)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	711,303	48,679
Changes in assets and liabilities:		
Accounts receivable decreased (increased)	96,223	4,257
Prepaid items decreased (increased)	(20,211)	-
Inventory decreased (increased)	(3,201)	-
Deferred outflows decreased (increased)	-	-
Accounts payable and other accrued liabilities increased (decreased)	52,620	(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	836,734	(42,509)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 1,260,766	$ (43,848)
NON-CASH CAPITAL ACTIVITIES:		
Gain/(loss) on disposition of capital assets	$ (5,130)	$ (859)

Employees' Benefit	Liability Insurance	Workers' Compensation	Total
$ 12,739,756	$ 662,926	$ 740,378	$ 18,071,216
(13,758,850)	(518,738)	(664,048)	(16,533,089)
-	-	(21,255)	(1,141,040)
(1,019,094)	144,188	55,075	397,087
4,650,000	-	-	4,685,193
4,650,000	-	-	4,685,193
-	-	-	13,848
-	-	-	(407,823)
-	-	-	(393,975)
(2,197,632)	-	-	(2,197,632)
(2,197,632)	-	-	(2,197,632)
1,433,274	144,188	55,075	2,490,673
24,124,482	3,022,624	2,334,912	50,038,323
$ 25,557,756	$ 3,166,812	$ 2,389,987	$ 52,528,996
$ (3,556,509)	$ 557,091	$ (529,640)	$ (3,106,365)
-	-	-	759,982
(120,547)	-	1,318	(18,749)
967	-	-	(19,244)
-	-	-	(3,201)
930,080	-	-	930,080
(398,512)	(9,473)	(9,114)	(459,924)
-	(403,430)	592,511	189,081
(1,592,037)	-	-	(1,592,037)
109,947	-	-	109,947
(20,638,565)	-	-	(20,638,565)
24,246,082	-	-	24,246,082
2,537,415	(412,903)	584,715	3,503,452
$ (1,019,094)	$ 144,188	$ 55,075	$ 397,087
$ -	$ -	$ -	$ (5,989)

CITY OF CYPRESS

Fiduciary Funds

June 30, 2022

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, 2022

	Business and Professional Center Assessment District	West Cities Police Communications Center Joint Powers Authority	Total Custodial Funds
ASSETS			
Cash and cash equivalents	$ 20,001	$ 3,596,141	$ 3,616,142
Restricted cash and investments	160,125	1,668	161,793
Interest receivable	30	5,736	5,766
Accounts receivable	-	46,670	46,670
Prepaid items	-	20,866	20,866
TOTAL ASSETS	180,156	3,671,081	3,851,237
LIABILITIES			
Current liabilities			
Accounts payable and other accrued liabilities	-	177,737	177,737
Unearned revenue	-	37,383	37,383
Bonds payable	170,000	-	170,000
Accrued leave payable	-	68,216	68,216
Noncurrent liabilities			
Accrued leave payable	-	204,646	204,646
Retirees' health payable	-	611,017	611,017
Due to other governments	-	1,114,616	1,114,616
TOTAL LIABILITIES	170,000	2,213,615	2,383,615
NET POSITION			
Restricted for:			
Assessment district improvements	10,156	-	10,156
Member agencies	-	1,457,466	1,457,466
TOTAL NET POSITION	$ 10,156	$ 1,457,466	$ 1,467,622

CITY OF CYPRESS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS

For the fiscal year ended June 30, 2022

	Business and Professional Center Assessment District	West Cities Police Communications Center Joint Powers Authority	Total Custodial Funds
ADDITIONS:			
Member contributions	$ -	$ 2,885,055	$ 2,885,055
Investment income	182	15,597	15,779
Other revenue	-	149,266	149,266
TOTAL ADDITIONS	182	3,049,918	3,050,100
DEDUCTIONS:			
Dispatch services	-	2,435,520	2,435,520
Debt service	14,392	-	14,392
Other expenses	5,580	-	5,580
TOTAL DEDUCTIONS	19,972	2,435,520	2,455,492
CHANGE IN NET POSITION	(19,790)	614,398	594,608
NET POSITION - BEGINNING OF YEAR	29,946	843,068	873,014
NET POSITION - END OF YEAR	$ 10,156	$ 1,457,466	$ 1,467,622

Statistical Section

CITY OF CYPRESS

Statistical Section
Year ended June 30, 2022
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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, 2022.

CITY OF CYPRESS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

Schedule 1

	Fiscal Year			
	2022	2021	2020	2019
GOVERNMENTAL ACTIVITIES				
Invested in capital assets	$ 172,804,367	$ 166,272,625	$ 160,408,903	$ 162,147,445
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	40,650,390	37,532,553	43,597,947	39,458,651
Total restricted	40,650,390	37,532,553	43,597,947	39,458,651
Unrestricted	95,515,524	88,119,499	85,931,038	82,530,908
Total governmental activities net position	$ 308,970,281	$ 291,924,677	$ 289,937,888	$ 284,137,004
BUSINESS-TYPE ACTIVITIES				
Invested in capital assets	$ 18,876,495	$ 19,322,767	$ 19,672,894	$ 19,764,241
Restricted for:				
Specific projects and programs	6,638,371	5,253,793	3,871,515	2,820,977
Total business-type activities net position	$ 25,514,866	$ 24,576,560	$ 23,544,409	$ 22,585,218
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES				
Invested in capital assets	$ 191,680,862	$ 185,595,392	$ 180,081,797	$ 181,911,686
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	47,288,761	42,786,346	47,469,462	42,279,628
Total restricted	47,288,761	42,786,346	47,469,462	42,279,628
Unrestricted	95,515,524	88,119,499	85,931,038	82,530,908
Total governmental and business-type activities net position	$ 334,485,147	$ 316,501,237	$ 313,482,297	$ 306,722,222

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.

2018	2017	2016	2015	2014	2013
$ 162,818,741	$ 161,714,951	$ 153,270,346	$ 154,805,926	$ 154,957,177	$ 154,793,254
522,200	979,010	420,185	400,000	380,000	360,000
36,012,698	25,872,294	26,169,565	24,651,239	24,407,720	23,839,841
36,534,898	26,851,304	26,589,750	25,051,239	24,787,720	24,199,841
75,803,724	89,651,389	107,623,380	101,970,622	111,781,610	110,120,627
$ 275,157,363	$ 278,217,644	$ 287,483,476	$ 281,827,787	$ 291,526,507	$ 289,113,722
$ 20,004,444	$ 19,788,397	$ 18,245,712	$ 15,801,861	$ 14,516,549	$ 13,330,876
1,463,331	524,701	930,903	2,281,112	2,174,616	1,864,593
$ 21,467,775	$ 20,313,098	$ 19,176,615	$ 18,082,973	$ 16,691,165	$ 15,195,469
$ 182,823,185	$ 181,503,348	$ 171,516,058	$ 170,607,787	$ 169,473,726	$ 168,124,130
522,200	979,010	420,185	400,000	380,000	360,000
37,476,029	26,396,995	27,100,468	26,932,351	26,582,336	25,704,434
37,998,229	27,376,005	27,520,653	27,332,351	26,962,336	26,064,434
75,803,724	89,651,389	107,623,380	101,970,622	111,781,610	110,120,627
$ 296,625,138	$ 298,530,742	$ 306,660,091	$ 299,910,760	$ 308,217,672	$ 304,309,191

CITY OF CYPRESS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

Schedule 2

	Fiscal Year			
	2022	2021	2020	2019
EXPENSES - GOVERNMENTAL ACTIVITIES:				
General government	$ 5,477,433	$ 6,295,641	$ 6,082,701	$ 4,683,324
Community development	2,333,245	2,100,332	1,915,912	2,200,508
Public safety	19,494,326	19,428,392	19,357,512	17,423,654
Public works	12,737,505	13,865,043	11,597,788	10,800,313
Recreation	5,583,107	5,303,581	5,003,445	5,042,590
Interest on long-term debt	-	-	-	1,300
Total government activities expenses	45,625,616	46,992,989	43,957,358	40,151,689
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:				
Charges for services:				
General government	420,799	498,954	154,716	388,378
Community development	1,985,828	1,557,209	899,680	1,156,997
Public safety	277,816	406,077	268,225	324,497
Public works	873,072	770,403	741,487	740,542
Recreation	6,947,677	487,138	573,479	1,727,459
Operating grants and contributions	16,061,186	3,862,387	5,998,794	3,728,589
Capital grants and contributions	1,638,108	1,869,583	1,488,480	1,299,265
Total governmental activities program revenues	28,204,486	9,451,751	10,124,861	9,365,727
NET (EXPENSE/REVENUE) - GOVERNMENTAL ACTIVITIES	(17,421,130)	(37,541,238)	(33,832,497)	(30,785,962)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES:				
Taxes				
Property taxes, levied for general purpose	6,530,911	6,261,310	6,273,159	5,703,464
Property taxes, levied for recreation purposes	6,222,354	5,958,450	5,958,511	5,435,431
Property taxes, levied for lighting purposes	1,425,207	1,363,781	1,358,550	1,240,367
Property taxes, backfill of vehicle license fees	5,322,016	5,136,804	4,942,234	4,708,074
Sales tax	13,292,177	11,249,720	11,969,246	12,616,015
Transient occupancy tax	2,602,233	1,648,030	2,185,978	2,761,917
Franchise tax	1,801,173	1,753,459	1,727,101	1,686,218
Other taxes	1,965,665	1,820,366	1,742,289	1,750,241
Total taxes	39,161,736	35,191,920	36,157,068	35,901,727
Investment earnings	(4,733,571)	2,245,090	3,423,255	3,806,673
Contributed capital	-	-	-	-
Miscellaneous	38,569	37,845	53,058	57,203
Total governmental activities	34,466,734	37,474,855	39,633,381	39,765,603
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 on approval of repayment agreement	-	-	-	-
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	$ 17,045,604	$ 1,986,789	$ 5,800,884	$ 8,979,641
EXPENSES - BUSINESS-TYPE ACTIVITIES:				
Sewer	$ 902,389	$ 888,283	$ 871,750	$ 897,761
Total business-type activities expenses	902,389	888,283	871,750	897,761
PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES:				
Charges for services	1,779,495	1,861,974	1,733,202	1,721,787
Operating grants and contributions	35	37	39	98,050
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,779,530	1,862,011	1,733,241	1,819,837
NET (EXPENSE/REVENUE) - BUSINESS-TYPE ACTIVITIES	877,141	973,728	861,491	922,076
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION - BUSINESS TYPE ACTIVITIES:				
Taxes				
Property taxes, levied for sewer purposes	32,508	30,499	30,076	29,978
Total taxes	32,508	30,499	30,076	29,978
Investment earnings	26,215	25,145	66,013	162,156
Miscellaneous	2,442	2,779	1,611	3,233
Total business-type activities	61,165	58,423	97,700	195,367
CHANGE IN NET POSITION - BUSINESS-TYPE ACTIVITIES	$ 938,306	$ 1,032,151	$ 959,191	$ 1,117,443
CHANGE IN NET POSITION - TOTAL PRIMARY GOVERNMENT	$ 17,983,910	$ 3,018,940	$ 6,760,075	$ 10,097,084

2018	2017	2016	2015	2014	2013
$ 4,634,173	$ 4,688,064	$ 4,186,025	$ 3,762,129	$ 4,037,449	$ 3,844,511
2,545,902	2,092,444	2,045,322	1,792,626	1,717,272	1,658,699
17,185,826	15,793,707	14,193,759	13,823,314	14,119,456	14,079,824
13,608,594	11,949,123	11,467,198	11,818,556	11,971,891	11,554,300
5,296,640	5,077,877	4,659,025	4,675,847	4,857,577	4,664,614
25,145	48,597	70,731	89,610	107,166	123,439
43,296,280	39,649,812	36,622,060	35,962,082	36,810,811	35,925,387
477,787	517,051	247,368	155,590	98,802	46,683
1,125,447	957,395	1,038,354	767,379	663,525	604,456
221,319	217,567	190,861	229,721	223,771	284,904
723,444	773,597	820,048	854,062	832,916	836,641
1,509,692	1,489,518	1,499,750	1,160,898	1,389,596	1,303,395
3,625,304	4,550,919	4,474,668	3,549,872	3,648,027	3,822,397
1,029,329	1,462,551	693,977	856,247	1,315,906	1,071,101
8,712,322	9,968,598	8,965,026	7,573,769	8,172,543	7,969,577
(34,583,958)	(29,681,214)	(27,657,034)	(28,388,313)	(28,638,268)	(27,955,810)
5,373,717	4,838,954	4,634,994	4,735,392	4,589,439	4,847,103
5,133,137	4,598,132	4,420,347	4,450,954	4,224,593	4,778,959
1,173,368	1,055,329	1,015,521	1,013,028	962,631	1,086,568
4,429,211	4,241,925	4,061,360	3,835,515	3,678,802	3,560,389
11,141,720	11,346,462	12,435,166	11,891,754	11,846,002	10,827,664
2,836,842	2,711,306	2,558,974	2,209,939	1,980,228	1,926,322
1,660,665	1,607,621	1,728,236	1,724,232	1,650,481	1,629,706
1,728,281	1,745,849	1,647,782	1,678,288	1,617,097	1,656,695
33,476,941	32,145,578	32,502,380	31,539,102	30,549,273	30,313,406
1,281,234	694,455	748,457	344,668	439,186	218,964
1,460,026	-	-	-	-	-
55,078	69,209	61,886	65,861	62,594	348,499
36,273,279	32,909,242	33,312,723	31,949,631	31,051,053	30,880,869
-	-	-	(6,308,460)	-	-
-	-	-	-	-	-
-	-	-	(6,308,460)	-	-
-	-	-	25,323,775	-	-
-	-	-	-	-	(1,196,000)
-	(12,493,860)	-	-	-	-
-	(12,493,860)	-	25,323,775	-	(1,196,000)
$ 1,689,321	$ (9,265,832)	$ 5,655,689	$ 22,576,633	$ 2,412,785	$ 1,729,059
$ 795,737	$ 706,843	$ 757,503	$ 724,257	$ 740,444	$ 704,109
795,737	706,843	757,503	724,257	740,444	704,109
1,829,427	1,768,183	1,714,658	2,025,759	2,197,154	2,131,506
43	46	66,716	46,387	55	55
-	-	-	-	4,990	3,055
1,829,470	1,768,229	1,781,374	2,072,146	2,202,199	2,134,616
1,033,733	1,061,386	1,023,871	1,347,889	1,461,755	1,430,507
30,885	24,060	27,651	14,232	10,879	73,185
30,885	24,060	27,651	14,232	10,879	73,185
84,346	48,316	34,865	26,886	23,062	26,980
5,713	2,721	7,255	2,801		
120,944	75,097	69,771	43,919	33,941	100,165
$ 1,154,677	$ 1,136,483	$ 1,093,642	$ 1,391,808	$ 1,495,696	$ 1,530,672
$ 2,843,998	$ (8,129,349)	$ 6,749,331	$ 23,968,441	$ 3,908,481	$ 3,259,731

CITY OF CYPRESS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Schedule 3

	Fiscal Year			
	2022	2021	2020	2019
GENERAL FUND				
Nonspendable	$ 270,596	$ 400,475	$ 4,106	$ 8,105
Restricted	28,944	28,944	140,521	51,035
Committed	8,862,296	8,277,669	7,752,199	7,399,045
Assigned	21,212,203	15,425,574	14,086,964	13,827,127
Unassigned	1,043,486	1,060,000	1,060,000	1,060,000
Total General Fund	$ 31,417,525	$ 25,192,662	$ 23,043,790	$ 22,345,312
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	$ -	$ 5,915,695	$ 3,242	$ 28,946
Restricted	20,316,479	19,174,097	27,679,541	27,277,048
Committed	11,600,177	12,824,144	11,600,900	9,332,740
Assigned	81,327,970	70,479,670	74,307,742	70,811,712
Unassigned	(163,885)	(226,304)	(290,643)	-
Total all other Governmental Funds	$ 113,080,741	$ 108,167,302	$ 113,300,782	$ 107,450,446

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.

2018	2017	2016	2015	2014	2013
$ 54,299	$ 57,474	$ 8,759	$ 6,411	$ 9,387	$ 14,359
73,252	73,252	73,252	73,252	73,252	73,252
7,152,556	6,982,083	6,885,909	6,520,344	6,299,394	6,075,680
8,018,278	11,199,276	11,766,464	13,078,088	11,116,273	8,011,729
860,000	921,728	289,297	170,783	121,919	115,976
$ 16,158,385	$ 19,233,813	$ 19,023,681	$ 19,848,878	$ 17,620,225	$ 14,290,996
$ 26,013	$ 71,608	$ 59,660	$ 56,300	$ 11,233	$ 10,602
26,328,454	26,466,768	27,039,278	25,513,795	24,960,766	24,331,702
10,568,404	9,174,885	17,680,891	9,437,504	11,908,872	14,378,531
67,828,083	62,830,965	71,429,444	76,745,521	55,006,639	54,988,809
-	-	-	-	-	-
$ 104,750,954	$ 98,544,226	$ 116,209,273	$ 111,753,120	$ 91,887,510	$ 93,709,644

CITY OF CYPRESS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Schedule 4

	Fiscal Year			
	2022	2021	2020	2019
REVENUES:				
Taxes				
Property tax	$ 19,500,488	$ 18,720,344	$ 18,532,454	$ 17,087,338
Sales tax	13,292,177	11,579,445	12,252,711	12,332,551
Transient occupancy tax	2,602,233	1,648,030	2,185,978	2,761,917
Franchise tax	1,876,783	1,829,542	1,806,177	1,766,326
Other taxes	2,348,252	2,167,293	2,063,126	2,095,035
Licenses and permits	1,326,104	884,938	628,630	806,907
Fines and forfeitures	250,414	345,986	277,716	390,365
From use of property	(2,256,444)	88,710	3,511,171	3,890,564
From other agencies	16,312,535	4,103,799	5,300,369	3,878,871
Charges for services	11,079,347	4,051,764	3,293,571	4,317,800
Other revenues	746,421	811,084	652,143	673,986
Total Revenues	67,078,310	46,230,935	50,504,046	50,001,660
EXPENDITURES:				
General government	4,833,262	5,485,769	5,206,978	4,131,110
Community development	2,159,679	1,892,213	1,714,979	2,056,311
Public safety	17,939,338	17,401,215	17,225,985	16,174,228
Public works	9,262,250	10,056,426	7,732,879	7,394,724
Recreation	4,532,507	4,181,884	3,951,650	4,158,366
Capital outlay	12,527,779	11,805,601	4,495,945	4,251,602
Debt service				
Principal retired	-	-	-	475,000
Interest and charges	-	-	-	13,175
Total expenditures	51,254,815	50,823,108	40,328,416	38,654,516
Excess of revenues over (under) expenditures	15,823,495	(4,592,173)	10,175,630	11,347,144
OTHER FINANCING SOURCES (USES):				
Transfers in	21,115,221	7,692,812	8,335,896	6,468,442
Transfers out	(25,800,414)	(8,138,419)	(11,962,712)	(8,929,167)
Total other financing sources (uses)	(4,685,193)	(445,607)	(3,626,816)	(2,460,725)
Net change in fund balances before extraordinary items	11,138,302	(5,037,780)	6,548,814	8,886,419
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 on approval of repayment agreement	-	-	-	-
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	$ 11,138,302	$ (2,984,608)	$ 6,548,814	$ 8,886,419
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	1.4%

2018	2017	2016	2015	2014	2013
$ 16,109,436	$ 14,734,339	$ 14,132,221	$ 14,034,888	$ 13,455,467	$ 15,485,431
11,141,720	11,451,407	12,540,112	11,681,865	11,846,003	10,827,665
2,836,842	2,711,306	2,558,974	2,209,939	1,980,228	1,926,322
1,740,802	1,665,820	1,774,268	1,770,259	1,693,524	1,671,897
2,052,850	2,061,297	1,957,223	1,986,873	1,909,589	1,899,759
675,894	700,437	700,510	455,781	381,992	380,256
275,909	289,271	239,845	254,997	270,593	336,389
1,660,035	1,027,004	1,044,996	594,030	659,310	478,573
3,856,558	3,113,673	3,021,416	3,178,481	3,886,307	3,438,718
4,700,201	4,397,340	4,376,424	3,963,964	4,244,710	4,125,461
701,596	1,585,339	1,401,191	788,618	695,557	1,226,084
45,751,843	43,737,233	43,747,180	40,919,695	41,023,280	41,796,555
4,037,765	4,380,176	4,147,614	3,555,118	3,802,168	3,570,736
2,351,459	2,070,995	2,160,255	1,772,835	1,776,411	1,646,044
15,762,018	15,508,454	14,861,961	13,905,373	14,073,067	13,868,047
10,081,750	9,541,509	9,630,040	9,625,309	9,789,620	9,183,658
4,498,225	4,612,076	4,450,788	4,305,974	4,452,120	4,206,914
2,275,198	11,813,186	2,295,678	4,386,607	5,079,667	2,328,613
445,000	420,000	400,000	380,000	360,000	340,000
36,826	59,622	80,131	98,350	115,266	130,749
39,488,241	48,406,018	38,026,467	38,029,566	39,448,319	35,274,761
6,263,602	(4,668,785)	5,720,713	2,890,129	1,574,961	6,521,794
9,020,684	8,189,632	7,466,801	7,991,193	5,725,391	25,579,555
(12,152,986)	(8,481,902)	(9,556,558)	(8,098,884)	(5,793,257)	(25,622,970)
(3,132,302)	(292,270)	(2,089,757)	(107,691)	(67,866)	(43,415)
3,131,300	(4,961,055)	3,630,956	2,782,438	1,507,095	6,478,379
-	-	-	(6,308,460)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,323,775	-	-
-	-	-	-	-	(1,196,000)
-	(12,493,860)	-	-	-	-
-	(12,493,860)	-	25,323,775	-	(1,196,000)
$ 3,131,300	$ (17,454,915)	$ 3,630,956	$ 28,106,213	$ 1,507,095	$ 5,282,379
1.3%	1.3%	1.3%	1.4%	1.4%	1.4%

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
2022	$ 8,136,669	$ 2,268	$ 331,045	$ 8,469,982	1.0000
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

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

Fiscal Year Ended June 30,	City Direct Rates			Overlapping Rates *	
	Basic Rate	General Obligation Debt Service	Total Direct	School Districts	Water District
2022	1.0000	-	1.0000	0.0973	0.0035
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

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

	2022			2013		
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 Ltd	$ 249,034,536	1	2.95%	$ 226,236,088	1	4.04%
Katella Holder Street LLC	96,600,000	2	1.14%	--		--
Cypress Corporate Center	82,649,350	3	0.98%	70,588,202	3	1.26%
G & IX Cypress Campus LP	78,699,634	4	0.93%	--		--
Duke Realty LP	72,205,058	5	0.85%	--		--
Inland American Cypress Katella	51,540,683	6	0.61%	35,052,842	7	0.63%
Yamaha Motor Corp USA Inc	37,662,284	7	0.45%	35,275,313	6	0.63%
Los Alamitos Racecourse	36,452,108	8	0.43%	37,881,292	5	0.68%
IHP Los Alamitos Owner LLC	35,033,806	9	0.41%	--		--
Cadigan Peppertree LLC	34,531,082	10	0.41%	--		--
Mitsubishi Motor Sales	--		--	94,179,352	2	1.68%
RREEF America REIT	--		--	60,667,415	4	1.08%
CRP-2 Holdings Cypress	--		--	31,824,000	8	0.57%
UHC of California	--		--	29,686,552	9	0.53%
USA Build LLC	--		--	25,642,800	10	0.46%
Total	$ 774,408,541		9.16%	$ 647,033,856		11.56%

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	$ 23,758,834	$ 23,586,865	99.28%	$ 134,014	$ 23,720,879	99.84%
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%

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

Fiscal Year Ended June 30,	Governmental Activities		
	Lease Revenue Bonds	Percentage of Personal Income *	Per Capita **
2022	$ -	0.00%	$ -
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

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	$ 20,175,000	0.249%	$ 50,236
North Orange County Joint Community College District	209,339,039	5.614%	11,752,294
Garden Grove Unified School District	532,420,000	3.571%	19,012,718
Los Alamitos USD School Facilities Improvement District No. 1	197,835,227	2.331%	4,611,539
Anaheim Union High School District	256,268,955	13.625%	34,916,645
Centralia School District	38,387,336	2.423%	930,125
Cypress School District	35,162,739	85.569%	30,088,404
Savanna School District	39,432,464	12.881%	5,079,296
City of Cypress 1915 Act Bonds	170,000	100.000%	170,000
Total Direct and Overlapping Tax and Assessment Debt			$ 106,611,257
Direct and Overlapping General Fund Debt:			
Orange County General Fund Obligations	$ 376,780,000	1.243%	$ 4,683,375
Orange County Pension Obligation Bonds	521,784,000	1.243%	6,485,775
Orange County Board of Education General Fund Obligations	11,620,000	1.243%	144,437
North O.C. Regional Occupational Program Certificates of Part.	8,200,000	5.026%	412,132
Anaheim Union High School District Certificates of Participation	30,670,000	13.625%	4,178,788
Los Alamitos Unified School District Certificates of Participation	34,632,040	2.096%	725,888
Cypress School District Certificates of Participation	3,922,000	85.569%	3,356,016
City of Cypress	-	100.000%	-
Total Gross Direct and Overlapping Tax and Assessment Debt			$ 19,986,411
Overlapping Tax Increment Debt (Successor Agency):	$ 790,000	7.242%	57,212
Total Direct Debt			$ -
Total Overlapping Debt			$ 126,654,880
Combined Total Debt			$ 126,654,880 (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			
	2022	2021	2020	2019
LEGAL DEBT MARGIN CALCULATION:				
Assessed valuation	$ 8,469,982	$ 8,175,217	$ 7,865,560	$ 7,492,895
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	$ 2,117,496	$ 2,043,804	$ 1,966,390	$ 1,873,224
Debt limit percentage	15%	15%	15%	15%
Debt limit	317,624	306,571	294,959	280,984
Total Net Debt Applicable to Limit	-	-	-	-
Legal debt margin	$ 317,624	$ 306,571	$ 294,959	$ 280,984
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.

2018	2017	2016	2015	2014	2013
$ 7,049,085	$ 6,751,019	$ 6,463,650	$ 6,104,218	$ 5,854,808	$ 5,666,354
25%	25%	25%	25%	25%	25%
$ 1,762,271	$ 1,687,755	$ 1,615,913	$ 1,526,055	$ 1,463,702	$ 1,416,589
15%	15%	15%	15%	15%	15%
264,341	253,163	242,387	228,908	219,555	212,488
-	-	-	-	-	-
$ 264,341	$ 253,163	$ 242,387	$ 228,908	$ 219,555	$ 212,488
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
2022	49,810	$ 2,308,023	$ 46,337	41.8 *	3,414	2.4%
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%

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

	2022			2013		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Amazon	1,300	1	5.28%	--		--
Siemens Corporation	839	2	3.41%	375	4	1.35%
Cypress School District	607	3	2.47%	--		--
UnitedHealth Group	458	4	1.86%	2,234	1	8.06%
Cypress College	457	5	1.86%	874	2	3.16%
Costco - Cypress	392	6	1.59%	275	8	0.99%
Yamaha Motors Corporation	310	7	1.26%	318	6	1.15%
Hybrid Apparel	306	8	1.24%	--		--
Safran Cabin (frmly C&D Zodiac)	301	9	1.22%	--		--
Christie Digital Systs USA	296	10	1.20%	409	3	1.48%
Vans	--		--	357	5	1.29%
Mitsubishi Motor Sales	--		--	275	7	0.99%
Manhattan Beachwear	--		--	235	9	0.85%
Siemens Industries	--		--	234	10	0.84%
Total	5,266		21.39%	5,586		20.16%

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	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government										
Administrative	5.3	5.3	5.3	5.3	5.3	6.0	6.0	6.0	8.9	8.9
Finance	14.3	14.3	14.3	14.3	14.3	15.0	15.0	15.0	13.0	13.0
Community Development	6.5	5.5	5.5	5.5	6.5	7.5	7.5	8.0	8.0	9.0
Police										
Officers	58.0	58.0	58.0	57.0	57.0	57.0	57.0	57.0	55.0	55.0
Civilians	23.8	23.8	22.8	22.8	22.8	23.4	24.4	24.4	23.9	23.4
Public Works										
Engineering	9.0	9.0	9.0	8.5	10.5	10.1	10.1	10.0	10.0	10.0
Maintenance	19.5	19.5	20.1	20.1	26.4	27.0	27.0	28.6	27.7	30.7
Parks and Recreation	29.6	28.8	29.2	30.0	28.2	28.4	28.4	28.8	28.8	28.8
Total	166.0	164.2	164.2	163.5	171.0	174.4	175.4	177.8	175.3	178.8

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Physical arrests	1,505	778	834	1,232	1,091	1,130	856	856	913	1,237
Parking violations	4,485	8,675	4,436	6,264	5,287	3,660	4,587	4,818	3,752	5,999
Traffic violations	2,099	2,368	2,353	3,754	4,260	3,290	2,878	1,830	2,626	3,445
Public Works - Maintenance										
Potholes repaired	259	235	108	59	13	109	53	56	72	213
Parks and Recreation										
Athletic field permits issued	2,486	2,698	4,812	6,783	7,197	8,383	7,975	8,786	9,175	10,541
Class participants	6,991	3,738	6,370	13,319	13,823	10,739	12,110	11,796	13,233	13,308
Facility rentals	1,277	10	653	895	1,127	1,225	1,334	1,255	1,460	1,559

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	18	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	302	303	303	303	303	303
Traffic signals	61	61	61	61	61	60	60	57	57	57
Parks and Recreation										
Acreage	95	95	95	95	95	87	84	84	84	84
Playgrounds	20	19	19	19	19	19	18	18	18	18
Baseball/softball diamonds	9	9	9	9	8	8	8	8	8	8
Soccer/football fields	4	2	2	1	1	1	1	1	1	1
Pickleball fields	8	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, 2022, 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 21, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 21, 2022

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **11.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Receive and File the Report on the City's Appropriations Limit for the Fiscal Year Ended June 30, 2022**

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, 2022.

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, 2022, 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 2021-22 appropriation limitation of $89,018,615. The total appropriations subject to the limitation for FY 2021-22 were $28,483,247, which was $60,535,368 (68%) 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

Independent Accountants' Report on the City's Appropriation Limit

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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 on the accompanying Appropriations Limit Worksheet No. 6 (or other alternative computation) of the City of Cypress, California, for the year ended June 30, 2022. These procedures are the responsibility of the City, 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' management is responsible for the Appropriations Limit Worksheet No. 6 (or other alternative computation).

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of recomputing the Appropriations Limit Worksheet No. 6 (or other alternative computation). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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

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

This report is intended solely for the information of the 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.

Lance, Soll & Lunghard, LLP

Brea, California
May 9, 2022

CITY OF CYPRESS

2021-2022

APPROPRIATIONS LIMIT CALCULATION

A.	2020-2021 APPROPRIATIONS LIMIT:	$ 84,907,506	
B.	2021-2022 CHANGE IN CALIFORNIA PER CAPITA PERSONAL INCOME:		5.73%
C.	2021-2022 CHANGE IN POPULATION:		-0.84%
D.	RATIO OF CHANGE (1.0573 X 0.9916):	x 1.04841868	
E.	2021-2022 APPROPRIATIONS LIMIT: ($ 84,907,506 X 1.04841868)	$ 89,018,615	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **12.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

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, 2022**

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, 2022.

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, 2022, 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 2021-22 appropriation limitation of $9,904,744. The total appropriations subject to the limitation for FY 2021-22 were $6,278,816, which was $3,625,928 (36.6%) 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

Independent Accountants' Report on the District's Appropriation Limit

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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON
PROCEDURES APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS

To the Board of Directors
Cypress Recreation and Park District
City of Cypress, California

We have performed the procedures enumerated below on the accompanying Appropriations Limit Worksheet No. 6 (or other alternative computation) of the Cypress Recreation and Park District, for the year ended June 30, 2022. These procedures are the responsibility of the Cypress Recreation and Park District, 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).

The Cypress Recreation and Park District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of recomputing the Appropriations Limit Worksheet No. 6 (or other alternative computation). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures 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 Board of Directors.

   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 compared 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
City of Cypress, California

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

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

This report is intended solely for the information of the Board of Directors and management of the Cypress Recreation and Park District and is not intended to be, and should not be, used by anyone other than these specified parties.

Lance, Soll & Lunghard, LLP

Brea, California
May 9, 2022

CYPRESS RECREATION AND PARK DISTRICT

2021-2022

APPROPRIATIONS LIMIT CALCULATION

A.	2020-2021 APPROPRIATIONS LIMIT:	$ 9,447,317	
B.	2021-2022 CHANGE IN CALIFORNIA PER CAPITA PERSONAL INCOME:		5.73%
C.	2021-2022 CHANGE IN POPULATION:		-0.84%
D.	RATIO OF CHANGE (1.0573 X 0.9916):	x 1.04841868	
E.	2021-2022 APPROPRIATIONS LIMIT: ($9,447,317 X 1.04841868)	$ 9,904,744	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **13.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Receive and File the Cypress Recreation and Park District's Financial Statements and Auditors' Report for the Fiscal Year Ended June 30, 2022**

RECOMMENDATION

Receive and file the District's Basic Financial Statements and Independent Auditors' Report for the Fiscal Year Ended June 30, 2022.

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, 2022. 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

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CYPRESS RECEREATION AND PARK DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BASIC FINANCIAL STATEMENTS AND
INDEPENDENT ADITORS' REPORT

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Cypress Recreation and Park District
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), as of and for the year ended June 30, 2022, 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 District, as of June 30, 2022, 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), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Standards for California Special Districts. 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 opinions.

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 financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS, *Government Auditing Standards* and the State Controller's Minimum Audit Standards for California Special Districts, 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, *Government Auditing Standards* and the State Controller's Minimum Audit Standards for California Special Districts, 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 District'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 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 and the required pension and other post-employment benefits schedules as listed in the table of contents, as listed on the table of contents, 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. 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 supplementary information is fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the District's internal control over the 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 the 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 the financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 21, 2022

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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, 2022. 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, 2021, 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 an excess of revenues and other financing sources over expenditures and other financing uses of $584,535. At the end of the current fiscal year, the nonspendable fund balance of the District was $26,917, the restricted fund balance was $119,028 (compared to $268,240 at the beginning of the year), the committed fund balance was $3,220,210 (compared to $2,684,680 at the beginning of the year), the assigned fund balance was $9,281,371 (compared to $8,955,928 at the beginning of the year), while total fund balance was

$12,771,777 (compared to $12,187,242 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 172.5 percent (compared with 183.0 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, 2022, the District's balance of cash and cash equivalents was $13,769,670, a decrease of $1,053,886 from the prior fiscal year. Total receivables at the end of the fiscal year were $127,738, which is a decrease of $19,309 from the prior year total of $147,047.

Summary of Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 2022 and 2021

	2022	2021	Change
Revenues			
Taxes	$ 6,222,355	$ 5,958,451	$ 263,904
From other agencies	53,076	32,300	20,776
Charges for services	6,831,409	468,056	6,363,353
From use of property	190,760	101,042	89,718
Other revenue	27,105	4,938	22,167
Total Revenues	13,324,705	6,564,787	6,759,918
Expenditures			
Parks and recreation	4,532,508	4,181,888	350,620
Contribution to City for infrastructure set-aside	919,757	845,780	73,977
Capital outlay	7,648,236	6,894,042	754,194
Total Expenditures	13,100,501	11,921,710	1,178,791
Other Financing Uses			
Note proceeds from the City of Cypress	6,839,779	5,421,299	1,418,480
Note repayments to the City of Cypress	(6,319,214)	-	(6,319,214)
Transfers out	(160,234)	(249,148)	88,914
Total Other Financing Uses	360,331	5,172,151	(4,811,820)
Increase (decrease) in fund balance	$ 584,535	$ (184,772)	$ 769,307

Total Recreation and Park District revenues for the fiscal year ended June 30, 2022 more than doubled 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 recurring revenue source, grew 4.4 percent over the prior year. The District continues to benefit from the positive impacts to property tax revenues resulting from rising assessed values.
- The extremely large increase to charges for services is two-fold. First, traditional recreation programming, which had been significantly curtailed while dealing with a variety of pandemic-related challenges that caused sharp declines in fee revenues, largely returned to

normal during the fiscal year ended June 30, 2022. The second, more significant factor, relates to park development fee receipts. These receipts are difficult to predict due to uncertainties associated with development activity and economic conditions, and can fluctuate drastically from year to year. Three major developments, consisting of over 340 new units, generated park development fees totaling nearly $6.2 million in the most recent fiscal year while prior year fee receipts were just under $100,000.

- Revenues from the use of property increased due to a higher volume of facility rentals directly tied to the easing of COVID-19 pandemic restrictions which had severely limited facility rentals throughout the prior fiscal year.

Notable changes in expenditures and other financing sources during the year ended June 30, 2022 follow:

- Recreation expenditures increased just over $350,000 (8.4 percent) due to the rebound from pandemic-related declines in recreation activities which yielded lower costs for part-time personnel and contract class instructors. Also contributing to the increase are cost of living salary and benefit increases for all full-time employees.
- Contributions to the City for infrastructure set-asides were higher due to fluctuations in residual property tax revenue receipts. 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 outlay expenditures rose $754,194, largely due to the completion of construction on Lexington Park. This multi-year project created two, new large sports fields and other amenities with a total cost of approximately $13 million. In addition to the investment in Lexington Park, amounts were expended for the initial redesign of Arnold Cypress Park ADA and a variety of enhancements at six other parks.
- Note proceeds loaned to the District from the City and expended on the design and construction of Lexington Park increased $1,418,480 from the prior year. The majority of the $13.7 million authorized for this project had been incurred through June 30, 2022, with total loan proceeds totaling nearly $12.3 million since the start of the project. These notes will be repaid using available park development revenues, most of which are expected to be generated in conjunction with the eventual development of the Los Alamitos Race Course property.
- Park development fees of $6.3 million were available to repay a portion of the notes due to the City. As of the end of the fiscal year ended June 30, 2022, nearly $6.4 million remains outstanding on the notes due to the City.
- Transfers out were $88,914 less 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 transitioned to the CalPERS pension system. Additionally, the balance of the annual transfers pay for new capital outlay items purchased in the District's Central Services Internal Service Fund.

<u>District General Fund Budgetary Highlights</u>

Net increases between the original appropriations budget and the final amended budget totaled $8,031,055. Nearly all of these budget increases are related to the annual carryover of appropriations to the new fiscal year for encumbrances and purchases not completed in the prior fiscal year on a

variety of capital projects, with the vast majority of these carryovers ($7.5 million) related to the construction of Lexington Park.

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

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government
	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	$ 15,770,616
Receivables:	
Accounts	79,067
Taxes	79,568
Accrued interest	27,843
Prepaid costs	27,635
Inventories	159
Net pension asset	103,379
Total Current Assets	**16,088,267**
Noncurrent Assets:	
Capital assets:	
Non-depreciable assets	23,576,380
Depreciable assets, net	13,646,886
Total Capital Assets	**37,223,266**
Total Assets	**53,311,533**
Deferred Outflows of Resources	
Deferred amounts from pension plans	1,545,417
Deferred amounts from OPEB	75,971
Total Deferred Outflows of Resources	**1,621,388**
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	919,127
Unearned revenue	220,028
Accrued leave payable	30,000
Deposits payable	16,900
Total Current Liabilities	**1,186,055**
Noncurrent Liabilities:	
Notes payable to the City of Cypress	6,365,260
Accrued leave payable	90,130
Total OPEB liability	542,648
Net pension liability	1,783,019
Total Noncurrent Liabilities	**8,781,057**
Total Liabilities	**9,967,112**
Deferred Inflows of Resources	
Deferred amounts from pension plans	2,254,582
Deferred amounts from OPEB	124,954
Total Deferred Inflows of Resources	**2,379,536**
Net Position	
Net investment in capital assets	30,858,006
Restricted	119,028
Unrestricted	11,609,239
Total Net Position	**$ 42,586,273**

See Notes to Financial Statements.

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	$ 6,247,796	$ 6,831,409	$ 53,076	$ 636,689
Total governmental activities	**$ 6,247,796**	**$ 6,831,409**	**$ 53,076**	**636,689**
General revenues:				
Property taxes				6,222,355
Investment income				190,760
Other revenue				27,105
Total general revenues				**6,440,220**
Change in net position				7,076,909
Net position at beginning of year				35,509,364
Net position at end of year				**$ 42,586,273**

See Notes to Financial Statements.

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CYPRESS RECREATION AND PARK DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022

	General Fund
Assets	
Cash and cash equivalents	$ 13,769,670
Receivables:	
Accounts	20,327
Taxes	79,568
Interest	27,843
Prepaid costs	26,758
Inventories	159
Total Assets	**$ 13,924,325**
Liabilities and Fund Balance	
Liabilities	
Accounts payable and accrued liabilities	$ 915,620
Unearned revenues	220,028
Deposits payable	16,900
Total Liabilities	**1,152,548**
Fund Balance	
Nonspendable	26,917
Restricted	119,028
Committed	3,220,210
Assigned	9,281,371
Unassigned	124,251
Total Fund Balance	**12,771,777**
Total Liabilities and Fund Balance	**$ 13,924,325**

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, 2022

Fund balance - total governmental fund		$ 12,771,777
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 $284,237:		
Non-depreciable	$ 23,576,380	
Depreciable, net	13,362,649	36,939,029
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.		(759,273)
Long-term liabilities are not due and payable in the current period, and therefore not reported in the Governmental Fund Balance Sheet		
Notes payable to the City of Cypress		(6,365,260)
Net Position of Governmental Activities		**$ 42,586,273**

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, 2022

	General Fund
Revenues	
Taxes	$ 6,222,355
From other agencies	53,076
Charges for services	6,831,409
From use of property	190,760
Other revenue	27,105
Total Revenues	**13,324,705**
Expenditures	
Current:	
Parks and recreation	4,532,508
Contribution to City for infrastucture set-aside	919,757
Capital outlay	7,648,236
Debt service (See Note 13)	6,319,214
Total Expenditures	**19,419,715**
Excess (Deficiency) of Revenues Over Expenditures	(6,095,010)
Other Financing Uses	
Issuance of Notes Payable (See Note 13)	6,839,779
Transfers out	(160,234)
Total Other Financing Uses	**6,679,545**
Net Change in Fund Balance	**584,535**
Fund Balance - Beginning of Year	12,187,242
Fund Balance - End of Year	**$ 12,771,777**

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 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental fund		$ 584,535
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		7,648,236
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 $48,679.		(686,339)
Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities.		51,042
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position,		
Payment of Notes Payable	6,319,214	
Issuance of Notes Payable	(6,839,779)	(520,565)
Change in Net Position of Governmental Activities		**$ 7,076,909**

See Notes to Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Governmental Activities- Internal Service Funds
Assets	
Current:	
Cash and cash equivalents	$ 2,000,946
Other receivables	
Accounts	58,740
Prepaid costs	877
Net pension asset	103,379
Total Current Assets	**2,163,942**
Noncurrent:	
Capital assets - net of accumulated depreciation	284,237
Total Noncurrent Assets	**284,237**
Total Assets	**2,448,179**
Deferred amounts from pension plans	1,545,417
Deferred amounts from OPEB	75,971
Total Deferred Outflows of Resources	**1,621,388**
Liabilities:	
Current:	
Accounts payable	3,507
Accrued compensated absences	30,000
Total Current Liabilities	**33,507**
Noncurrent:	
Accrued compensated absences	90,130
Total OPEB liability	542,648
Net pension liability	1,783,019
Total Noncurrent Liabilities	**2,415,797**
Total Liabilities	**2,449,304**
Deferred Inflows of Resources:	
Deferred amounts from pension plans	2,254,582
Deferred amounts from OPEB	124,954
Total Deferred Inflows of Resources	**2,379,536**
Net Position:	
Net investment in capital assets	284,237
Unrestricted	(1,043,510)
Total Net Position	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Charges for services	$ 949,688
Total Operating Revenues	**949,688**
Operating Expenses:	
Contractual services	785,650
Supplies and other services	253,657
Depreciation expense	48,679
Total Operating Expenses	**1,087,986**
Operating Income (Loss)	(138,298)
Nonoperating Revenues (Expenses):	
Intergovernmental	29,965
Gain (loss) on disposal of capital assets	(859)
Total Nonoperating Revenues (Expenses)	**29,106**
Income Before Transfers	(109,192)
Transfers in	160,234
Changes in Net Position	51,042
Net Position:	
Beginning of Year	(810,315)
End of Fiscal Year	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2022

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from user departments	$ 928,954
Payments to suppliers for goods and services	(1,004,749)
Net Cash Provided (Used) by Operating Activities	**(75,795)**
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	160,234
Intergovernmental	29,965
Net Cash Provided (Used) by Non-Capital Financing Activities	**190,199**
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(49,261)
Cash and Cash Equivalents at Beginning of Year	1,935,803
Cash and Cash Equivalents at End of Year	**$ 2,000,946**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (138,298)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:	
Depreciation	48,679
(Increase) decrease in accounts receivable	(20,416)
(Increase) decrease in prepaid expense	3,938
(Increase) decrease in deferred outflows amounts from OPEB	28,062
(Increase) decrease in deferred outflows amounts from pension plans	783,980
Increase (decrease) in accounts payable and accrued liabilities	(145,722)
Increase (decrease) in accrued leave payable	(1,109)
Increase (decrease) in total OPEB liability	(132,008)
Increase (decrease) in deferred inflows amounts from OPEB	77,970
Increase (decrease) in net pension liability	(1,591,186)
Increase (decrease) in deferred inflows amounts from pension plans	1,010,315
Total Adjustments	**62,503**
Net Cash Provided (Used) by Operating Activities	**$ (75,795)**
Non-Cash Investing, Capital, and Financing Activities:	
Gain/(Loss) on disposition of capital assets	$ (859)
Capital asset acquisitions in accounts payable	-

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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).

Note 1: Summary of Significant Accounting Policies (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 "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.

c. New Accounting Pronouncements

GASB Current Year Standards

- 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.*

Pending Accounting Pronouncements

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

- 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.

Fiscal year 2024:

- GASB Statement No. 99, Omnibus 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

- GASB Statement No. 100, Accounting Changes and Error Corrections.

Fiscal year 2025:

- GASB Statement No. 101, Compensated Absences

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

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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 assets 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 assets 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, 2021 measurement date is 3.7 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 December 31, 2021 measurement date, which is 8.4 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:

Net 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 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

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2020
Measurement Date:	June 30, 2021
Measurement Period:	July 1, 2020 to June 30, 2021

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, 2022
Measurement Period	July 1, 2021 to June 30, 2022

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, 2022, the cash and investments balance of the District was as follows:

	Government-Wide Statement of Net Position Governmental Activities
Cash and cash equivalents	$ 15,770,616
	$ 15,770,616

Note 2: Cash and Cash Equivalents (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:

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

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, 2022, 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.

Note 2: Cash and Cash Equivalents (Continued)

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, 2022, the factor used was 0.987125414. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. At June 30, 2022, the City invested in LAIF, which had invested 1.88% 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.

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, 2022:

	Balance at June 30, 2021	Additions	Deletions	Transfers of CIP	Balance at June 30, 2022
Capital assets, not being depreciated:					
Land	$ 9,201,564	$ -	$ -	$ -	$ 9,201,564
Construction in progress	8,439,749	7,648,236	-	(1,713,169)	14,374,816
Total Capital Assets Not being Depreciated	17,641,313	7,648,236	-	(1,713,169)	23,576,380
Capital assets, being depreciated:					
Buildings and improvements	23,068,346	-	-	1,713,169	24,781,515
Internal Service - Equipment	737,921	49,261	33,810	-	753,372
Total Capital Assets, being Depreciated	23,806,267	49,261	33,810	1,713,169	25,534,887
Less accumulated depreciation for:					
Buildings and improvements	10,732,527	686,339	-	-	11,418,866
Internal Service - Equipment	453,407	48,679	32,951	-	469,135
Total Accumulated Depreciation	11,185,934	735,018	32,951	-	11,888,001
Total Capital Assets, Being Depreciated, Net	12,620,333	(685,757)	859	1,713,169	13,646,886
Capital Assets, Net	$ 30,261,646	$ 6,962,479	$ 859	$ -	$ 37,223,266

Depreciation expense for capital assets for the year ended June 30, 2022, is comprised of the following:

Governmental funds	$ 686,339
Internal service funds	48,679
Total depreciation expense	$ 735,018

Depreciation expense of $686,339 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, 2022, consisted of $30,000 in short-term and $90,130 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	$ 160,234

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: Net Position and Fund Balance

Government-Wide Financial Statements

At June 30, 2022, classifications of net position were as follows:

Net investment in capital assets	$ 30,858,006
Restricted net position:	
Open Space	1,697
Senior Center Enhancements	30,077
Youth League renovations	67,596
Facility & Service Enhancements	19,658
Total restricted net position	119,028
Unrestricted net position	11,609,239
Total Net Position	$ 42,586,273

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.

Note 7: Net Position and Fund Balance (Continued)

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.

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	$ 26,758
Inventory	159
Total nonspendable	**26,917**
Restricted	
Open space	1,697
Senior center enhancements	30,077
Youth League renovations	67,596
Facility & Service Enhancements	19,658
Total restricted	**119,028**
Committed	
Future capital improvements	2,200,000
Arnold Cypress Park rehabilitation	969,970
Other Park Improvements	50,240
Total restricted	**3,220,210**
Assigned	
OCERS retirement (unfunded)	150,000
Cash flow	2,000,000
Art in public places	5,928
Infrastructure/Amenities	6,125,443
Contingency	1,000,000
Total assigned	**9,281,371**
Unassigned	**124,251**
Total Fund Balances	**$ 12,771,777**

Net Investment in Capital Assets

Net Position invested in capital assets as of June 30, 2022 is as follows:

Total capital assets, net of depreciation	$ 37,223,266
Less: capital related debt	(6,365,260)
Total net investment in capital assets	$ 30,858,006

Note 8: Pension Plans

As of June 30, 2022, the District had the following net pension liabilities and related deferred inflows and outflows of resources:

	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
CalPERS Miscellaneous Plan	$ 1,783,019	$ 574,557	$ 1,743,338
Orange County Employees Retirement System Plan (OCERS)	(103,379)	970,860	511,244
Total	$ 1,679,640	$ 1,545,417	$ 2,254,582

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, 2022, 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	6.910%	7.250%
Required employer contribution rates	11.180%	9.590%
Employer payment of unfunded liability	$ 1,864,295	$ 7,153

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, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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	$ 3,426,205
Current Discount Rate	7.15%
Net Pension Liability	$ 1,783,019
1% Increase	8.15%
Net Pension Liability	$ 424,621

g. Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For year ended June 30, 2022, the District incurred a pension expense of $638,546.

As of June 30, 2022, 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	$ 329,495	$ -
Differences between actual and expected experience	199,946	-
District's proportionate share of contributions	-	(176,563)
Net differences between projected and actual	-	(1,556,480)
Differences in Proportions	45,116	(10,295)
Total	$ 574,557	$ (1,743,338)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date, $329,495, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2023	$ (349,285)
2024	(350,382)
2025	(368,479)
2026	(430,130)
	$ (1,498,276)

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, 2021, 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	-
	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 asset for the OCERS plan of $103,379. The net pension liability/(asset) 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, 2021 and 2020, respectively.

The District's net pension liability as of December 31, 2020 and 2021 was as follows:

	OCERS
Net pension liability - December 31, 2020	$ 185,117
Net pension asset - December 31, 2021	(103,379)
Change - Increase (Decrease)	$ (288,496)

Actuarial Assumptions: The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2020
Measurement Date	December 31, 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	2.75%
Salary increases	General: 4.25% to 12.25%, 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%
$ 1,261,728	$ (103,379)	$ (1,216,068)

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, 2022, the District recognized pension expense of ($105,942) in the OCERS Plan. At June 30, 2022, 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	$ 947,260	$ -
Net difference between projected and actual earnings on plan investments	-	(501,465)
Changes of assumptions	23,600	(9,779)
Total	**$ 970,860**	**$ (511,244)**

The amounts reported as deferred inflows, net of the remaining deferred outflows, will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2023	681,559
2024	(116,015)
2025	(68,323)
2026	(45,355)
Thereafter	7,750
	$ 459,616

d. Payable to the Pension Plan

At June 30, 2022, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2022.

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 ($146 per month in 2021 and $149 per month in 2022) 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, 2022, the date of the most recent actuarial valuation, the District's plan has 12 active employees.

	PEMHCA Minimum	RHS
Active Employees	13	13
Eligible Retiress - Enrolled	4	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 $542,648 was based on an actuarial valuation as of June 30, 2022, a measurement date of June 30, 2022, and a discount rate of 3.54%.

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	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 6/30/22:	3.54%, net of investment expense, including inflation
Healthcare cost-trend rates	4.00%
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.

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;

Note 9: Retirees' Health Benefits (Continued)

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, 2021*	$ 642,966
Changes recognized for the measurement period:	
Service Cost	24,962
Interest	13,791
Difference between expected and actual experience	(14,251)
Changes of assumptions	(101,308)
Benefit payments, including implicit subsidy	(23,512)
Net Changes	(100,318)
Balance at June 30, 2022	$ 542,648

*Due to the City's actuary, the allocation for the District's portion is changed each year. 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 $642,966 from $674,656 or a $31,690 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% (2.54%)	Current Discount Rate (3.54%)	Discount Rate +1% (4.54%)
Total OPEB Liability	$ 614,341	$ 542,648	$ 493,082

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	$ 472,605	$ 542,648	$ 625,429

Note 9: Retirees' Health Benefits (Continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense/(revenue) of ($25,976). As of fiscal year ended June 30, 2022, 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	$ 21,389	$ 4,701
Changes of assumptions	54,582	120,253
Total	**$ 75,971**	**$ 124,954**

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
2023	$ 23,348	$ (21,131)	$ 2,217
2024	23,257	(18,282)	4,975
2025	18,760	(17,911)	849
2026	3,113	(16,344)	(13,231)
2027	3,113	(16,344)	(13,231)
Thereafter	4,380	(34,942)	(30,562)
Total	$ 75,971	$ (124,954)	$ (48,983)

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, 2022, 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, 2022, 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.

Note 11: Risk Management (Continued)

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, 2022. 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 $1,746,221 as of June 30, 2022, 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: Long-term notes payable from the City of Cypress

The District entered into two promissory notes with the City of Cypress to borrow up to $13.7 million for the design and construction of Lexington Park. Note repayment will use eligible park development fee revenues, with the majority of revenues available for repayment expected to be associated with the development of the Los Alamitos Race Course. The promissory notes provide that the District will pay annual interest to the City at the rate earned by the California Local Agency Investment Fund (LAIF).

The first note, to pay for preliminary design of the park, was issued on January 28, 2019 for a maximum amount of $900,000 with a due date of June 30, 2024. A total of $426,409 was loaned to the District for preliminary design costs and the note was repaid in full on February 14, 2022 using available park development receipts.

The second note, to pay for final design and construction costs, was issued on February 8, 2021 for a maximum amount of $12,800,000 with a due date of June 30, 2025. The initial repayment terms of the note is approximately five years, with the understanding the note will be renewed and repayment deferred until sufficient park development receipts are available. Through June 30, 2022, a total of $12,258,065 has been loaned to the District for final design and construction costs. Two repayments against the note, totaling $5,892,805, were made to the City during the fiscal year ended June 30, 2022, using available park development fees received during the year. The outstanding balance on the note totaled $6,365,260 at June 30, 2022.

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Preliminary Design	$ 426,409	$ -	$ 426,409	$ -
Construction	5,418,286	6,839,779	5,892,805	6,365,260
Total:	$ 5,844,695	$ 6,839,779	$ 6,319,214	$ 6,365,260

Note 13: Long-term notes payable from the City of Cypress (Continued)

All interest has been paid through June 30, 2022. Additional proceeds not to exceed $1,441,935, which represents the remaining authorized limit on the note for final design and construction, are expected in the coming year. Future repayments will be determined based on the availability of park development revenues.

Note 14: Subsequent Events

Management has evaluated subsequent events through December 21, 2022, 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)

	2022	2021	2020	2019
Proportion of the Net Pension Liability	0.09390%	0.07315%	0.07193%	0.06815%
Proportionate Share of the Net Pension Liability	$ 1,783,019	$ 3,085,709	$ 2,880,341	$ 2,568,468
Covered-Employee Payroll	$ 783,017	$ 842,114	$ 782,395	$ 921,221
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	43.92%	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%	74.71%	75.87%	76.84%
Plan's proportionate share of aggregate employer contributions	$ 783,017	$ 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.

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	2021	2020	2019	2018
TOTAL PENSION LIABILITY				
Service Cost	$ 415,794	$ 554,259	$ 1,158,087	$ 196,966
Interest	1,227,448	1,603,520	3,236,655	852,392
Changes of Benefits Terms	866	1,697	1,901	-
Difference Between expected and Actual Experience	74,406	332,356	558,285	(115,257)
Changes in Assumptions	-	-	(406,546)	715,153
Benefit Payments, Including Refunds of employee Contributions	(818,244)	(1,046,277)	(2,060,225)	(561,239)
Net Change in Total Pension Liability	**900,270**	**1,445,555**	**2,488,157**	**1,088,015**
Total Pension Liability - Beginning	**12,472,695**	**11,027,140**	**8,538,983**	**7,450,968**
Total Pension Liability - Ending (a)	**$ 13,372,965**	**$ 12,472,695**	**$ 11,027,140**	**$ 8,538,983**
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	$ 631,652	$ 766,083	$ 1,422,013	$ 205,970
Contribution - Employee	190,123	244,223	503,065	87,588
Net Investment Income	671,575	1,144,802	2,935,110	982,011
Benefit Payments, Including Refunds of Employee Contributions	(818,244)	(1,046,277)	(2,060,225)	(561,239)
Net Plan to Plan Resources Movement	38,705	37,354	334,394	-
Administrative Expense	(18,909)	(12,503)	(52,805)	(12,886)
Net Change in Fiduciary Net Position	**694,902**	**1,133,682**	**3,081,552**	**701,444**
Plan Fiduciary Net Position - Beginning	**9,592,354**	**8,458,672**	**5,377,120**	**4,675,676**
Plan Fiduciary Net Position - Ending (b)	**$ 10,287,256**	**$ 9,592,354**	**$ 8,458,672**	**$ 5,377,120**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 3,085,709**	**$ 2,880,341**	**$ 2,568,468**	**$ 3,161,863**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**76.93%**	**76.91%**	**76.71%**	**62.97%**
Covered Payroll	**$ 842,114**	**$ 782,395**	**$ 921,221**	**$ 1,032,930**
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**366.42%**	**368.14%**	**278.81%**	**306.11%**

(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 eight 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.

2017	2016	2015
$ 381,914	$ 88,500	$ 96,100
1,915,403	448,707	430,059
-	-	-
65,115	(22,424)	-
-	(112,169)	-
(1,138,953)	(261,811)	(251,083)
1,223,479	**140,803**	**275,076**
6,227,489	**6,086,686**	**5,811,610**
$ 7,450,968	**$ 6,227,489**	**$ 6,086,686**
$ 455,184	$ 89,741	$ 77,311
228,036	47,623	47,624
100,413	112,821	761,102
(1,138,953)	(261,811)	(251,083)
-	-	-
(12,512)	(5,714)	-
(367,832)	**(17,340)**	**634,954**
5,043,508	**5,060,848**	**4,425,894**
$ 4,675,676	**$ 5,043,508**	**$ 5,060,848**
$ 2,775,292	**$ 1,183,981**	**$ 1,025,838**
62.75%	**80.99%**	**83.15%**
$ 642,560	**$ 588,511**	**$ 607,040**
431.91%	**201.18%**	**168.99%**

CYPRESS RECREATION AND PARK DISTRICT

SCHEDULE OF CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019
Miscellaneous Plan				
Actuarially Determined Contribution	$ 329,495	$ 302,304	$ 273,209	$ 238,408
Contribution in Relation to the Actuarially Determined Contribution	(329,495)	(302,304)	(273,209)	(238,408)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 783,017	$ 844,200	$ 842,114	$ 782,395
Contributions as a Percentage of Covered Payroll	42.08%	35.81%	32.44%	30.47%

(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 eight years are shown.

Note to Schedule:

Valuation Date:	June 30, 2020
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	7.00% (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

2018	2017	2016	2015
$ 199,697	$ 205,971	$ 185,768	$ 153,046
(199,697)	(205,971)	(185,768)	(153,046)
$ -	$ -	$ -	$ -
$ 921,221	$ 1,032,930	$ 642,560	$ 588,511
21.68%	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)

	2022	2021	2020	2019
OCERS:				
Proportion of the Net Pension Liability	0.00500%	0.00400%	0.00500%	0.00700%
Proportionate Share of the Net Pension Liability	$ (103,379)	$ 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%	0.00000%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.18%	96.03%	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)

	2022	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%	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, 2018
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 Value 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: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation
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)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 24,962	$ 24,299	$ 27,817	$ 22,006	$ 22,868
Interest on the total OPEB liability	13,791	14,801	17,461	24,752	22,987
Actual and expected experience difference	(14,251)	12,835	(11,634)	4,755	776
Changes in assumptions	(101,308)	(37,755)	111,828	33,594	(24,366)
Benefit payments	(23,512)	(14,838)	(29,623)	(29,847)	(24,684)
Net change in total OPEB liability	**(100,318)**	**(658)**	**115,849**	**55,260**	**(2,419)**
Total OPEB liability - beginning (2)	**642,966**	**675,314**	**680,460**	**625,200**	**627,619**
Total OPEB liability - ending	**$ 542,648**	**$ 674,656**	**$ 796,309**	**$ 680,460**	**$ 625,200**
Plan fiduciary net position as a percentage of the total OPEB liabil	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 960,668	$ 1,023,903	$ 983,633	$ 882,824	$ 1,110,496
Net OPEB liability as a percentage of covered-employee payroll	56.49%	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 and June 30, 2022 beginning OPEB Liabilities.

Notes to Schedule: None

Changes in assumptions: Change in discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

CYPRESS RECREATION AND PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Budgetary Fund Balance, July 1	**$ 12,187,242**	**$ 12,187,242**	**$ 12,187,242**	**$ -**
Revenues:				
Taxes	6,192,000	6,192,000	6,222,355	30,355
From other agencies	72,000	72,000	53,076	(18,924)
Charges for services	862,255	862,255	6,831,409	5,969,154
Investment and rental income	370,410	370,410	190,760	(179,650)
Other revenue	-	-	27,105	27,105
Total Revenues	7,496,665	8,603,554	13,324,705	4,721,151
Expenditures:				
Current:				
Recreation	5,610,468	5,658,651	4,532,508	1,126,143
Contribution to City for infrastructure	1,044,000	1,044,000	919,757	124,243
Capital outlay	3,612,500	11,595,372	7,648,236	3,947,136
Debt service (See Note 13)	-	-	6,319,214	(6,319,214)
Total Expenditures:	10,266,968	18,298,023	19,419,715	5,197,522
Excess of Revenues Over (Under) Expenditures	(2,770,303)	(9,694,469)	(6,095,010)	3,599,459
Other Financing Uses:				
Issuance of Notes Payable (See Note 13)	-	-	6,839,779	6,839,779
Transfers out	(255,718)	(265,718)	(160,234)	105,484
Total Other Financing Uses	(255,718)	(265,718)	6,679,545	6,945,263
Net Change in Fund Balance	(3,026,021)	(9,960,187)	584,535	10,544,722
Budgetary Fund Balance, June 30	**$ 9,161,221**	**$ 2,227,055**	**$ 12,771,777**	**$ 10,544,722**

See Notes to Required Supplementary Information.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

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 13.46% 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.

INTERNAL SERVICE FUNDS

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Central Services	Employees' Benefit	Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 702,711	$ 1,298,235	$ 2,000,946
Other receivables			
Accounts	-	58,740	58,740
Prepaid costs	-	877	877
Net pension asset	-	103,379	103,379
Total Current Assets	**702,711**	**1,461,231**	**2,163,942**
Noncurrent Assets			
Capital assets:			
Depreciable, net	284,237	-	284,237
Total Noncurrent Assets	**284,237**	**-**	**284,237**
Total Assets	**986,948**	**1,461,231**	**2,448,179**
Deferred Outflows of Resources			
Deferred amounts from pension plans	-	1,545,417	1,545,417
Deferred amounts from OPEB	-	75,971	75,971
Total Deferred Outflows of Resources	**-**	**1,621,388**	**1,621,388**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	-	3,507	3,507
Accrued compensated absences	-	30,000	30,000
Total Current Liabilities	**-**	**33,507**	**33,507**
Noncurrent Liabilities			
Accrued compensated absences	-	90,130	90,130
Total OPEB liability	-	542,648	542,648
Net pension liability	-	1,783,019	1,783,019
Total Noncurrent Liabilities	-	2,415,797	2,415,797
Total Liabilities	**-**	**2,449,304**	**2,449,304**
Deferred Inflows of Resources			
Deferred amounts from pension plans	-	2,254,582	2,254,582
Deferred amounts from OPEB	-	124,954	124,954
Total Deferred Inflows of Resources	**-**	**2,379,536**	**2,379,536**
Net Position			
Net investment in capital assets	284,237	-	284,237
Unrestricted	702,711	(1,746,221)	(1,043,510)
Total Net Position	**$ 986,948**	**$ (1,746,221)**	**$ (759,273)**

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, 2022

	Central Services	Employees' Benefit	Totals
Operating Revenues			
Charges for services	$ 29,020	$ 920,668	$ 949,688
Total Operating Revenues	**29,020**	**920,668**	**949,688**
Operating Expenses			
Contractual services	11,645	774,005	785,650
Supplies and other services	-	253,657	253,657
Depreciation expense	48,679	-	48,679
Total Operating Expenses	**60,324**	**1,027,662**	**1,087,986**
Operating Income	(31,304)	(106,994)	(138,298)
Nonoperating Revenues (Expenses)			
Intergovernmental	29,965	-	29,965
Gain (loss) on disposal of capital assets	(859)	-	(859)
Total Nonoperating Revenues (Expenses)	**29,106**	**-**	**29,106**
Income Before Transfers	(2,198)	(106,994)	(109,192)
Transfers in	10,234	150,000	160,234
Changes in Net Position	8,036	43,006	51,042
Net Position at Beginning of Year	978,912	(1,789,227)	(810,315)
Net Position at End of Year	**$ 986,948**	**$ (1,746,221)**	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Central Services	Employees' Benefit	Totals
Cash Flows from Operating Activities:			
Receipts from user departments	$ 29,020	$ 899,934	$ 928,954
Payments to suppliers for goods and services	(102,834)	(901,915)	(1,004,749)
Net Cash Provided (Used) by Operating Activities	**(73,814)**	**(1,981)**	**(75,795)**
Cash Flows from Noncapital Financing Activities:			
Transfers in	10,234	150,000	160,234
Intergovernmental	29,965	-	29,965
Net Cash Provided (Used) by Non-Capital Financing Activities	**40,199**	**150,000**	**190,199**
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(49,261)	-	(49,261)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(49,261)**	**-**	**(49,261)**
Net Increase (Decrease) in Cash and Cash Equivalents	(82,876)	148,019	65,143
Cash and Cash Equivalents - Beginning of Year	785,587	1,150,216	1,935,803
Cash and Cash Equivalents - End of year	**$ 702,711**	**$ 1,298,235**	**$ 2,000,946**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	$ (31,304)	$ (106,994)	$ (138,298)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:			
Depreciation	48,679	-	48,679
(Increase) decrease in other receivables	-	(20,416)	(20,416)
(Increase) decrease in prepaid expense	4,256	(318)	3,938
(Increase) decrease in deferred outflows amounts from retiree health benefits	-	28,062	28,062
(Increase) decrease in deferred outflows amounts from pension plans	-	783,980	783,980
Increase (decrease) in accounts payable and acrrued liabilities	(95,445)	(50,277)	(145,722)
Increase (decrease) in accrued leave payable	-	(1,109)	(1,109)
Increase (decrease) in total retiree health benefits	-	(132,008)	(132,008)
Increase (decrease) in deferred inflows amounts from retiree health benefits	-	77,970	77,970
Increase (decrease) in net pension liability	-	(1,591,186)	(1,591,186)
Increase (decrease) in deferred inflows amounts from pension plans	-	1,010,315	1,010,315
Total Adjustments	**(42,510)**	**105,013**	**62,503**
Net Cash Provided (Used) by Operating Activities	**$ (73,814)**	**$ (1,981)**	**$ (75,795)**
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on disposition of capital assets	$ (859)	$ -	$ (859)

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
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, 2022, 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 21, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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*.

To the Board of Directors
Cypress Recreation and Park District
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 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 21, 2022

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **14.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Receive and File the Audit Letter to the City Council for the Fiscal Year Ended June 30, 2022**

RECOMMENDATION

Receive and file the audit letter from Lance, Soll and Lunghard LLP to the City Council for the Fiscal Year ended June 30, 2022.

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, 2022. 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.

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, 2022.

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 June 30, 2022

Management Representation Letter for the FYE June 30, 2022

December 21, 2022

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, 2022. 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 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 Note 1 to the financial statements. The City adopted new accounting guidance, GASB Statement No. 87, *Leases* during the fiscal year 2021-2022. We noted no transactions entered into by the City 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 City's financial statements (were):

> Management's estimates of its net pension liability and total other post-employment benefits (OPEB) liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability and total OPEB 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 or Unusual Transactions

Management is responsible for the policies and practices used to account for significant or unusual transactions. No significant unusual transactions have occurred during fiscal year 2021-2022.

Difficulties Encountered in Performing the Audit

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

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

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. We are pleased to report that no such misstatements were identified during the course of 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2022.

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

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.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the budgetary comparison schedules for the General Fund and major special revenue funds, and the required pension and other post-employment benefits schedules, as listed in the Annual Comprehensive Financial Report's table of contents, 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 introductory and statistical sections, 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.

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

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 2021-2022 audit:

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.*

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

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.*

Fiscal year 2024

GASB Statement No. 99, *Omnibus 2022.*

GASB Statement No. 100, *Accounting Changes and Error Corrections.*

Fiscal year 2025

GASB Statement No. 101, *Compensated Absences.*

Restriction on Use

This information is intended solely for the use of City Council and management of 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 21, 2022

Lance, Soll & Lunghard, LLP
203 N. Brea Blvd., Ste. 203
Brea, CA 92821

This representation letter is provided in connection with your audit(s) of the financial statements of City of Cypress, which comprise the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information as of June 30, 2022, 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 21, 2022, 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 26, 2022, 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.

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 GASBS 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, as amended.

31) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

32) 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.

33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

34) Investments are properly valued.

35) Provisions for uncollectible receivables have been properly identified and recorded.

36) 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.

37) 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.

38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

39) Deposits and investment securities are properly classified as to risk and are properly disclosed.

40) Capital assets are properly capitalized, reported, and, if applicable, depreciated or amortized.

41) 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.

42) 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.

43) 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.

44) With respect to the combining and individual fund statements (supplementary information).

    a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, 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 supplementary information 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 supplementary information 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: _____

Title: City Manager

Signature: _____

Title: Director of Finance & Administrative Services

Summary of Audit Differences

Name of Governmental Unit: City of Cypress

Date of Combined Balance Sheet: June 30, 2022

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 **15.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Receive and File the Audit Letter to the District Board for the Fiscal Year Ended June 30, 2022**

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, 2022.

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, 2022. 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.

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, 2022.

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 June 30, 2022

CRPD Management Representation Letter for the FYE June 30, 2022

December 21, 2022

To the Board of Directors
Cypress Recreation and Park District
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, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the State Controller's Minimum Audit Standards for California Special Districts, 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 21, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2021-2022. We noted no transactions entered into by the City 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 estimate(s) affecting the City's financial statements was (were):

> Management's estimates of its net pension liability and total other post-employment benefits (OPEB) liability are based on actuarial valuation specialist assumptions. We evaluated the key factors and assumptions used to develop the net pension liability, (net) OPEB 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 or Unusual Transactions

Management is responsible for the policies and practices used to account for significant or unusual transactions. No significant unusual transactions have occurred during fiscal year 2021-2022.

To the Board of Directors
Cypress Recreation and Park District
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. We are pleased to report that no such misstatements were identified during the course of 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 21, 2022.

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

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.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule for the General Fund and the required pension and other post-employment benefits schedules, 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.

To the Board of Directors
Cypress Recreation and Park District
Cypress, California

We were engaged to report on 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.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2021-2022 audit:

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.*

The following GASB pronouncements are effective in the following fiscal years' audits and should be reviewed for proper implementation by management:

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.*

Fiscal year 2024

GASB Statement No. 99, *Omnibus 2022.*

GASB Statement No. 100, *Accounting Changes and Error Corrections.*

Fiscal year 2025

GASB Statement No. 101, *Compensated Absences.*

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of 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 21, 2022

Lance, Soll & Lunghard, LLP
203 N. Brea Blvd., Ste. 203
Brea, CA 92821

This representation letter is provided in connection with your audit(s) of the financial statements of 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, 2022, 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 21, 2022, 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 26, 2022, 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.

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 District 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 District from whom you determined it necessary to obtain audit evidence.

   d) Minutes of the meetings of Board of Directors 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.

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 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.

15) 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.

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 District'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 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.

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 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.

25) 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.

26) As part of your audit, you assisted with preparation of the financial statements and disclosures. We acknowledge our responsibility as it relates to those nonaudit 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.

27) 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.

28) 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.

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) 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.

31) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.

32) Investments are properly valued.

33) Provisions for uncollectible receivables have been properly identified and recorded.

34) 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.

35) 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.

36) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.

37) Deposits and investment securities are properly classified as to risk and are properly disclosed.

38) Capital assets are properly capitalized, reported, and, if applicable, depreciated or amortized.

39) 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.

40) 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.

41) 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.

42) With respect to the combining and individual fund financial statements (supplementary information).

    a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, 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 supplementary information 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 supplementary information 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: _____

Title: City Manager

Signature: _____

Title: Director of Finance & Administrative Services

Summary of Audit Differences

Name of Governmental Unit: Cypress Recreation and Parks District

Date of Combined Balance Sheet: June 30, 2022

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 **16.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: **Receive and File the Investment Report for the Month Ended December 31, 2022**

RECOMMENDATION

Receive and file the attached investment reports.

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 December 31, 2022, the City had $188.7 million (current market value) in cash and investments and the interest return (yield) on the public funds investments was 2.17%. As required by the 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 December 31, 2022. The Investment Reports consist 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 is a loan outstanding from the Infrastructure Reserve Fund to the Cypress Recreation and Park District General Fund related to the construction of Lexington Park.

5. Summary of Cash and Investments Held In Trust - Shows the investments held in trust by the Public Agency Retirement Services (PARS) for offsetting unfunded pension liabilities. 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 in the pension trust.

As mentioned previously, the City had $188.7 million (current market value) in cash and investments at December 31, 2022. The investments included Federal Agencies and US Treasuries Debt ($37.5 million and $8.8 million, respectively) and Investment Pools ($133.9). The City's bank accounts held $8.5 million on December 31, 2022.

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.

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 December 31, 2022

City of Cypress

Summary of Cash and Investments

As of December 31, 2022

	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		1/1/2023	-	$ 8,454,318.02	$ 8,454,318.02
	Pool	Local Agency Investment Fund	State Treasurer		1/1/2023	2.007	58,000,000.00	56,884,135.80
	Pool	Local Agency Investment Fund	State Treasurer		1/1/2023	2.007	57,000,000.00	55,903,374.83
	Pool	CalTRUST Short Term Fund	CSAC Finance		1/1/2023	3.120	1,094.99	1,094.99
	Pool	CalTRUST Medium Term Fund	CSAC Finance		1/1/2023	2.520	21,134,451.31	21,134,451.31
	FFCB	Federal Farm Credit Bank	Bank of the West	10/27/2022	10/17/2024	4.620	5,000,000.00	4,977,450.00
	FFCB	Federal Farm Credit Bank	Bank of the West	3/22/2021	3/17/2025	0.700	4,000,000.00	3,677,080.00
	FHLB	Federal Home Loan Bank	Bank of the West	5/27/2021	2/27/2025	0.660	3,000,000.00	2,754,510.00
	FHLB	Federal Home Loan Bank	Bank of the West	4/28/2022	4/19/2024	2.150	3,000,000.00	2,927,010.00
	FHLB	Federal Home Loan Bank	Bank of the West	5/9/2022	11/9/2023	1.750	5,000,000.00	4,915,150.00
	FHLB	Federal Home Loan Bank	Bank of the West	5/16/2022	2/16/2024	2.650	4,500,000.00	4,380,615.00
	FHLMC	Freddie Mac	Bank of the West	7/28/2022	12/30/2024	3.350	4,000,000.00	3,916,440.00
	FHLMC	Freddie Mac	Bank of the West	9/21/2022	3/31/2025	4.320	5,000,000.00	4,952,350.00
	FHLMC	Freddie Mac	Bank of the West	9/30/2022	9/30/2025	4.750	5,000,000.00	4,969,500.00
	TSY	US Treasury Bill	Bank of the West	4/28/2022	6/30/2023	1.375	4,984,385.95	4,921,093.75
	TSY	US Treasury Bill	Bank of the West	7/28/2022	2/15/2024	2.750	3,987,896.83	3,914,360.00
	Ckg	Worker's Comp Account	Bank of the West		1/1/2023	-	50,000.00	50,000.00
	Ckg	Liability Account	California Bank & Trust		1/1/2023	-	8,500.00	8,500.00
							$ 192,120,647.10	$ 188,741,433.70

Average Weighted Yield to Maturity: 2.17%
Average Weighted Days to Maturity: 148.09

(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

		10/31/2022	+RECEIPTS	(DISBURSEMENTS)	11/30/2022	+RECEIPTS	(DISBURSEMENTS)	12/31/2022
GENERAL								
111/114	GENERAL FUND/GENERAL FUND-GRANTS	$ 24,139,457	$ 3,166,538	$ (2,659,150)	$ 24,646,845	$ 5,562,089	$ (3,903,170)	$ 26,305,764
SPECIAL REVENUE								
115	PANDEMIC RELIEF	6,276	-	-	6,276	-	-	6,276
212	CRPD-GENERAL FUND	12,325,221	868,860	(402,934)	12,791,147	2,830,784	(735,424)	14,886,507
213	CRPD-PARK DEVELOPMENT	1,434,213	-	-	1,434,213	-	-	1,434,213
221	TRAFFIC SAFETY	25,411	4,979	-	30,390	-	(11,979)	18,411
230	STREETS	6,868,779	409,919	(48,552)	7,230,146	196,838	(88,981)	7,338,003
251	LIGHTING DISTRICT #2	5,197,242	179,141	(84,586)	5,291,797	631,972	(85,715)	5,838,054
261	STORM DRAIN	1,470,203	37,462	(23,507)	1,484,158	34,327	(82,384)	1,436,101
262	PLANNED LOCAL DRAINAGE FACILITY	1,053,675	-	-	1,053,675	-	-	1,053,675
271	CORP CNTR MAINT DISTRICT #1	146,878	-	(5,969)	140,909	39,853	(3,968)	176,794
280	ASSET SEIZURE	1,132,516	47,512	(6,465)	1,173,563	58,984	(8,360)	1,224,187
291	CABLE TV FRANCHISE AGREEMENT	705,125	17,583	-	722,708	-	-	722,708
301	SUPPLEMENTAL LAW ENFORCEMENT	40,298	28,148	(10,780)	57,666	22,578	(11,367)	68,877
321	SEWER FUND	7,047,421	148,525	(333,972)	6,861,974	219,010	(64,757)	7,016,227
471	LOW AND MODERATE HSG ASSET	39,191	1,000	(5,342)	34,849	955	(5,440)	30,364
CAPITAL PROJECTS								
415	CITY CAPITAL PROJECTS	18,290,903	-	(56,278)	18,234,625	50,000	(63,913)	18,220,712
416	INFRASTRUCTURE RESERVE	67,893,858	-	(10,710)	67,883,148	-	-	67,883,148
TRUST AND AGENCY								
462	SUCCESSOR AGENCY TO RDA	666,094	-	-	666,094	2,529	(668,624)	(0)
600	TRUST AND AGENCY	1,417,020	28,346	(94,490)	1,350,876	51,901	(23,069)	1,379,708
611	BUSINESS ASSESSMENT DISTRICT	5,799	-	-	5,799	-	-	5,799
612	CFD #1 ASSESSMENT DISTRICT	153,575	-	-	153,575	-	-	153,575
620	REC & COMM SERVICES FOUNDATION	23,227	500	(815)	22,912	160	(1,901)	21,171
INTERNAL SERVICE								
710	CENTRAL SERVICES	3,579,652	222,199	(206,329)	3,595,522	226,162	(196,120)	3,625,564
720	CAPITAL REPLACEMENT	15,535,323	64,858	(28,729)	15,571,452	64,858	(4,534)	15,631,776
730	TECHNOLOGY IMPROVEMENT	2,289,081	-	-	2,289,081	-	-	2,289,081
750	EMPLOYEE BENEFITS	2,143,151	1,201,658	(706,817)	2,637,992	1,798,750	(1,740,844)	2,695,898
760	LIABILITY SELF INSURANCE	2,913,536	51,128	(400)	2,964,264	51,128	-	3,015,392
770	WORKERS COMP SELF INSURANCE	2,251,574	56,638	(90,769)	2,217,443	98,130	(78,012)	2,237,561
OTHER								
811/812	WESTCOMM JPA	4,578,658	70,142	(310,976)	4,337,824	105,365	(417,301)	4,025,888
		$ 183,373,357	$ 6,605,136	$ (5,087,570)	$ 184,890,923	$ 12,063,093	$ (8,212,582)	$ 188,741,434

City of Cypress

INVESTMENTS AT MARKET VALUE BY MATURITY DATE

As of December 31, 2022

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	$ 8,512,818	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,512,818	4.51%
FFCB	-	-	4,977,450	3,677,080	-	-	-	8,654,530	4.59%
FHLB	-	4,915,150	7,307,625	2,754,510	-	-	-	14,977,285	7.94%
FREDDIE MAC	-	-	3,916,440	9,921,850	-	-	-	13,838,290	7.33%
JPA POOL	21,135,546	-	-	-	-	-	-	21,135,546	11.20%
STATE POOL	112,787,511	-	-	-	-	-	-	112,787,511	59.76%
TSY	-	4,921,094	3,914,360	-	-	-	-	8,835,454	4.68%
Totals	$ 142,435,875	$ 9,836,244	$ 20,115,875	$ 16,353,440	$ -	$ -	$ -	$ 188,741,434	100.00%
Percent	75.47%	5.21%	10.66%	8.66%	0.00%	0.00%	0.00%	100.00%	

CITY OF CYPRESS
INTERFUND INVESTMENTS

As of December 31, 2022

Note No.	Note Outstanding To	Note Outstanding From	Issue Date	Maturity Date	Interest Rate	Authorized Amount	Note Principal Outstanding
2	CRPD	City	02/08/21	06/30/25	LAIF	$ 12,800,000	$ 6,375,970

Total Interfund Investments	$ 6,375,970

The City Infrastructure Reserve Fund issued a promissory note to the Cypress Recreation and Park District General Fund to pay up to $12.8 million for the construction of Lexington Park. Repayment by the Cypress Recreation and Park District will be made from future park development fees. Advances to date total $12,268,775, and two payments totaling $5,892,805 were made against the note in 2022.

City of Cypress
Summary of Cash and Investments Held In Trust

As of December 31, 2022

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	-13.68%	$ 18,790,000.00	$ 20,033,379.92
			Total		$ 18,790,000.00	$ 20,033,379.92

* 12-month period ending with the current month.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **17.**

FROM: Matt Burton, Director of Finance and Administrative Services

DATE: 01/23/2023

SUBJECT: Approve Register of Warrants, Transfers, and Wires Issued for the Period of December 24, 2022 through January 6, 2023

RECOMMENDATION

Approve the attached payment register summarized below for the period of December 24, 2022 through January 6, 2023:

- Electronic Funds Transfers 12468 through 12517
- Warrants 61452 through 61508
- Payroll Transfers W1492

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 identified.

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 December 24, 2022 through January 6, 2023 are $1,415,428.16.

LEGAL REVIEW

None required.

APPROVED BY: Peter Grant, City Manager

Attachments

Payment Register for the Period 12-24-22 through 01-06-23

City of Cypress
Payment Register
12/24/22-01/06/23

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
12468	2170 - US BANK	$ 323.25			
			2022 Employee Service Awards(2) 11/22	2873 12/12/22	$ 323.25
12469	2170 - US BANK	$ 315.04			
			2022 Employee Service Awards(4) 11/22	2873(A) 12/12/22	$ 315.04
12470	2170 - US BANK	$ 193.93			
			2022 Employee Service Awards(2) 11/23	2873(B) 12/12/22	$ 193.93
12471	2170 - US BANK	$ 53.86			
			2022 Employee Service Awards(1) 11/23	2873(C) 12/12/22	$ 53.86
12472	2170 - US BANK	$ 236.71			
			2022 Employee Service Awards(2) 11/23	2873(D) 12/12/22	$ 236.71
12473	2170 - US BANK	$ 161.57			
			2022 Employee Service Awards(1) 11/23	2873(E) 12/12/22	$ 161.57
12474	2170 - US BANK	$ 140.07			
			2022 Employee Service Awards(1) 11/26	2873(F) 12/12/22	$ 140.07
12475	2170 - US BANK	$ 172.39			
			2022 Employee Service Awards(1) 11/26	2873(G) 12/12/22	$ 172.39
12476	2170 - US BANK	$ 430.99			
			2022 Employee Service Awards(1) 11/30	2873(H) 12/12/22	$ 430.99
12477	2170 - US BANK	$ 68.64			
			2022 Employee Service Awards(1) 12/1	2873(I) 12/12/22	$ 68.64
12478	2170 - US BANK	$ 118.47			
			2022 Employee Service Awards(1) 12/2	2873(J) 12/12/22	$ 118.47
12479	2170 - US BANK	$ 250.00			
			Dues/OC Human Resources Consortium/HR 2023	2873(K) 12/12/22	$ 250.00
12480	120801 - ICMA RETIREMENT TRUST - RHS	$ 10,908.75			
			Monthly Retiree Health Savings 12/22	12/22	$ 10,908.75
12481	116005 - PERS/PUBLIC EMPLOYEES RETIREMENT SYS	$ -			
			Void/Med Insurance/City & Dist 1/23	17029891	$ -
12482	116005 - PERS/PUBLIC EMPLOYEES RETIREMENT SYS	$ 14,867.31			
			Med Insurance/West Comm 1/23	17030001	$ 14,867.31
12483	2170 - US BANK	$ 183.13			
			W2 Tax Forms/Envlps(300)/1099 Tax Forms(200)/Envlps(300) 12/12	3071 12/12/22	$ 183.13
12484	2170 - US BANK	$ 485.00			
			Reg/Government Finance Officers Assoc Conference/DM 5/21-5/24	3071(A) 12/12/22	$ 485.00
12485	116005 - PERS/PUBLIC EMPLOYEES RETIREMENT SYS	$ 154,216.65			
			Med Insurance/City & Dist 1/23	Reissue 12/22/22	$ 154,216.65
12486	145 - AUSTIN, CHERYL	$ 56.52			
			W/C Retiree Health Care Benefits 1/23	1/23	$ 56.52
12487	128744 - AYRES, RICHARD	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12488	102038 - BALDWIN, DARRELL	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12489	102087 - BISH, EDWARD	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00

City of Cypress
Payment Register
12/24/22-01/06/23

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
12490	100101 - BRUCE, THOMAS M	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12491	129695 - COTE, ROBERT	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12492	128938 - COX, RODNEY	$ 56.87			
			Retiree Health Care Benefits 1/23	1/23	$ 56.87
12493	104003 - ESSEX, CLARE	$ 433.92			
			Retiree Health Care Benefits 1/23	1/23	$ 433.92
12494	128044 - FORNISS, DANIEL	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12495	129816 - FOSTER, SCOTT	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12496	112129 - HERNANDEZ, ALEX	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12497	100667 - LASSALLE, ISMAEL	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12498	123656 - MANUEL, DEAN	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12499	129700 - MCSHANE, CHRIS	$ 232.96			
			Retiree Health Care Benefits 1/23	1/23	$ 232.96
12500	128832 - MORALES, PAULO	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12501	122 - MORROW, RICHARD L	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12502	129608 - OLSON, JAMES	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12503	128784 - RAMSEY, KENNETH	$ 125.00			
			Retiree Health Care Benefits 1/23	1/23	$ 125.00
12504	119027 - RAMSEY, STEVE	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12505	196 - SOIFER, DAVID	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12506	180 - SWIFT, JEFF	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12507	1024 - VALLEY VISTA SERVICES, INC	$ 221,883.23			
			Waste Disposal Fee 11/22	11/22	$ 221,883.23
12508	127 - VENESKI, PATRICK	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12509	105121 - VIGIL, FELIX	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12510	129666 - WALQUIST, BRIAN	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12511	40 - WARLAND INVESTMENTS COMPANY	$ 37,500.00			
			Development Assistance 1/23	1/23	$ 37,500.00

City of Cypress
Payment Register
12/24/22-01/06/23

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
12512	122756 - WINTERSOLE, MICHAEL	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12513	112204 - WONG, JEFFREY	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12514	342 - WU, ALEX	$ 300.00			
			Retiree Health Care Benefits 1/23	1/23	$ 300.00
12515	1480 - ARCO BUSINESS SOLUTIONS	$ 15,011.86			
			Fuel/Police 12/3-1/2	NP63609856(B)	$ 15,011.86
12516	1480 - ARCO BUSINESS SOLUTIONS	$ 1,983.74			
			Fuel/Maint 12/3-1/2	NP63609856(A)	$ 1,983.74
12517	1480 - ARCO BUSINESS SOLUTIONS	$ 24.77			
			Fuel/Engineering 12/3-1/2	NP63609856	$ 24.77
61452	122455 - ALL AMERICAN SIGN CO, INC	$ 75.69			
			Update Banner(1)/Holiday Sing 12/6	53287	$ 75.69
61453	110860 - AT&T	$ 2,549.61			
			Cell Svc/Maint 12/22	12/22(C)	$ 51.05
			Cell Svc/PD 12/22	12/22(A)	$ 231.52
			Maint Wireless Aircard 12/22	12/22(D)	$ 86.46
			PD Svc/Mobile Data 12/22	12/22(E)	$ 2,094.12
			Svc/Planning iPads 12/22	12/22(B)	$ 86.46
61454	110860 - AT&T	$ 26.65			
			9391033696-PD Phone Svc 12/22	12/22(F)	$ 26.65
61455	235 - AYSO REGION 154 CYPRESS	$ 11,787.45			
			Reimb/Replacement/Light Pole Lamps(64)/Lexington Jr High 10/23	Reimb 1/6/23	$ 11,787.45
61456	282 - BADGE FRAME, INC	$ 2,040.78			
			PD Military Veteran Plaque(1)/Distinguished Svc Plaque(1) 11/22	40271	$ 2,040.78
61457	2143 - BUCHALTER, A PROFESSIONAL CORPORATION	$ 39,071.76			
			Lit Svc/CVRA Challenge 10/22	1171939	$ 17,013.50
			Lit Svc/CVRA Challenge 11/22	1177563	$ 22,058.26
61458	111328 - CALIFORNIA BUILDING STANDARDS COMMISSION	$ 356.40			
			Building Standards 10/1/22-12/31/22	10/22-12/22	$ 356.40
61459	2118 - CASC ENGINEERING AND CONSULTING, INC	$ 14,632.00			
			Consult/Modernization & Integration/Business Park 11/22	0047861	$ 14,632.00
61460	2171 - CENTENO, TIFFINY	$ 24.00			
			Meals/Patrol Rifle Course 12/22-12/23	Reimb 1/6/23	$ 24.00
61461	2090 - CHARTER COMMUNICATIONS HOLDINGS LLC SPECTRUM	$ 2,943.84			
			Svc/Internet Access 12/15-1/14	12/15/22-1/14/23	$ 1,564.96
			W/C CAD/RMS Ethernet Connection 12/4-1/3	0026082120522	$ 1,378.88
61462	2035 - COMMUNICATIONS LAB BARRIOS & ASSOCIATES, LLC	$ 6,600.00			
			Final/Svc/Voter Outreach 11/22	2212-311	$ 2,200.00
			Svc/Voter Outreach 10/22	2211-280	$ 2,200.00
			Svc/Voter Outreach 9/22	2210-272	$ 2,200.00
61463	115003 - COUNTY OF ORANGE	$ 4,261.50			
			Parking Violations 11/22	11/22	$ 4,261.50

City of Cypress
Payment Register
12/24/22-01/06/23

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
61464	115003 - COUNTY OF ORANGE	$ 1,104.51			
			PD Svc/OC Automated Telecommunications System 12/22	SH64225	$ 1,104.51
61465	1820 - CURBELO, EDWARD	$ 170.00			
			Reimb/Institute of Criminal Investigation 11/28-12/9	Reimb 1/6/23	$ 170.00
61466	116854 - DATA TICKET INC-MSB	$ 932.63			
			Parking Citation Processing 11/22	145518	$ 932.63
61467	104010 - DEPT OF CONSERVATION-STATE OF CALIFORNIA	$ 1,384.94			
			Strong Motion 10/1/22-12/31/22	10/22-12/22	$ 1,384.94
61468	108921 - DEPT OF HOUSING-DIVISION OF CODES & STANDARDS	$ 735.00			
			Fee/Cypress Mobile Home Park 2023	2023(A)	$ 735.00
61469	109280 - DIAL PRINTING-HMS INDUSTRIES INC	$ 2,963.13			
			Svc/Print/Parking Violation Ticket Books(10K Sets) 12/27	21782	$ 2,963.13
61470	1158 - DIRECTV	$ 175.99			
			W/C Svc/Satellite TV 12/25-1/24	006762204X221226	$ 175.99
61471	693 - DUNN RIGHT ELECTRICAL-KEVIN DUNN	$ 940.00			
			Install/Electrical Conduit Whips(4)/Engineering Remodel 12/20	5766	$ 940.00
61472	1115 - FRONTIER	$ 147.80			
			7148996947 - Phone Svc/Sewers 12/22	12/22(A)	$ 57.28
			W/C Phone Svc/5624931036 12/22	12/22(B)	$ 90.52
61473	1506 - GODOY, SERGIO	$ 92.00			
			Reimb/Advanced Search Warrants 11/15-11/16	Reimb 1/6/23	$ 92.00
61474	119018 - GOLDEN STATE WATER COMPANY	$ 14,886.13			
			Svc/Athletic Fields 12/22	12/22(A)	$ 72.40
			Svc/Parks Landscaping 12/22	12/22(D)	$ 3,148.22
			Svc/Parkway Maint 12/22	12/22(E)	$ 11,151.91
			Svc/Sr Center 12/22	12/22(C)	$ 75.02
			Svc/Stanton Channel Berm 12/22	12/22(B)	$ 207.06
			Svc/Storm Drain 12/22	12/22	$ 231.52
61475	2179 - IGM TECHNOLOGY CORP	$ 9,750.00			
			Svc/Electronic Budgeting/Initial Payment 12/22	1269	$ 9,750.00
61476	2023 - KELLEY, JORDAN	$ 108.00			
			Meals/Basic Traffic Collision Investigation 9/12-9/16	Reimb(A) 1/6/23	$ 60.00
			Meals/Radar & Laser Operator 12/6-12/9	Reimb 1/6/23	$ 48.00
61477	112017 - LOS ALTOS TROPHY CAL-LINE INVESTMENTS	$ 26.18			
			Name Badges(2)/Council Reorganization 12/21	91451	$ 26.18
61478	933 - LSA ASSOCIATES, INC	$ 2,940.50			
			Consult/Enviro Document & Tech Analysis/Goodman Center 11/22	185998	$ 2,880.50
			Consult/Mitigated Negative Declaration/Business Park 11/22	185997	$ 60.00
61479	111271 - MAR-CO EQUIPMENT CO	$ 2,296.86			
			Gutter Brooms(5)/Sweeper 12/8	190264	$ 892.76
			Hydraulic Broom Motor(1)/Sweeper 12/13	190335	$ 871.10
			Replace/Backup Camera/Sweeper Unit #138	190217	$ 533.00
61480	914 - MCSHANE, CHRISTOPHER	$ 120.00			
			Meals/Basic SWAT 12/6-12/17	Reimb 1/6/23	$ 120.00

City of Cypress
Payment Register
12/24/22-01/06/23

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
61481	129159 - ORANGE COUNTY FIRE AUTHORITY/FINANCIAL SVC	$ 100.00			
			Fee/False Alarm/Community Center 11/4	S0476899	$ 100.00
61482	1910 - PHOTO INK SCOTT C. PARK	$ 650.00			
			Svc/Photograph/Incoming Council Members(2) 12/19	12-19-22	$ 650.00
61483	1310 - PRESTI, CAMERON	$ 120.00			
			Meals/Basic SWAT 12/6-12/17	Reimb 1/6/23	$ 120.00
61484	1598 - RBL INC PLUMBING	$ 775.10			
			Replaced/Plumbing Air Diaphragm/PD Jail 11/22	544	$ 775.10
61485	1391 - REED, SEBASTIAN	$ 152.00			
			Reimb/Advanced Search Warrants 11/15-11/16	Reimb 1/6/23	$ 152.00
61486	111301 - S.C. YAMAMOTO, INC	$ 29,254.39			
			Svc/Landscape/Citywide 11/22	142690	$ 14,820.00
			Svc/Landscape/Right of Way & Berm 11/22	1420690	$ 14,434.39
61487	1975 - SAFELITE FULFILLMENT INC	$ 95.00			
			Repair/Windshield/Unit #648	05074-298819	$ 95.00
61488	119016 - SO CAL EDISON	$ 3,195.24			
			700003851853 Svc/Parkways 9/22-11/22	9/22-11/22	$ 332.79
			700134894611 - Svc/Traffic Signal 12/22	12/22(A)	$ 23.00
			700564248438 Svc/Traffic Signals 11/22	11/22(D)	$ 2,839.45
61489	119017 - SO CAL GAS CO	$ 4,548.08			
			00840909006 Svc/Comm Center 12/22	12/22(F)	$ 1,707.21
			08131074000 Svc/Storm Drain 12/22	12/22(B)	$ 16.42
			08610884002 Svc/Arnold Cypress Park 12/22	12/22(G)	$ 44.63
			12600890003 Svc/Maint Yard 12/22	12/22(E)	$ 405.42
			13230923008 Svc/Storm Drain 12/22	12/22(H)	$ 17.02
			14011061398 Svc/Storm Drain 12/22	12/22(A)	$ 29.05
			16111070716 Svc/Storm Drain 12/22	12/22(C)	$ 20.62
			18690942000 Svc/Sr Center 12/22	12/22(D)	$ 289.34
			19530910009 Svc/City Hall 12/22	12/22(I)	$ 2,018.37
61490	1279 - SOUTHERN CALIFORNIA SHREDDING, INC	$ 60.00			
			PD Svc/Shredding 12/19	214860	$ 60.00
61491	108964 - STAPLES CREDIT PLAN-WEST COMM	$ 43.35			
			W/C File Folders(50)/Tissues(6 Bxs)/File Fasteners(100) 12/6	3185464231	$ 43.35
61492	1988 - SWAIN, COLE	$ 60.00			
			Meals/Advanced Arrest & Control 12/19-12/23	Reimb 1/6/23	$ 60.00
61493	588 - THE COUNSELING TEAM INTERNATIONAL	$ 300.00			
			PD Svc/Psych Eval(1) 12/12	84468	$ 300.00
61494	2067 - THE ORIGINAL GOODIE'S UNIFORM	$ 2,613.59			
			PD Nameplates/BReyes(2)/NTicorat(2)	6062(B)	$ 52.70
			PD Safety Gear & Uniform/Trainee BReyes	6062	$ 214.28
			PD Safety Gear & Uniform/Trainee NTicorat	6062(A)	$ 37.92
			PD Uniform/Trainee BReyes	6061	$ 980.73
			PD Uniform/Trainee NTicorat	6095	$ 975.27
			PD Uniform/Trainee NTicorat	6097	$ 352.69

City of Cypress
Payment Register
12/24/22-01/06/23

EFT/ Warrant Number	Vendor	Payment Amount	Description	Invoice	Invoice Amount
61495	129595 - VERIZON WIRELESS - CA	$ 76.33			
			Cell Svc/Rec 12/22	12/22	$ 76.33
61496	2166 - WAIT, STUART A	$ 14,512.80			
			Svc/Refinish Hardwood Floors/Comm Center & Sr Center 12/31	20221229-1	$ 14,512.80
61497	2012 - WILLDAN ENGINEERING	$ 7,490.00			
			Svc/Code Enforcement/AE 10/10-10/28	00227841	$ 1,540.00
			Svc/Code Enforcement/GW 11/1-11/29	00227842	$ 5,600.00
			Svc/Neighborhood Preservation/Code Enforcement 10/22	00227718R	$ 350.00
61498	1974 - YUNEX LLC	$ 25,436.29			
			Replace/Street Light(1)/Knockdown/Katella & Knott 9/21	5610282260	$ 6,212.84
			Replace/Street Light(1)/Knockdown/Walker & Vonnie Lane 9/21	5610282164	$ 6,608.70
			Replace/Street Lights(2)/Knockdown/Katella & Walker 9/18	5610282265	$ 12,425.68
			Svc/Street Light Survey 11/22	5610282670	$ 189.07
61499	0 - CAMPOS, ABELINO	$ 40.00			
			Refund/Citation #CP467711	Rfd 1/6/23	$ 40.00
61500	0 - CASWELL, ROBERT ARTHUR	$ 40.00			
			Refund/Citation #CP421823	Rfd 1/6/23	$ 40.00
61501	0 - FAJARDO, ANDREW	$ 500.00			
			Refund/Recycling Deposit/5177 Cumberland Dr	Rfd 1/6/23	$ 500.00
61502	0 - FAJARDO, ANDREW	$ 500.00			
			Refund/Recycling Deposit/5952 Marion Ave	Rfd 1/6/23	$ 500.00
61503	0 - JIN, XIANZHE	$ 150.00			
			Refund/Facility Deposit/Contract #6470	Rfd 1/6/23	$ 150.00
61504	0 - MILLER, MATT	$ 500.00			
			Refund/Recycling Deposit/9899 Graham St	Rfd 1/6/23	$ 500.00
61505	0 - NGUYEN, TUDUNG	$ 300.00			
			Refund/Facility Deposit/Contract #6225	Rfd 1/6/23	$ 300.00
61506	0 - PARK, EUN YOUNG	$ 300.00			
			Refund/Facility Deposit/Contract #6616	Rfd 1/6/23	$ 300.00
61507	0 - SOMES, JANE M DUET	$ 61.50			
			Refund/Citation #CP467619	Rfd 1/6/23	$ 61.50
61508	0 - SOSA, MIGUEL	$ 150.00			
			Refund/Facility Deposit/Contract #6627	Rfd 1/6/23	$ 150.00
Total EFTs		$ 467,034.63			$ 467,034.63
Total Warrants		215,167.02			215,167.02
Transfer to Payroll (W1492)		733,226.51	Payroll 12/09/22-12/23/22		733,226.51
Grand Totals		$ 1,415,428.16			$ 1,415,428.16