AGENDA

REGULAR MEETING
CYPRESS CITY COUNCIL
January 26, 2026
6:00 P.M. Regular Meeting

www.cypressca.org

5275 Orange Avenue
Cypress, California

If you are interested in speaking during the City Council meeting, details on how to participate are provided on the last page of the agenda.

ROLL CALL

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

Mayor Leo Medrano
Mayor Pro Tem Kyle Chang
Council Member Bonnie Peat
Council Member David Burke
Council Member Rachel Strong Carnahan

INVOCATION: Pastor Brandon Beukelman, West Cypress Church

PLEDGE OF ALLEGIANCE

PRESENTATIONS

Recognition of the Cypress High School Girls Volleyball Team Division II State Championship

ORAL COMMUNICATIONS

This portion of the meeting is set aside for public comments regarding any matter within the jurisdiction of the City Council. Comments on non-agenda items will be heard at this time. Comments related to a specific agenda item will be heard following the staff report for that item and prior to the City Council action, unless the speaker prefers to make the comment during the general public comment period. The City Council cannot discuss or take action on matters not on the agenda for this meeting, but Council members may provide brief responses. Please complete a Speaker's Card to address the City Council in-person. Please follow the instructions at the end of the agenda and wait for the Mayor or City Clerk to call on you to address the City Council virtually. Speakers providing in-person comments will be called first. Time allotted for

public comment (subject to change by the presiding officer).

General Public Comment (not on agenda): 3 minutes
Consent Calendar (any or all items): 3 minutes
Agenda Items (not on consent calendar): 3 minutes per item

CONSENT CALENDAR

All matters listed on the Consent Calendar are to be approved with one motion unless a Council Member requests separate action on a specific item. Council Members voting no or abstaining on a Consent Calendar item may do so without removing the item from the Consent Calendar.

1. **Receive and File the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025**

   Prepared by: Steve Charelian, Interim Director of Finance and Administrative Services

   Recommendation: Receive and file the Annual Comprehensive Financial Report and Related Reports for the Fiscal Year Ended June 30, 2025.

2. **Receive and File the Cypress Recreation and Park District's Financial Statements and Auditors' Report for the Fiscal Year Ended June 30, 2025**

   Prepared by: Steve Charelian, Interim Director of Finance and Administrative Services

   Recommendation: Receive and file the District's Basic Financial Statements and Independent Auditors' Report and Related Reports for the Fiscal Year Ended June 30, 2025.

3. **Approve the 2026 Proposed City Council Regular Meeting Schedule**

   Prepared by: Lisa Berglund, City Clerk

   Recommendation: Approve the proposed 2026 City Council Regular meeting schedule.

4. **Second Reading of Ordinance No. 1223 Changing the City Council Meeting Day from Monday to Tuesday**

   Prepared by: Lisa Berglund, City Clerk

   Recommendation: Approve the second reading and adopt Ordinance No. 1223 by title only and waive further reading, amending the Cypress Municipal Code Section 2-1 related to the time and day of regular City Council meetings.

5. Recognize the 75th Anniversary of the Kiwanis Club of Cypress

Prepared by: Lisa Berglund, City Clerk

Recommendation: Recognize the 75th Anniversary of the Kiwanis Club of Cypress.

6. Adoption of Policy Establishing Procedures for Responding to Disruption of Airing Meetings of the City Council and Other Legislative Bodies Subject to SB 707

Prepared by: Sean Joyce, Interim City Manager

Recommendation: Approve the attached policy concerning disruption of service procedures associated with the airing and/or streaming of the meetings of the city's legislative bodies as defined by applicable state statute, as may be amended.

7. Adopt the FY 2026-2027 Budget Calendar

Prepared by: Steve Charelian, Interim Director of Finance and Administrative Services

Recommendation: Adopt the Fiscal Year 2026-2027 budget calendar.

8. Receive and File the Investment Reports for the Months Ended November 30, 2025, and December 31, 2025.

Prepared by: Steve Charelian, Interim Director of Finance and Administrative Services

Recommendation: Receive and file the attached investment reports.

9. Approve the Urban Area Security Initiative Sub-Recipient Agreement

Prepared by: Jason Machado, Senior Administrative Analyst

Recommendation:
1. Approve the Fiscal Year 2024 Urban Area Security Initiative (UASI) grant for calendar years 2025-2027 through the UASI Sub-Recipient Agreement with the City of Anaheim; and

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

10. Adopt the 2026 Federal and State Legislative Platform

Prepared by: Jason Machado, Senior Administrative Analyst

Recommendation: Adopt the 2026 Federal and State Legislative Platform.

PUBLIC HEARINGS (Three minutes per speaker)

The public may address the City Council on public hearing items prior to any action taken. Please complete a Speaker's Card to address the City Council in-person. Please follow the instructions at the end of the agenda and wait for the Mayor/City Clerk to call on you to address the City Council virtually. Speakers providing in-person comments will be called first.

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

11. Approve Conditional Use Permit No. 2025-02 for an Adult Day Health Care Facility at 6269 Ball Road

Prepared by: Christopher Wong, Business Development Manager

Recommendation: Adopt a Resolution approving Conditional Use Permit No. 2025-02, subject to the attached conditions, and confirm the project is exempt from the California Environmental Quality Act (CEQA).

NEW BUSINESS

12. Adopt an Ordinance on Campaign Finance Reform

Agendized by: Council Member David Burke

Recommendation: Introduce an Ordinance of the City Council of the City of Cypress, California, Amending Chapter 2, Article X of the Cypress Municipal Code by Adding New Sections 2-128.1 and 2-128.2 Establishing a Local Campaign Contribution Limit and Disclosure of Top Contributors, to be read by title only and waive further reading.

13. Introduce an Ordinance of the City Council of the City of Cypress, California, Amending Cypress Municipal Code Section 1-13 and Adding Subsections 1-13.1 and 1-13.2 to Regulate Use of the City Seal and Logo

Prepared by: Sean Joyce, Interim City Manager

Recommendation: Introduce an Ordinance of the City Council of the City of Cypress, California, Amending Section 1-13 and Adding Subsections 1-13.1 and 1-13.2 of the Cypress Municipal Code to Regulate Use of the City Seal and Logo, to be read by title only and waive further reading.

14. Timing for Transition of City Attorney Representative In Light of Change of Council Meeting Dates

Prepared by: Fred Galante, City Attorney

Recommendation: Provide direction on the timing of transitioning City Attorney representative in light of the change of Council meeting dates.

ITEMS REMOVED FROM CONSENT CALENDAR

CONTINUED ITEMS

ITEMS FROM CITY COUNCIL MEMBERS

15. Consideration of a Council Member Request to Discuss City Council Declaration of a Commitment to Protection of Public Safety and Civil Rights with Regard to ICE Enforcement

Agendized by: Council Member Rachel Strong Carnahan

Recommendation: Consider Council Member Strong Carnahan's request (seconded by Mayor Pro Tem Chang) and provide direction concerning adopting a resolution of the City Council affirming "the protection of our constituents' civil rights and to condemn the use of excessive force by federal and immigration authorities."

COUNCIL MEMBER REPORTS FROM CITY-AFFILIATED BOARDS AND COMMITTEES AND REMARKS

COUNCIL MEMBER ITEMS FOR FUTURE CONSIDERATION

CITY MANAGER REMARKS

ADJOURNMENT

The next meeting will be an adjourned Regular Meeting, to be held on Monday, February 9, 2026, beginning at 5:30 p.m. in the Executive Board Room.

Council Members and the public should promptly exit the meeting room following adjournment.

I, Lisa Berglund, City Clerk, 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 and City website not less than 72 hours prior to the meeting. Dated January 21, 2026.

PUBLIC PARTICIPATION

Members of the public can participate in the City Council meeting in the following ways:

1. Attend In-Person. First-come, first-served seating is available. All attendees must be free of any symptoms associated with contagious illnesses.

2. Attend Virtually via Webinar. Follow this link: https://attendee.gotowebinar.com/register/1927842359575725919. Advanced registration is recommended.

The public may address the City Council virtually during Oral Communications on Agenda Items and Public Hearings. Virtual participants must click the 'hand raise' button prior to the end of the first in-person speaker to indicate they wish to address the City Council. Upon clicking the 'hand raise' button, please unmute your microphone and wait for the Mayor/City Clerk to call on you.

 = Hand Raise  = Unmute

3. 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 the day of the meeting will be added to the meeting record.

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

5. Listen to the Meeting. Listen-only teleconferencing is available by calling +1 (631) 992-3221 and entering Access Code 966-937-013. No registration or audio pin is necessary.

INVOCATION POLICY

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.

AMERICANS WITH DISABILITIES ACT

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: Steve Charelian, Interim Director of Finance and Administrative Services

DATE: 01/26/2026

SUBJECT: **Receive and File the Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025**

RECOMMENDATION

Receive and file the Annual Comprehensive Financial Report and Related Reports for the Fiscal Year Ended June 30, 2025.

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 complete an annual audit. The Basic Financial Statements contained in the Annual Comprehensive Financial Report (ACFR) have been audited by the firm of Eide Bailly LLP. Based on the results of this audit, the City has received an unmodified opinion, also known as a “clean”, opinion, which is the possible audit outcome. The City has received national recognition for more than 30 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 2024-2025 award consideration.

DISCUSSION

The Basic Financial Statements contained in the Annual Comprehensive Financial Report have been audited and the following reports prepared by the firm of Eide Bailly LLP.

Annual Comprehensive Financial Report (ACFR)

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.

Audit Communication Letter

Auditing standards require auditors to issue an audit letter to communicate any significant findings, disagreements with management, immaterial misstatements, or difficulties performing the audit. The audit identified one material misstatement in the prior year's ACFR related to the presentation of the West Cities Police Communications Joint Powers Authority (West-Comm), which is a separate stand-alone entity. For the last four years, the ACFR presented West-Comm's pension, compensated absences, and other post-employment benefit obligations as long-term liabilities since the implementation of new guidance as recommended by the prior audit firm. For fiscal year 2024-2025, our new independent audit firm reviewed the appropriate accounting regulations and determined these obligations should not be presented as liabilties in the City's ACFR because they are not imminent. The presentation was corrected in the 2024-2025 ACFR.

Independent Auditors' Report on Internal Control

During the annual audit, the auditors review and observe the City's internal controls and operations to determine if there are any deficiencies. As reported in the Audit Communication Letter, the misstatement of West-Comm's liabilities is discussed and explained in detail in this Internal Control Report.

Independent Accountants' Report on Agreed-Upon Procedures Applied to the City's Appropriations Limit

All governments in California are required to have specific review procedures performed by independent accountants on the annual appropriation limit. There were no exceptions or findings related to this review.

BUDGET IMPACT

Sufficient amounts are included in the General Fund budget to pay for the cost of the annual audit and ACFR preparation.

LEGAL REVIEW

None required.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Annual Comprehensive Financial Report

Audit Communication Letter

Auditors' Report on Internal Control

Report on the City's Appropriation Limit for the fiscal year ended June 30, 2025

City of Cypress, California

Annual Comprehensive Financial Report

Year Ended June 30, 2025

Prepared by the Department of Finance & Administrative Services

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Introductory Section

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

December 19, 2025

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, 2025. 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 are audited by independent certified public accountants. The firm of Eide Bailly, LLP has performed the audit for the fiscal year ended June 30, 2025. The goal of the independent audit is 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, 2025 are fairly presented in conformity with accounting principles generally accepted in the United States of America. The Independent Auditor's 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 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, 2025, 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 49,499. 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 across five districts. Council Members, one for each of the five districts, 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. The General fund departments are Legislative, Administration, and Finance (summarized as General government); Police (Public safety); Community Development (which includes the Planning and Building divisions), and Public works (which includes the Engineering and Maintenance divisions). 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.

The local economy in Orange County has grown steadily for the better part of the last two decades. While a handful of events during this time created economic uncertainty, the local economy has proved resilient and the ongoing negative impacts to Cypress' revenue base have been more modest than feared. Undoubtedly, new economic challenges and uncertainties will emerge and have an impact on the Orange County region, including Cypress, for the foreseeable future.

The City has been financially vigilant and focused on building up its reserves and limiting growth in operations to be in a position to effectively handle periods of uncertainty. This strategic approach has served Cypress well for more than a quarter century as the City has been able to keep a balanced budget while maintaining service levels, without having to consider any tax increases. Property taxes remain a stable source of income, while sales tax revenues are more volatile and unpredictable. Sales tax concerns exist due to relying on a small number of businesses to generate the majority of annual sales tax receipts, and experiencing substantial revenue declines since the Great Recession (when compared to inflation). These sale tax declines have long-term significance, and City leaders will continue to monitor revenue trends to identify methods for strengthening the City's economic base.

Volatility in the financial markets will 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). Substantial decreases in value of CalPERS assets during periods of financial instability, combined with changes in actuarial assumptions and lowering the discount rates to strengthen the pension system over the long-term, 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 triple over the last decade.

In recent years, inflation has become an omnipresent threat to the City's financial health. The evolving impacts on City expenditures cannot be overstated, as cost increases for all City services and capital projects have far outpaced revenue growth and have yet to stabilize enough to feel confident the City will be able to handle long-term impacts. Of particular concern are the staggering increases in the costs associated with capital project investment, on both the labor and materials front.

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. Over $14.8 million has been accumulated in the General fund for contingencies and budget stabilization at June 30, 2025. In addition, a pension trust was established in 2017 in response to pension and budget stabilization concerns and in early 2024, the City Council set a goal and funding plan for pension trust assets to fully offset unfunded CalPERS pension liabilities by 2030. The pension trust provides a vehicle to restrict and invest monies for future pension obligations, while maintaining asset control at the local level. More than $37.0 million is invested in the trust at June 30, 2025, and is projected to grow to $53.1 million in 2030.

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 remains fiscally responsible and disciplined with regards to 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 high-level of services currently offered to its residents and

businesses is uncertain due to economic instability and risk of recession, inflation, sales tax stagnation and rising pension costs brought on by market volatility.

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 30 years by way of improvements and setting aside reserves, there are still major investments 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), indicate a need for additional revenue sources to achieve the City's goal of maintaining its high standards for infrastructure systems and facilities. 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. Due to all the uncertainties discussed previously regarding the City's long-term financial health, it continues to be necessary to identify viable future funding solutions (other than the General fund) to address 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 2023 through 2026 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 is achieved by establishing strategic objectives, which are specific actions and tasks that are incorporated into the annual budget. The majority of the identified strategic objectives were completed during the past year and included streamlining the award of capital improvement project contracts to increase efficiency, adjusting the administrative authority for contract approval, hiring a new audit firm, conducting a team building workshop for police department personnel, performing an updated community survey, completing the internal branding and logo development update process, and having a grand opening for the newly rehabilitated Arnold Cypress Park.

The City of Cypress maintains a seven-year Capital Improvement Program to plan for capital and infrastructure needs in conjunction with longer-term revenue projections. It is the City's policy to fund many 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 sufficient General fund amounts to meet future capital needs will become increasingly difficult, if not impossible, in the coming 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 together with the current year budget, creates parameters for charting a prudent and sustainable financial course. Despite seeing improvements in the last several annual forecasts brought on by higher interest earnings, Cypress remains dogged by a modest, stubborn structural deficit. While these deficits are expected to be manageable, future challenges (both those that we are aware of and those that are currently unknown) make it difficult to create a five-year forecast that can be relied on with strong confidence.

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, 2023. This is the 39th 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 and I want to extend my thanks to all the Finance staff involved in the process. Appreciation must also be extended to the Cypress City Council for their ongoing commitment to fiscal responsibility and allowing the City to remain financially prepared for future challenges. This strategic and disciplined approach has greatly benefited Cypress residents and businesses through the years and staying on a similar course is more important than ever as a variety of threats to the City's fiscal stability continue to evolve. I have spent the last 25 years dedicated to making Cypress' financial condition as strong as possible. With that, the City is entering a period of transition which will include hiring a new City Manager and Director of Finance and Administrative Services. I hope the new City Manager and City Council carry on the tradition of prudent fiscal management so that future generations are successful and able to thrive.

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, 2025

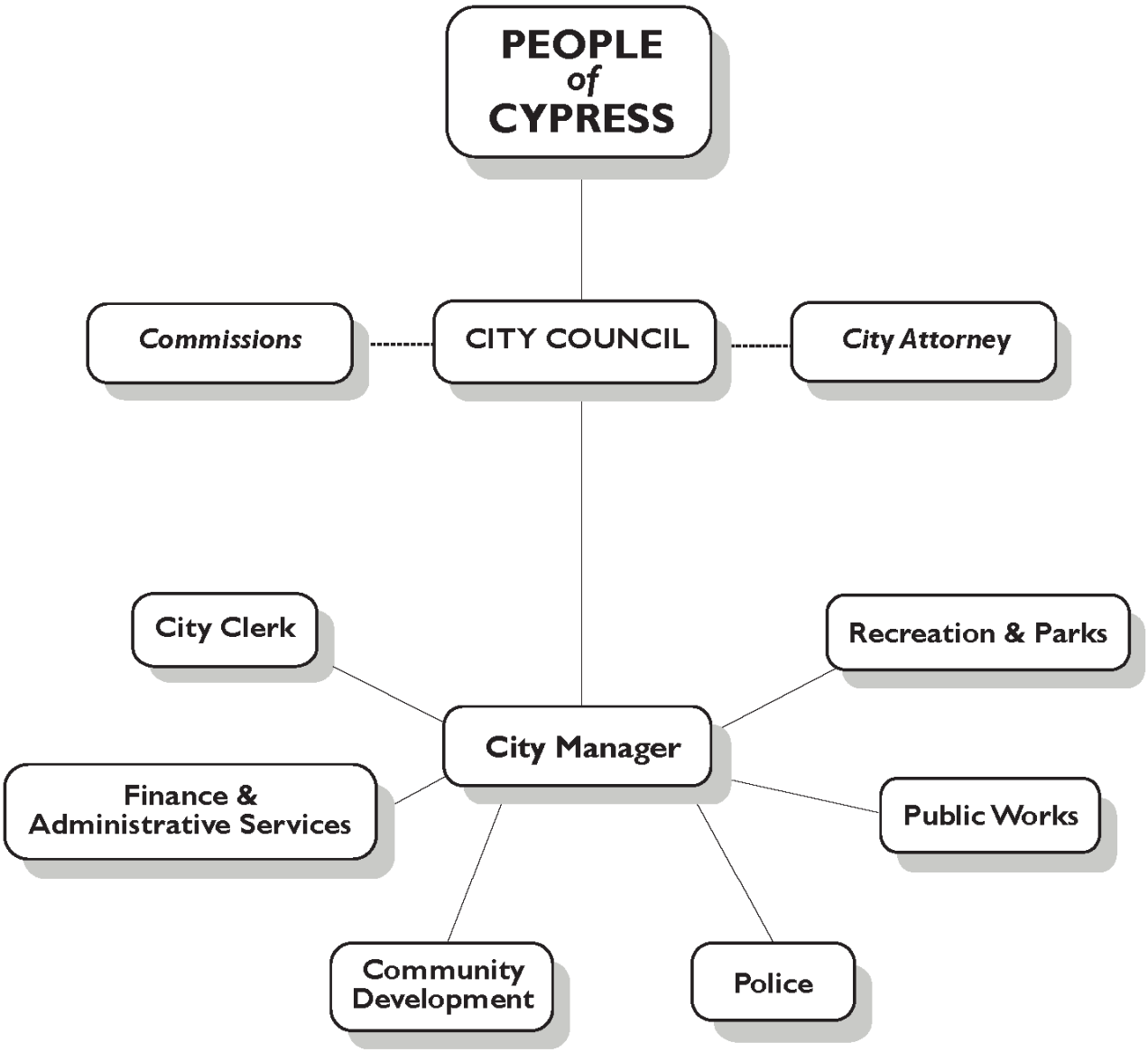
Legislative Body

David Burke	Mayor
Leo Medrano	Mayor Pro-Tem
Kyle Chang	Council Member
Scott Minikus	Council Member
Bonnie Peat	Council Member

Staff Members

Peter Grant	City Manager
Matt Burton	Director of Finance & Admin. Services
Mark Lauderback	Chief of Police
Nick Mangkalakiri	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, 2024

Christopher P. Morrill

Executive Director/CEO

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Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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 (City) as of and for the year ended June 30, 2025, 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 accompanying 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, 2025, 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 *(Government Auditing Standards)*. 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Correction of Error

As discussed in Note 22 to the financial statements, certain errors resulting in an overstatement of amounts previously recorded in liabilities as of June 30, 2024, were discovered by management of the City during the current year. Accordingly, a restatement has been made to the Custodial Funds' net position as of July 1, 2024, to correct the error. Our opinions are not modified with respect to that matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 opinions. 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of changes in the net pension liability and related ratios, the schedule of plan contributions, the schedule of changes in total OPEB liability and related ratios, the budgetary comparison schedule – general fund, the budgetary comparison schedule – Recreation and Park District Special Revenue Fund, and the budgetary comparison schedule – Streets special revenue fund identified as Required Supplementary Information (RSI) in the accompanying 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 budgetary comparison schedules for other major governmental funds, and combing and individual nonmajor funds 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 basic 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, budgetary comparison schedules for other major governmental funds, and combing and individual nonmajor funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do 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 basic 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 19, 2025, 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.

Eide Bailly LLP

Laguna Hills, California
December 19, 2025

Management's Discussion and Analysis

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CITY OF CYPRESS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025

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, 2025. 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, 2025 by $374,086,578 (*net position*). Of this amount, $77,291,665 (*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 $7,426,532 during the fiscal year.
- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of $131,639,031, a decrease of $15,679,082 in comparison with the prior year. A total of $2,079,301 is unassigned within the General fund and is available for spending at the government's discretion, while a deficit fund balance of $21,426,431 is included in the Recreation and Park District major governmental fund (*unassigned fund balance of the governmental funds*).
- As of June 30, 2025, the total fund balance of the General fund was $37,436,094. Of this total, $10.3 million has been committed by the City Council as part of a stabilization agreement to be used should General fund revenues decrease or expenditures increase unexpectedly due to unforeseen factors or emergencies. In addition to these commitments, nearly $25.0 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, future economic development 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 pension 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 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 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 lone type of fiduciary fund is classified as *custodial funds,* which are used for assets held in a custodial capacity that cannot be used to support the City's own programs. These custodial funds include amounts held on behalf of the West Cities Police Communications Joint Powers Authority, which is provided administrative support by the City. The basic fiduciary fund financial statements can be found immediately following the basic proprietary fund financial statements.

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

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

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

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

Government-wide Financial Analysis

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

CITY OF CYPRESS
Summary of Net Position
As of June 30, 2025 and 2024

	Governmental Activites		Business-type Activites		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 215,954,753	$ 226,200,456	$ 10,543,896	$ 9,134,368	$ 226,498,649	$ 235,334,824
Capital assets	204,535,502	183,996,942	18,296,360	18,490,199	222,831,862	202,487,141
Total assets	420,490,255	410,197,398	28,840,256	27,624,567	449,330,511	437,821,965
Deferred Outflows of Resources:						
Deferred outflows	19,511,015	26,745,944	-	-	19,511,015	26,745,944
Total deferred outflows	19,511,015	26,745,944	-	-	19,511,015	26,745,944
Liabilities:						
Long-term liabilities outstanding	14,382,113	15,784,354		-	14,382,113	15,784,354
Net pension liability	65,231,964	66,097,882		-	65,231,964	66,097,882
Other liabilities	10,246,784	10,892,104	88,172	43,694	10,334,956	10,935,798
Total liabilities	89,860,861	92,774,340	88,172	43,694	89,949,033	92,818,034
Deferred Inflows of Resources:						
Deferred inflows	4,805,915	5,089,829	-	-	4,805,915	5,089,829
Total deferred outflows	4,805,915	5,089,829	-	-	4,805,915	5,089,829
Net Position:						
Net investment in capital assets	200,974,245	182,784,606	18,235,211	18,490,199	219,209,456	201,274,805
Restricted	67,068,584	64,540,657	10,516,873	9,090,674	77,585,457	73,631,331
Unrestricted	77,291,665	91,753,910		-	77,291,665	91,753,910
Total net position	$ 345,334,494	$ 339,079,173	$ 28,752,084	$ 27,580,873	$ 374,086,578	$ 366,660,046

Net position of the City increased by over $7.4 million (2.0 percent) to $374.1 million at June 30, 2025, of which $219.2 million is invested in capital assets such as land, buildings and improvements, equipment, and infrastructure. Of the remaining total, $77.6 million is restricted as to use by specifically stipulated spending agreements originated by law, contract or other agreements with external parties. The remaining $77.3 million classified as unrestricted net position decreased $14.5 million (15.8 percent) from $91.8 million at June 30, 2024, 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. While the decrease in unrestricted net position is due to many factors, the largest impact is the City's ongoing commitment to invest available unrestricted net position amounts in capital assets. For FY 2024-25, this commitment includes the investment of $21.4 million to complete a $31.0 million park renovation which

started last fiscal year and was completed in May 2025. Other factors that tend to annually impact unrestricted net position include: tax revenues exceeding estimates, recording the financial impacts of the latest pension plan actuarial valuations, the annual contribution of unrestricted amounts to the City's pension trust, 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 58.6 percent of total net position, which is an increase from the percentage of overall net position at the conclusion of the prior year. While the City uses these capital assets to provide services to citizens; these assets are *not* available for future spending.

CITY OF CYPRESS
Changes in Net Position
For the fiscal year ended June 30, 2025 and 2024

	Governmental Activites		Business-type Activites		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ 5,187,476	$ 4,682,667	$ 1,672,705	$ 1,593,387	$ 6,860,181	$ 6,276,054
Operating grants and contributions	5,089,609	5,541,054	36	39	5,089,645	5,541,093
Capital grants and contributions	2,436,411	2,271,831	-	-	2,436,411	2,271,831
General Revenues:						
Sales tax	12,895,299	12,930,992	-	-	12,895,299	12,930,992
Property taxes	24,180,293	22,738,100	43,493	42,876	24,223,786	22,780,976
Other taxes	7,213,328	6,833,479	-	-	7,213,328	6,833,479
Other	10,078,987	9,672,762	428,550	381,847	10,507,537	10,054,609
Total Revenues	67,081,403	64,670,885	2,144,784	2,018,149	69,226,187	66,689,034
Expenses						
General government	6,735,154	7,620,519	-	-	6,735,154	7,620,519
Community development	2,104,581	1,925,409	-	-	2,104,581	1,925,409
Public safety	23,967,865	22,380,579	-	-	23,967,865	22,380,579
Public works	20,126,091	17,374,277	-	-	20,126,091	17,374,277
Recreation	7,892,391	7,007,325	-	-	7,892,391	7,007,325
Sewer	-	-	973,573	908,788	973,573	908,788
Total Expenses	60,826,082	56,308,109	973,573	908,788	61,799,655	57,216,897
Increase (Decrease) in Net Position	6,255,321	8,362,776	1,171,211	1,109,361	7,426,532	9,472,137
Net Position						
Beginning Net Position	339,079,173	330,716,397	27,580,873	26,471,512	366,660,046	357,187,909
Ending Net Position	$ 345,334,494	$ 339,079,173	$ 28,752,084	$ 27,580,873	$ 374,086,578	$ 366,660,046

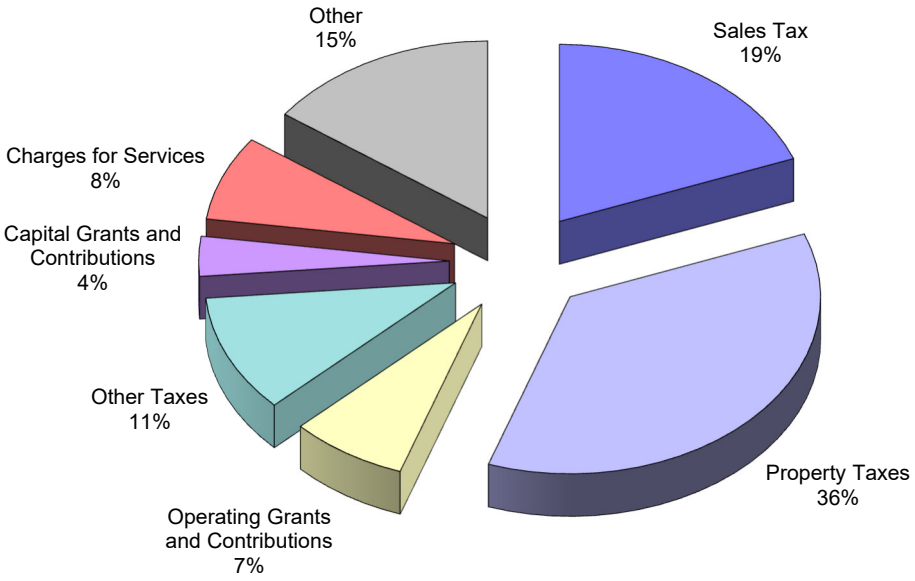
The following revenue impacts contributed to the change in net position for governmental activities for the fiscal year ended June 30, 2025:

- City program revenues account for 20.8 percent of total revenues and are almost $300,000 higher than the prior year total. Charges for services (which include items such as planning and building fees, city services, and recreation user fees) experienced a 9.3 percent increase due to receiving more building fees and park development fees than in the prior year. Both building fees and park development fees tend to vary year to year based on development activity. Grants and contributions tend to fluctuate annually based on availability and project timing. In the past year, operating grants and contributions decreased by just over $450,000, in most part due to the one-time receipt of additional Measure M2 tax revenue restricted for use on transportation purposes in the prior year.

- The City's general revenues represent 79.2 percent of total revenues. General revenues increased by $2.2 million (4.3 percent) from the prior year. Sales taxes, which represent 23.5 percent of total general revenues, continued to stagnate across several sectors in FY 2024-25 despite the resiliency of the overall economy. Property tax revenues, the City's largest revenue source, experienced very solid year-over-year growth due to new development, turnover of existing properties, and the impacts of Proposition 13 growth and their impacts on assessed values. The increase in other taxes was largely driven by higher transient occupancy tax receipts, which include a full year of revenues from a new hotel that opened in the prior year. Other general revenues totaled $10.5 million, which is $453,000 more than the prior year. The jump relates almost exclusively to investment earnings and the impact of an accounting pronouncement which requires the value of the City's portfolio be adjusted to its fair market value. For the past year, this requirement resulted in a significant gain which will never be realized since the City's policy is to hold all its investments until maturity.

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

Revenues by Source – Governmental Activities



Total expenses for governmental activities increased by $4.5 million for the fiscal year ended June 30, 2025, (8.0 percent), compared to the prior year. A major contributing factor to the overall rise in expenses is attributed to the annual allocation of changes in the internal service funds' net position. These changes can fluctuate drastically from one year to the next due to recording the impacts of the latest actuarial valuations on pensions,

net of any transfers from the City for pension trust investment. In addition to these allocations of net position, there are other factors impacting FY 2024-25 expenses associated with governmental activities.

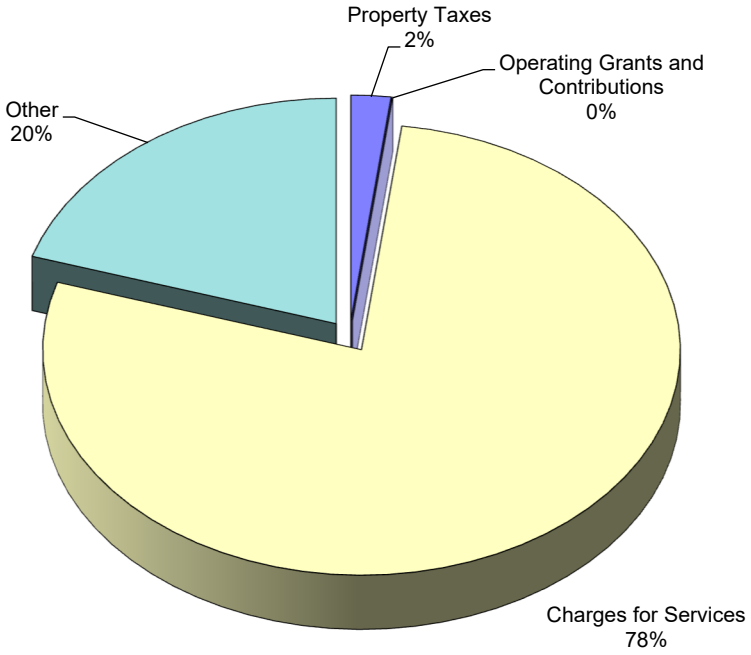
- General government expenses decreased due to a significantly higher volume of city attorney litigation activities in the prior year, including a large settlement payment to reimburse for attorney costs and fees on a lawsuit.
- Community Development expenses increased in the last year, primarily because of the creation of a new economic development program which provides training, education and marketing assistance to help grow small businesses.
- Public safety (police) continues to account for the largest portion (39.4 percent) of total expenses related to governmental activities. In addition to the increases to overall public safety expenses resulting from the net position allocation discussed earlier, public safety expenses in FY 2024-25 include the impacts of implementing the third year of a four-year labor agreement covering sworn police officers' salary and benefits. The ongoing impacts of contract cost increases brought on by inflation also contributed to higher year-over-year expenses.
- Public works expenses include significantly higher amounts expended for arterial and residential street and concrete maintenance projects, along with higher contract costs for right-of-way and park maintenance.
- Recreation expenses include higher contract costs for park landscaping and facility maintenance.
- Total expenses for business-type activities increased $64,785 (7.1 percent). Ongoing investments to improve the sewer system occur each year, and the increase in expenses is largely due to updating the Sewer System Management Plan (SSMP), which is required every five years.

The following revenues contributed to the change in net position for business-type activities for the fiscal year ended June 30, 2025:

- Program revenues for the sewer system are the major revenue source for the City's lone business-type activity. Charges for sewer services comprise almost 80 percent of total revenues and increased by 5.0 percent from the prior year. Since sewer fees are directly tied to water consumption, any annual revenue fluctuations can reasonably be attributed to changes in precipitation levels experienced in the last year. The last year was relatively dry when compared to the prior year, so the increase is consistent with expectations. 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. Slightly higher average interest rates earned throughout the year, combined with higher cash balances, yielded more interest income than in the prior year.

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

Revenues by Source – Business-type Activities



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 $131,639,031, a decrease of $15,679,082 over total fund balances at June 30, 2024. The change in fund balance is the result of a variety of factors, which will be highlighted in the discussion of each of the City's major funds.

Total fund balance is broken down into five categories – ranging from nonspendable to unassigned. Restricted fund balance totals $14.7 million and decreased by $5.7 million from the prior year end and equals 11.2 percent of total fund balance. The restricted amounts at June 30, 2025 can only be used for specific purposes, with the major restrictions being limited for street maintenance and improvements and street lighting.

The decrease in restricted fund balance is attributed to spending down accumulated amounts for extensive street and traffic signal projects and low and moderate income housing purposes during the fiscal year ended June 30, 2025. Committed fund balance amounts total $25.0 million (19.0 percent) and are slightly lower than the prior year. An additional $111.2 million of fund balance is categorized as assigned. These assignments of fund balance are made by City management for specific purposes – with the majority of the assignments being for future capital improvements, the repayment of notes from the Park District to the City, potential future budget shortfalls and future economic development programs. It continues to be the City's strategy to set aside available resources 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, while there is a large negative unassigned amount recorded in the Recreation and Park District Fund due to outstanding notes payable to the City Capital Projects Fund.

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, 2025 total nearly $28.8 million, which is almost $1.2 million higher than the prior year. The increase in net position is largely attributed to allocating resources for the future, ongoing investment in capital improvement projects for the sanitary sewer system.

Major Fund Financial Highlights

General Fund

The General fund is the primary operating fund of the City. At June 30, 2025, the total fund balance of the General fund was $37,436,094 (compared to $32,354,846 at the beginning of the year). The fund balance of the General fund is composed of five different categories – nonspendable, restricted, committed, assigned and unassigned. The City continues to implement the practice of accumulating monies for future infrastructure improvements in the City Capital Projects fund through transfers out of the General fund, as well as setting aside monies to invest in the City's pension trust. A total of $1.5 million was transferred out for future infrastructure and facility needs, and an additional $1.5 million for pension trust investment, during the fiscal year ended June 30, 2025. 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 240.9 percent (down from 274.2 percent the

previous year) of the total expenditures in the General fund. The major components of assigned fund balance include amounts set-aside for the future capital improvements, pension trust investments, budget stabilization purposes and future economic development program funding. Despite the City Council's and management's policy to diligently and actively set-aside monies for future infrastructure and facility 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 expenditure growth outpacing projected revenue growth.

For the fiscal year ended June 30, 2025, cash and investments in the General fund totaled $38,449,615, an increase of $5,538,389 from the prior fiscal year, and is primarily the result of realizing budget expenditure savings and receiving more revenues in FY 2024-25 than forecast in the adopted budget.

CITY OF CYPRESS

Summary of Changes in Fund Balances - General Fund
For the fiscal year ended June 30, 2025 and 2024

	2025	2024	Change
Revenues			
Taxes:			
Sales	$ 12,895,299	$ 12,930,992	$ (35,693)
Property	14,590,382	13,736,036	854,346
Other	7,590,043	7,229,311	360,732
Total taxes	35,075,724	33,896,339	1,179,385
Licenses and permits	1,062,915	1,029,241	33,674
Fines and forfeitures	258,859	251,811	7,048
From use of property	4,646,733	3,414,359	1,232,374
From other agencies	708,133	595,210	112,923
Charges for services	4,295,291	3,785,592	509,699
Other	213,722	253,885	(40,163)
Total Revenues	46,261,377	43,226,437	3,034,940
Expenditures			
General government	5,903,290	6,914,401	(1,011,111)
Community development	1,876,862	1,783,231	93,631
Public safety	21,504,777	20,738,949	765,828
Public works	8,657,069	7,757,945	899,124
Capital Outlay	183,386	10,918	172,468
Total Expenditures	38,125,384	37,205,444	919,940
Other Financing Sources/(Uses)			
Net Transfers	(3,238,131)	(8,669,073)	5,430,942
Issuance of Subscriptions/Leases	183,386	10,918	172,468
Total Other Financing Sources/(Uses)	(3,054,745)	(8,658,155)	5,603,410
Increase (decrease) in fund balance	$ 5,081,248	$ (2,637,162)	$ 7,718,410

Total General fund revenues for the fiscal year ended June 30, 2025 increased by $3.0 million from the prior year. Individual components of this change are highlighted as follows:

- Sales tax receipts, which in recent years have become the second largest revenue source of the General fund after being the largest source for decades, saw a decrease of $35,693 when compared to the prior year. Despite the economy's resilience, the City's sales tax growth across all sectors has stagnated in the last two years. This appears to be a concerning trend impacting local governments throughout California.
- Annual property tax revenue grew 6.2 percent due to increases in the City's secured property tax base associated with new development, changes in ownership, and the growth related to the annual Proposition 13 inflation adjustment. Included in General fund property tax revenue is $6.4 million of in lieu Motor Vehicle License Fees (MVLF), which represents a $400,000 increase over the prior year.
- Other taxes increased due to multiple factors, including transient occupancy tax increases resulting from having a full year of receipts for a new hotel that opened in the prior fiscal year, as well as higher franchise fees.
- Revenue from use of property experienced large year over year growth due to unrealized market value increases associated with the City's portfolio of investments. The higher interest rates earned on government-backed securities experienced in the prior fiscal year, continued into FY 2024-25 and resulted in realized interest earnings for the year being comparable to the prior year. However, accounting standards require all investments to be recorded at their fair market value on June 30, 2025, which yielded a nearly $1.8 million adjustment to revenue. This is nearly $1.3 million more revenue than the prior year fair market value adjustment. It should be noted that the City's investment policy provides for all investments to be held to maturity, so any gain or loss required to be recorded at year end will never be realized.
- Charges for services increased due to a higher level of building development activity when compared to the prior year. These revenues can vary from year to year, but actual development activity in the City remained strong throughout the fiscal year ended June 30, 2025.

Changes in General fund expenditures, by function, occurred as follows during the year ended June 30, 2025:

- General government expenditures declined by $1.0 million (14.6 percent) due to lower legal expenditures. In the prior year, there was a higher volume of litigation activities, as well as the City Council approving an $835,000 settlement payment for the reimbursement of fees and litigation expenses associated with a lawsuit.
- Community development expenditures increased $93,631 (5.3 percent) due to two offsetting factors. Higher contract costs were incurred in the prior fiscal year to provide support for the implementation of the City's state-mandated Housing

Element. Implementing the components of the housing element approved by the State in 2022 will take several years and cost in excess of $1 million. In the fiscal year ended June 30, 2025, significant costs were incurred in the implementation of the second phase of the business recovery and support plan, which assisted the business community through the creation of the Cypress University program. This program, with costs of $380,000, provided training, education and marketing assistance intended to help grow small businesses located in Cypress.

- Public safety (police) expenditures increased by $765,828 (3.7 percent) when compared to the prior fiscal year. Cost increases associated with implementing the third year of a four-year labor agreement, which provided substantial salary and benefit increases for sworn officers, and inflationary impacts driving contract cost increases, accounted for the change in expenditures.
- Public works expenditures were $899,124 (11.6 percent) higher than the prior year due to many factors, including incurring additional contract costs for right-of-way parkway and tree maintenance, parks landscaping maintenance and building/engineering plan checking and inspections. Plan checking and inspection costs, which are directly tied to development activity in the City and fully offset by fee revenue, tend to fluctuate from year to year. In addition to these contract cost increases, the relatively dry winter resulted in higher water costs for the irrigation of all City parks and right-of-way.

The difference in General fund net transfers is $5.4 million lower when compared to the prior fiscal year and is summarized as follows:

- The General fund transferred $1,662,583, as compared to $1,606,912 in the prior year, to the City's Capital Projects fund for current year projects. Additionally, $1.5 million of accumulated fund balance, down from $2.67 million in the prior year, was transferred from the General fund to the City's Capital Projects fund for future infrastructure projects.
- $1.5 million was transferred to the City's Internal Service Employee Benefits fund during the past year, compared to $5.05 million in the prior year. This annual transfer is typically limited to available prior year budget savings which are used to fund the City's pension trust. The pension trust was established in 2017 to help offset the City's growing pension liabilities and in March 2024 the City Council established a goal to have pension trust assets fully offset unfunded pension liabilities by 2030. In response to this new goal, in the fiscal year ended June 30, 2024 an additional $2.5 million of General fund monies were transferred for pension trust investment in the Employees' Benefit Internal Service fund.

General Fund Budgetary Highlights

Differences between the original appropriations budget and the final amended budget totaled a net increase of $2,579,655. The annual carryover of appropriations to the new fiscal year for encumbrances and services not completed in the prior fiscal year accounted for $1,458,332 of the change. The majority of the carryover appropriations

related to contingency amounts, unexpended grant awards, one-time allocations of pandemic recovery support for businesses, and contract planning services for the implementation of State-mandates associated with the City's housing element. The remaining major changes in appropriations are summarized as follows:

- $74,127 increase in Legislative for legal services which tend to fluctuate based on the legal matters that arise during the year. While general attorney services and litigation costs were within budget, several personnel matters handled by the City's labor attorneys resulted in a budget overage.
- $99,800 increase in Administration for higher required contributions for regional homelessness efforts. The City contributes a portion of the annual costs to operate two navigation centers in the County, and these charges vary each year depending on cash flow needs and available State funding.
- $80,000 increase in Administration for the expansion of a City program (Cypress University) which focuses on supporting, growing and incentivizing small businesses located in the City through education and outreach initiatives.
- $125,000 increase across multiple departments for a one-time retirement incentive that was offered to a group of represented City employees.
- $49,700 increase in Police for the purchase and installation of a fixed automated license plate reader system that was donated by the Cypress Police Foundation.
- $253,000 increase in Community Development for contract inspections, plan checking and building official services due to higher levels of building activity than conservatively estimated in the adopted budget. Forecasting annual building contract costs is difficult due to many external factors, including the economy's impact on local development activity, which tends to result in large fluctuations in both fees collected and the contract costs associated with providing the services.
- $32,622 increase in Maintenance for a new custodial contract which resulted in higher charges than the previous agreement.

Total actual General fund revenues exceeded the final amended revenue budget by over $2.6 million. Tax revenue exceeded the amended budget by almost $0.8 million due to several factors. Property tax growth is a product of new development, parcel turnover and the ongoing strength of the housing market and resulted in revenues exceeding budget by just over $600,000. Sales tax revenues are budgeted using an approach to conservatively, but realistically, estimate revenues directly tied to the overall economy. During the past year, sales tax revenue growth was largely stagnant both locally and statewide and fell below budget estimates by $45,000. Other tax sources contributed to the overall overage and include transient occupancy tax impacts from a new hotel and higher franchise taxes. Revenues from other agencies was below budget due to unexpended grant monies in both the Police and Community Development departments. These grants include a one-time County grant for a homeless liaison officer which will be carried over and expended during the next fiscal year, as well as Community Development Block Grant monies for housing programs that are no longer offered by the City and will lapse as of June 30, 2025. However, the largest contributor to the overall budget excess is revenue from the use of property (which includes interest earnings on

the City's investments). While actions by the Federal Reserve over the last few years have drastically raised the interest rate earned on the City's investment portfolio, the large overage in FY 2024-25 is primarily due to an accounting requirement that mandates all investments are adjusted to their fair market value at the end of the fiscal year. Interest rate fluctuations during the year have caused the underlying value of many City-owned securities to rise above their purchase price and trigger gains of nearly $1.8 million in FY 2024-25. Since the City's investment policy provides for all investments to be held to maturity, these gains will never be realized. So in many ways, the additional revenue created by this accounting pronouncement is misleading and gives a false impression to the reader of the financial statements.

Total operating expenditures were $5.5 million below the final amended budget (before any carryover amounts to the fiscal year ended June 30, 2026) and these savings were across all departments throughout the City. The reason for the large budget variance is similar to prior fiscal years, in that a significant portion is related to personnel savings created during periods with staffing vacancies over the course of the year. The majority of these staffing vacancies are associated with positions (such as police officers) in which active recruitments are ongoing and the periods of vacancy are intended to be temporary. Further savings were realized due to one-time amounts budgeted for contingency purposes, delays in awarding contracts for an organizational review and a traffic impact fee study, and contract housing element implementation services not being expended prior to June 30, 2025. These unexpended amounts have been carried over and appropriated in FY 2025-26 budget and are expected to be expended prior to June 30, 2026.

Other Major Funds and Other Funds

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

Recreation and Park District Special Revenue Fund

The Recreation and Park District special revenue fund is the sole operating fund of the Cypress Recreation and Park District. At the end of the current fiscal year, total fund balance was a negative $21,424,863 as compared to a negative $2,905,952 at the beginning of the year. This represents a $18.5 million decrease and gives the impression the District's financial health has greatly deteriorated over the past year – which is both misleading and inaccurate. The reason for the large decrease is solely the result of a GASB accounting pronouncement that requires loans between the City and District be recorded as a liability on the District's books. There are two loans outstanding between the City and District – $3.2 million for the construction of Lexington Park and $30.5 million for the reconstruction of Arnold Cypress Park. During the past year, construction

continued on the $33.5 million Arnold Cypress Park facility which had been approved in the prior fiscal year. The project is funded by loans from the City to the District. These loans are long-term and will be repaid over 20 years using available property tax revenues. If the District had used other forms of financing to pay for the two projects, the long-term debt would not be presented as a liability in the District's governmental funds. However, since the loans are considered an advance between funds of the City and District (a component unit) GASB requires the full amount of the advances be recorded as liabilities even though repayment will be made over two decades. The outstanding amount of all advances ($33.6 million) is required to be recorded as a negative amount, netted against unassigned fund balance. While this results in an inaccurate portrayal of the District's financial condition on the face of the financial statements, it is important to understand the underlying health of the District remains strong and is essentially unchanged from the prior year.

For fund balance analysis purposes, it is probably best to remove the negative $33.6 million netted against unassigned fund balance from the calculations to yield a useful comparison. By doing so, fund balance represents 182.5 percent (compared with 207.4 percent from the previous year) of the fund's total current Recreation operating expenditures and the adjusted, remaining fund balance would be properly categorized as restricted since these amounts can legally only be used for recreation purposes. These adjusted fund balance amounts at June 30, 2025 are required to be used for improvements to open space, for use on youth league renovations and general recreation activities. Since the bulk of the District's operations are funded with annual property tax revenues, a portion of the fund balance for general recreation usage is needed to meet cash flow shortages between property tax receipts. The remaining amounts (for both open space and recreation) are being accumulated for future non-recurring expenditures such as facility and infrastructure improvements.

For the fiscal year ended June 30, 2025, the cash and investments balance (including restricted amounts) in the Recreation and Park District special revenue fund was $14,226,015, a decrease of $578,466 from the prior fiscal year. Total receivables at the end of the fiscal year were $256,937, a decrease from the prior year total of $600,136. These balances tend to vary from year to year based on the timing of receipts and disbursements, and the volume of capital project expenditures.

CITY OF CYPRESS
Summary of Changes in Fund Balances
Recreation and Park District Special Revenue Fund
For the fiscal year ended June 30, 2025 and 2024

	2025	2024	Change
Revenues			
Taxes:			
Property	$ 7,815,068	$ 7,326,746	$ 488,322
From use of property	1,127,615	1,029,302	98,313
From other agencies	125,421	113,618	11,803
Charges for services	1,408,333	1,202,161	206,172
Other	33,514	57,093	(23,579)
Total Revenues	10,509,951	9,728,920	781,031
Expenditures			
Recreation	6,086,420	5,550,870	535,550
Capital outlay	22,163,164	16,950,867	5,212,297
Debt Service:			
Interest and fiscal charges	608,696	224,922	383,774
Total Expenditures	28,858,280	22,726,659	6,131,621
Excess of revenues over expenditures	(18,348,329)	(12,997,739)	(5,350,590)
Other Uses - Transfers	(170,582)	(155,543)	(15,039)
Increase/(decrease) in fund balance	$ (18,518,911)	$ (13,153,282)	$ (5,365,629)

Total Recreation and Park District Special Revenue fund revenues for the fiscal year ended June 30, 2025 increased by nearly $0.8 million from the prior year. Individual components of this change are highlighted as follows:

- Property tax revenues, the District's largest recurring revenue source, were 6.7 percent more than the prior year. The District continues to benefit from higher assessed values and new developments being added to the tax roll, which were larger in the past year than the prior year.
- Revenues from the use of property increased due to having a full year of facility rentals at the Community Center. In the prior year, rentals were curtailed for a portion of the year due to HVAC and roof replacement projects.
- The increase to charges for services relates to park development fee receipts, which are difficult to predict due to uncertainties associated with development activity and economic conditions, and revenues can fluctuate drastically from year to year. A few major developments generated fees of $609,000 in the fiscal year ended June 30, 2025, which represents an increase over the $445,000 generated in the prior year. All eligible park development fee receipts are used to pay down the District's outstanding advances from the City's General fund associated with the construction of Lexington Park.

Notable changes in expenditures during the fiscal year ended June 30, 2025 follow:

- Recreation expenditures increased $535,550 (9.7 percent) due to many factors, including cost of living salary and benefit increases for all full-time employees, higher contract costs for facility and landscape maintenance, additional water expenditures resulting from the relatively dry winter, and enhanced senior citizen and youth programs.
- Capital expenditures rose by over $5.2 million due investing an additional $21.6 million on the rehabilitation of Arnold Cypress Park. The Arnold Cypress Park project was completed in late FY 2024-25 and rebuilt the 75 year-old, 14.5 acre park at a budgeted cost of $33.5 million. The new park provides a variety of sports courts and softball fields. In addition to this once in a generation project, the District continued to invest in other park facility improvements as amounts were expended in the fiscal year ended June 30, 2025 for sports lighting replacement and security improvements at Oak Knoll Park, and playground resurfacing at six park sites throughout Cypress.
- Debt service expenditures relate exclusively to interest incurred on the two outstanding loans between the City and District for the construction of Lexington Park and Arnold Cypress Park. The year-over-year increase is attributed to the large loan balance increase on the Arnold Cypress Park loan, which went from $10.6 million at June 30, 2024 to nearly $30.5 million at June 30, 2025.

District net transfers increased by $15,039 and totaled a net outflow of $170,582. These District transfers occur each year and are generally comprised of two recurring components, 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 CalPERS. The other annual component of net transfers is for new and replacement capital outlay acquisitions paid for in the equipment replacement internal service fund, and these amounts have been modest in each of the last two years.

Streets Special Revenue Fund

The Streets Special Revenue Fund accounts for receipts and expenditures of amounts 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.

Summary of Changes in Fund Balances
Streets Special Revenue Fund
For the fiscal year ended June 30, 2025 and 2024

	2025	2024	Change
Revenues			
From use of property	$ 340,980	$ 386,288	$ (45,308)
From other agencies	3,987,130	4,061,577	(74,447)
Charges for services	42,350	380,373	(338,023)
Other revenue	231,831	157,871	73,960
Total Revenues	4,602,291	4,986,109	(383,818)
Expenditures			
Public works	3,899,528	2,726,741	1,172,787
Capital outlay	311,020	205,394	105,626
Total Expenditures	4,210,548	2,932,135	1,278,413
Other Uses - Transfers	(2,645,585)	(1,867,079)	(778,506)
Increase (decrease) in fund balance	$ (2,253,842)	$ 186,895	$ (2,440,737)

Total revenues for the fiscal year ended June 30, 2025 decreased by more nearly $0.4 million 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. As expected, these allocations decreased modestly during the year due to a one-time delay in receipt of FY 2022-23 Measure M2 allocations which became available during FY 2023-24 and resulted in higher revenues than in a normal year. Charges for services, which includes traffic mitigation fees and regional traffic impact fees, decreased $338,023 year over year and these annual receipts tend to fluctuate based on development activity within 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 and net transfers out increased in the past year due to the use of prior year State Gas Tax receipts for annual street maintenance. The use of these prior year fund balance amounts were delayed until FY 2024-25 due to having to invest additional General fund amounts to meet Maintenance of Effort requirements in the prior fiscal year.

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, 2025 and 2024

	2025	2024	Change
Revenues			
From use of property	$ 3,649,010	$ 4,219,295	$ (570,285)
Other revenue	-	-	-
Total Revenues	3,649,010	4,219,295	(570,285)
Expenditures			
Public works	3,163,007	2,393,478	769,529
Capital outlay	1,676,626	977,238	699,388
Total Expenditures	4,839,633	3,370,716	1,468,917
Other Sources - Transfers	4,495,836	3,458,734	1,037,102
Increase (decrease) in fund balance	$ 3,305,213	$ 4,307,313	$ (1,002,100)

Total revenues for the fiscal year ended June 30, 2025 decreased $570,285 from the prior fiscal year. The decrease is due to lower interest income earned on cash balances. While the average rate earned on cash balances throughout the year was higher than the prior year, actual cash balances held decreased significantly over the course of the past year. This decrease was anticipated and is directly attributed to loaning the Recreation and Park District an additional $21.6 million for the rehabilitation of Arnold Cypress Park.

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. Expenditures increased by nearly $1.5 million year over year due to a higher volume of activity in both the annual residential street resurfacing program and the curb and sidewalk concrete rehabilitation program.

The amounts recorded as net transfers are typically comprised of annual transfers in from the Streets Special Revenue Fund and two transfers from the General fund. However, in the prior fiscal year the City Council approved additional funding for the City's pension trust in FY 2023-24 to reach a goal of having pension trust assets fully offset pension liabilities by 2030. A one-time transfer out of $2.0 million for additional funding required to meet this goal took set-asides for future capital improvements in the City's Capital

Projects fund and transferred them to the Employees' Benefits Internal Service fund for investment in the pension trust in the fiscal year ended June 30, 2024.

During the past year, net transfers were just over $1.0 million more than the prior year due to last year's one-time $2.0 million transfer out for pension trust investment. The two recurring transfers out are discussed below:

- Total transfers in from restricted funds increased by just over $150,000 year over year, due to the use of more restricted Gas Tax funds on residential street resurfacing projects in FY 2024-25 than the prior year.
- The two annual General fund transfers in are for 1) the annual funding requirement approved by the City Council to fund current year projects, and 2) an allocation 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 and these amounts can fluctuate greatly from year to year due to a variety of factors. The available surplus amounts from FY 2023-24, and transferred to the City Capital Projects fund in FY 2024-25, decreased $1,170,000 from the prior year.

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 $1.2 million 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, 2025 and 2024

	2025	2024	Change
Operating Revenues			
Charges for services	$ 1,672,705	$ 1,593,387	$ 79,318
Total Operating Revenues	1,672,705	1,593,387	79,318
Operating Expenditures			
Sewer Maintenance	382,488	323,082	59,406
Depreciation	591,085	585,706	5,379
Total Operating Expenditures	973,573	908,788	64,785
Non-Operating Revenues (Expenses)			
Property Taxes	43,493	42,876	617
From other agencies	36	39	(3)
Interest income	428,550	381,847	46,703
Total Non-operating Revenues	472,079	424,762	47,317
Increase (decrease) in net position	$ 1,171,211	$ 1,109,361	$ 61,850

Total Sewer fund operating revenues for the fiscal year ended June 30, 2025 are comprised primarily of sewer fee revenues, which increased by $79,318 from the prior year. Sewer fees are charged to both residential and commercial accounts based on water consumption and can change from year to year based on many factors, including precipitation levels and drought restrictions. The 5.0 percent year over year increase appears reasonable given the relatively dry winter experienced in FY 2024-25 when compared to the prior year.

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 the most recent update was initiated in the fiscal year ended June 30, 2025 with $53,000 of costs incurred prior to the end of the year.

Most non-operating revenues and expenses remain consistent over a typical two-year period. 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. In addition to higher cash balances held for sewer purposes, the Sewer fund experienced a full year of earning a higher market rate than the average rate earned in the prior fiscal year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2025 amounts to $222,831,862 (net of accumulated depreciation) and consists of $204,535,502 for governmental activities and $18,296,360 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, streetlights, and construction in progress. The investment in business-type activities is limited to the City's sanitary sewer system. The City's investment in capital assets for governmental activities increased during the past fiscal year by over $36.4 million (10.4 percent) before depreciation. The following table summarizes capital asset activity for the fiscal year ended June 30, 2025.

Summary of Capital Assets
As of June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Governmental Activities:						
Capital Assets, Not Depreciated:						
Land	$ 12,442,593	$ 12,442,593	$ -	$ -	$ 12,442,593	$ 12,442,593
Construction in Progress	5,424,464	14,203,401	292,924	23,042	5,717,388	14,226,443
Total, Not Depreciated	17,867,057	26,645,994	292,924	23,042	18,159,981	26,669,036
Capital Assets, Being Depreciated:						
Buildings and Improvements	98,563,556	63,665,962	-	-	98,563,556	63,665,962
Machinery and Equipment	12,723,341	12,499,613	-	-	12,723,341	12,499,613
Infrastructure	238,098,154	237,297,391	35,595,966	35,468,602	273,694,120	272,765,993
Lease Assets	112,612	65,484	-	-	112,612	65,484
Subscription Assets	2,114,246	1,800,688		-	2,114,246	1,800,688
Total, Being Depreciated	351,611,909	315,329,138	35,595,966	35,468,602	387,207,875	350,797,740
Less Accumulated Depreciation/Amortization:						
Buildings and Improvements	(25,016,461)	(23,076,834)	-	-	(25,016,461)	(23,076,834)
Machinery and Equipment	(9,093,656)	(8,950,251)	-	-	(9,093,656)	(8,950,251)
Infrastructure	(129,950,044)	(125,434,719)	(17,592,530)	(17,001,445)	(147,542,574)	(142,436,164)
Lease Assets	(37,461)	(15,397)	-	-	(37,461)	(15,397)
Subscription Assets	(845,842)	(500,989)		-	(845,842)	(500,989)
Total Accumulated Depreciation	(164,943,464)	(157,978,190)	(17,592,530)	(17,001,445)	(182,535,994)	(174,979,635)
Total Depreciated, Net	186,668,445	157,350,948	18,003,436	18,467,157	204,671,881	175,818,105
Governmental Activities Capital Assets, Net	$ 204,535,502	$ 183,996,942	$ 18,296,360	$ 18,490,199	$ 222,831,862	$ 202,487,141

Major governmental activities capital asset transactions during the fiscal year ended June 30, 2025 included the following:

- The large decrease to construction in progress is due to finishing construction on the rehabilitation of Arnold Cypress Park. This $31.7 million, multi-year project was less than half complete at June 30, 2024, but the newly renovated park was reopened to the public in May 2025.
- While the completion of the Arnold Cypress Park project comprised the majority of the $34.9 million increase to buildings and improvements, there were several other smaller dollar park improvements completed in the fiscal year ended June 30, 2025. These projects include a new picnic pavilion, sports field lighting replacements, and a new roof at the Community Center.

- The increase to machinery and equipment is attributed to the purchase of a replacement data center and network switches for information technology, six replacement marked police vehicles, and three replacement trucks for the maintenance division in public works.
- Infrastructure additions of $0.8 million are comprised of a variety of traffic signal improvement projects and median improvements along Cerritos Avenue.

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

- Just over $397,000 was invested in sewer capacity and condition improvement projects at various locations and recorded as capital asset additions to the sewer system at June 30, 2025.

Additional information on the City's capital assets can be found in the Capital Assets and Depreciation/Amortization note (6) and the Subscription-Based Information Technology Arrangements note (7) in the notes to the basic financial statements section of this report.

Long-Term debt. The City had total debt outstanding of $81,882,236 at June 30, 2025. The following schedule summarizes the City's long-term liabilities.

Summary of Long-Term Debt
As of June 30, 2025 and 2024

	2025	2024	Change
Claims Payable	$ 2,582,172	$ 2,683,169	$ (100,997)
Compensated Absences	2,604,206	2,588,237	15,969
Total OPEB Liability	8,044,841	9,300,612	(1,255,771)
Net Pension Liability	65,231,964	66,097,882	(865,918)
Subscription/Lease Liabilities	1,150,894	1,212,336	(61,442)
Total	$ 79,614,077	$ 81,882,236	$ (2,268,159)

Long-term debt activity during the fiscal year ended June 30, 2025 included:

- The net change in claims payable is a result of lower outstanding claims for workers' compensation matters which is partially offset by a small increase to general liability claims payable when compared to the prior year. These liabilities tend to fluctuate from year to year based on the timing of when claims are filed and eventually finalized and closed. In recent years workers compensation claims, especially those involving police officers, had trended upward but tapered off modestly in the last year and total nearly $2.2 million at June 30, 2025.
- Compensated absences increased by $15,969. Compensated absence liabilities experience growth in years where there are few retirements or resignations of long-term employees, and when there are significant impacts related to negotiated cost

of living wage adjustments. In the past year, a few long-tenured police officers with significant leave balances retired which substantially offset the liability increases associated with the cost of living wage adjustments provided to all employees.

- 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, 2025. The results of the actuarial valuation resulted in a fairly substantial decrease to the City's liability for retiree's health 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 exceed those provided to active employees.
- The City's pension liability associated with its defined benefit plans decreased by $865,918 during the fiscal year ended June 30, 2025. Year to year fluctuations in the pension liability are common and can be large in any given year, with the annual changes being directly attributable to the results of the annual actuarial valuations performed by the plan's administrators, CalPERS and OCERS.

The City has set aside over $3.5 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, $37.0 million is invested in the City's pension trust as of June 30, 2025. 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 Subscription-Based Information Technology Arrangements note (7), 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 successfully handle economic downturns; maintain a commitment to first class infrastructure; and further establish its reputation as one of Southern California's best cities for families and businesses.

The City's long-term financial position remains strong despite the uncertainties of the past year which have roiled markets and triggered chaotic federal fiscal/economic policy.

Recognizing the most likely short-term outcome of these conditions is upward pressure on costs and downward pressure on growth, the FY 2025-26 Budget presents a cautious, status quo approach while the Five-Year Forecast presented as part of the Budget projects a structural deficit that limits options to absorb cost increases or enhance service levels.

The City has projected similar small deficits for the past several years that, fortunately, have proven to be on paper only and were resolved when revenues exceeded sensible projections and/or some planned spending did not occur. Nonetheless, Cypress' long-term financial future must remain a top consideration for the City Council. This is especially true if Cypress is to remain one of the few established cities in southern California that have not increased the local sales tax rate nor assess a utility user tax.

It is important to note that the deficits projected in the Five-Year Forecast are driven by both economic conditions and the City's annual contribution of current year General Fund operating revenue to infrastructure projects. Historically, City Councils have made this important annual investment in Cypress' high-quality infrastructure and public facilities recognizing that infrastructure is a service the City provides to the community. Like any other City department or function, the City Council's commitment to infrastructure as a service is funded with revenues that would otherwise be available for operations and budget balancing.

The investment of $1.55 million of current year General Fund revenues in infrastructure has not grown since it began approximately 30 years ago. If it had been indexed to Consumer Price Index increases, it would be about $3.25 million in 2025, and if it had grown at the same rate as construction costs, it would be well above $5 million. To account for construction costs increases of as much as 40% since 2020, the FY 2025-26 Budget includes an increase of the ongoing contribution of current year General Fund revenue for infrastructure investment from $1.55 million to $1.8 million. The recommendation underscores the City's commitment to infrastructure as a service but only restores a fraction of the investment's original purchasing power.

Our industry-leading financial management practices are a justifiable source of community pride. Cypress is the only city to be recognized twice by former State Senator (and Certified Public Accountant) John Moorlach for having the strongest unrestricted net (fiscal) position of Orange County's 34 cities.

FY 2025-26 finds the City's short-term financial condition healthy, but navigating a variety of inflation-related challenges, an extraordinarily difficult employment market, and wobbling sales tax revenues.

Personnel costs continue to increase and place considerable strain on City finances. While spending on personnel is an important investment in ensuring Cypress is served by highly capable professionals who are committed to preserving and promoting our community, the costs will be a challenge to sustain.

Employer pension cost forecasts continue to be volatile as CalPERS navigates higher interest rates, international crises, and rising employee wages. Fortunately, in FY 2023-24 the City Council approved a plan to fully offset Cypress' unfunded pension liabilities by 2030, likely making Cypress one of the first cities in the state with a public safety department to fully offset its pension liability without issuing debt. This accomplishment not only strengthens the City's long-term financial position by providing additional flexibility in battling pension liabilities, but it is also an indelible commitment to our employees and their retirement security.

Revenues. The City's projected revenues for Fiscal Year 2025-26 are $54.5 million and do not include any tax rate increases from the previous year. The Fiscal Year 2025-26 revenues included in the budget are two percent higher than the Fiscal Year 2024-25 adopted revenue budget.

The City's largest General fund revenue sources remain property tax ($14.8 million including State backfills) and sales tax ($12.6 million). Together, these two sources comprise nearly two-thirds of General Fund revenues. Budgeted property tax revenues have increased by $0.8 million (5.8 percent) from the FY 2024-25 Budget. The increase is primarily attributed to higher assessed property values due to ownership turnover and new construction within the community. Sales tax receipts are volatile, especially during periods of economic uncertainty. Sales tax receipts have not grown as much as forecasted in recent years and a $335,000 decline from the prior year is projected for FY 2025-26.

Over the last few years, interest rates on Treasury notes have gone from close to zero to well over four percent. As such, investment earnings in FY 2025-26 are $2.2 million and represents a ten-fold revenue increase over the amount included in the Budget from three years ago. In short, the growth in investment earnings over this period are largely responsible for the last three Budgets being balanced without the use of reserves.

Expenditures. Fiscal Year 2025-26 expenditures accomplish Strategic Plan goals and operating costs grow in response to a variety of factors, which includes the ongoing impacts inflation has on the cost of goods and services. Major expenditure highlights in the Fiscal Year 2025-26 Budget are as follows:

- Maintaining current service levels.
- Funding required CalPERS unfunded pension liability amortization increases.

- Incorporating negotiated and anticipated employee salary and benefit increases.

- Year one of the City's updated Seven Year Capital Improvement Program which totals $35.3 million.

- Capital Outlay funding of just over $0.7 million to acquire and/or replace computer software/hardware items, 11 vehicles and various tools and equipment.

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

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	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 170,166,111	$ 10,325,258	$ 180,491,369
Restricted cash and investments	38,497,422	-	38,497,422
Receivables			
Taxes	3,138,177	2,479	3,140,656
Interest	1,172,528	72,470	1,244,998
Notes, net of allowance	104,049	-	104,049
Accounts	1,751,978	143,689	1,895,667
Leases	24,472	-	24,472
Prepaid items	270,139	-	270,139
Inventory	7,364	-	7,364
Net pension asset	822,513	-	822,513
Capital assets, nondepreciable	17,867,057	292,924	18,159,981
Capital assets, net of depreciation/amortization	186,668,445	18,003,436	204,671,881
Total assets	420,490,255	28,840,256	449,330,511
Deferred Outflows of Resources			
Deferred amount from CalPERS Pension	19,134,549	-	19,134,549
Deferred amount from OPEB	291,137	-	291,137
Deferred amount from OCERS	85,329	-	85,329
Total deferred outflows of resources	19,511,015	-	19,511,015
Liabilities			
Accounts payable and other accrued liabilities	7,364,863	88,172	7,453,035
Deposits	1,559,384	-	1,559,384
Unclaimed property	111,395	-	111,395
Unearned revenue	1,001,880	-	1,001,880
Due to bondholders	153,575	-	153,575
Due to other governments	55,687	-	55,687
Long-term liabilities			
Due within one year			
Subscriptions/Leases payable	425,053	-	425,053
Claims payable	645,543	-	645,543
Retirees' health payable (OPEB liability)	488,289	-	488,289
Compensated absences	651,052	-	651,052
Due in more than one year			
Subscriptions/Leases payable	725,841	-	725,841
Claims payable	1,936,629	-	1,936,629
Retirees' health payable (OPEB liability)	7,556,552	-	7,556,552
Compensated absences	1,953,154	-	1,953,154
Net pension liability	65,231,964	-	65,231,964
Total liabilities	89,860,861	88,172	89,949,033
Deferred Inflows of Resources			
Deferred amount from leases	23,735	-	23,735
Deferred amount from CalPERS Pensions	1,715,554	-	1,715,554
Deferred amount from OPEB	2,705,395	-	2,705,395
Deferred amount from OCERS	361,231	-	361,231
Total deferred inflows of resources	4,805,915	-	4,805,915
Net Position			
Net investment in capital assets	202,423,809	18,235,211	220,659,020
Restricted			
Pension trust	37,033,883	-	37,033,883
Net pension asset	822,513		822,513
Public safety	704,506	-	704,506
Public works	13,515,986	-	13,515,986
Recreation	14,014,142	-	14,014,142
Sanitary sewer	-	10,516,873	10,516,873
Low and moderate income housing	88,019	-	88,019
Cable television equipment	889,535	-	889,535
Unrestricted	75,842,101	-	75,842,101
Total net position	$ 345,334,494	$ 28,752,084	$ 374,086,578

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Governmental Activities	Net (Expense) Revenues and Changes in Net Position: Business-type Activities	Total
Governmental Activities							
General government	$ 6,735,155	$ 228,360	$ 143,545	$ 61,450	$ (6,301,800)	$ -	$ (6,301,800)
Community development	2,104,581	1,453,000	39,801	-	(611,780)	-	(611,780)
Public safety	24,036,183	437,167	1,284,278	-	(22,314,738)	-	(22,314,738)
Public works	20,126,091	1,231,262	2,764,789	2,374,961	(13,755,079)	-	(13,755,079)
Recreation	7,824,072	1,837,687	857,196	-	(5,129,189)	-	(5,129,189)
Total governmental activities	60,826,082	5,187,476	5,089,609	2,436,411	(48,112,586)	-	(48,112,586)
Business-type Activities							
Sewer	973,573	1,672,705	36	-	-	699,168	699,168
Total	$ 61,799,655	$ 6,860,181	$ 5,089,645	$ 2,436,411	(48,112,586)	699,168	(47,413,418)
General Revenues							
Taxes							
Property tax, levied for general purpose					8,177,801	-	8,177,801
Property tax, levied for recreation purposes					7,815,068	-	7,815,068
Property tax, levied for lighting purposes					1,774,844	-	1,774,844
Property tax, levied for sewer purposes					-	43,493	43,493
Property tax, backfill of vehicle license fees					6,412,580	-	6,412,580
Sales tax					12,895,299	-	12,895,299
Transient occupancy tax					3,361,552	-	3,361,552
Franchise tax					2,048,695	-	2,048,695
Other taxes					1,803,081	-	1,803,081
Total taxes					44,288,920	43,493	44,332,413
Investment earnings					11,426,327	428,550	11,854,877
Miscellaneous					57,040	-	57,040
Gain on disposal of equipment					17,328	-	17,328
Loss on sale of land held for resale					(1,421,708)	-	(1,421,708)
Total general revenues					54,367,907	472,043	54,839,950
Change in Net Position					6,255,321	1,171,211	7,426,532
Net Position at Beginning of Year					339,079,173	27,580,873	366,660,046
Net Position at End of Year					$ 345,334,494	$ 28,752,084	$ 374,086,578

	Major Funds					
		Special Revenue				
	General	Recreation and Park District	Streets	City Capital Projects Fund	Nonmajor Governmental Fund	Total
Assets						
Cash and investments	$ 38,449,115	$ 12,776,451	$ 6,534,143	$ 68,559,519	$ 8,122,008	$ 134,441,236
Restricted cash and investments	500	1,449,564	-	13,475	-	1,463,539
Receivables						
Taxes	2,963,139	101,235	-	-	73,803	3,138,177
Accrued interest	480,127	125,578	50,389	452,780	23,858	1,132,732
Notes, net of allowance	58,689	-	-	-	45,360	104,049
Accounts	627,636	30,124	774,679	2,000	55,853	1,490,292
Leases	24,472	-	-	-	-	24,472
Prepaids	22,156	250	-	-	-	22,406
Inventory	-	1,318	-	-	-	1,318
Due from other funds	66,606	-	-	-	-	66,606
Advances to other funds	-	-	-	33,645,345	-	33,645,345
Total assets	$ 42,692,440	$ 14,484,520	$ 7,359,211	$ 102,673,119	$ 8,320,882	$ 175,530,172
Liabilities Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payable and other accrued liabilities	$ 2,827,793	$ 2,000,425	$ 81,121	$ 1,727,649	$ 422,436	$ 7,059,424
Deposits	1,534,589	24,795	-	-	-	1,559,384
Unclaimed property	111,095	300	-	-	-	111,395
Unearned revenue	535,762	238,518	-	87,000	140,600	1,001,880
Due to other funds	-	-	27,258	-	39,348	66,606
Advances from other funds	-	33,645,345	-	-	-	33,645,345
Due to bondholders	153,575	-	-	-	-	153,575
Due to other governments	55,687	-	-	-	-	55,687
Total liabilities	5,218,501	35,909,383	108,379	1,814,649	602,384	43,653,296
Deferred Inflows of Resources	-					
Unavailable revenue	14,110	-	200,000	-	-	214,110
Leases	23,735	-	-	-	-	23,735
Total deferred inflows of resources	37,845	-	200,000	-	-	237,845
Fund Balances						
Nonspendable	80,845	1,568	-	-	45,360	127,773
Restricted	-	-	7,050,832	-	7,673,138	14,723,970
Committed	10,329,235	-	-	14,652,471	-	24,981,706
Assigned	24,946,713	-	-	86,205,999	-	111,152,712
Unassigned	2,079,301	(21,426,431)	-	-	-	(19,347,130)
Total fund balances	37,436,094	(21,424,863)	7,050,832	100,858,470	7,718,498	131,639,031
Total liabilities, deferred inflows of resources and fund balances	$ 42,692,440	$ 14,484,520	$ 7,359,211	$ 102,673,119	$ 8,320,882	$ 175,530,172

Fund Balances of Governmental Funds	$ 131,639,031
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 $4,933,655 which is included in the amount reported below, the capital assets net of accumulated depreciation were equal to the following amount.	199,601,837
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.	214,110
Long-term liabilities are not reported in the governmental funds. Except for the internal service fund amount of $72,127,794 which is included in the amount reported below, the long-term liabilities were equal to the following amounts.	
Leases payable	(51,858)
Subscriptions payable	(434,425)
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.	14,365,799
Net Position of Governmental Activities	$ 345,334,494

City of Cypress, California

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	Major Funds					
		Special Revenue				
	General	Recreation and Park District	Streets	City Capital Projects Fund	Nonmajor Governmental Fund	Total
Revenues						
Taxes	$ 35,075,724	$ 7,815,068	$ -	$ -	$ 1,836,295	$ 44,727,087
Licenses and permits	1,062,915	-	-	-	-	1,062,915
Fines and forfeitures	258,859	-	-	-	65,439	324,298
Use of property	4,646,733	1,127,615	340,980	3,649,010	380,692	10,145,030
From other agencies	708,133	125,421	3,987,130	-	266,566	5,087,250
Charges for services	4,295,291	1,408,333	42,350	-	102,766	5,848,740
Other revenue	213,722	33,514	231,831	-	97,306	576,373
Total revenues	46,261,377	10,509,951	4,602,291	3,649,010	2,749,064	67,771,693
Expenditures						
Current						
General government	5,881,249	-	-	-	-	5,881,249
Community development	1,802,907	-	-	-	11,737	1,814,644
Public safety	21,461,796	-	-	-	407,252	21,869,048
Public works	8,644,398	-	3,899,528	3,163,007	1,113,190	16,820,123
Recreation	-	6,003,608	-	-	-	6,003,608
Capital outlay	183,386	22,163,164	311,020	1,676,626	2,528,574	26,862,770
Debt service						
Principal	151,648	82,812	-	-	-	234,460
Interest and fiscal charges	-	608,696	-	-	-	608,696
Total expenditures	38,125,384	28,858,280	4,210,548	4,839,633	4,060,753	80,094,598
Excess (Deficiency) of Revenues Over Expenditures	8,135,993	(18,348,329)	391,743	(1,190,623)	(1,311,689)	(12,322,905)
Other Financing Sources (Uses)						
Transfers in	1,544,637	-	-	4,495,836	-	6,040,473
Transfers out	(4,782,768)	(170,582)	(2,645,585)	-	(815,490)	(8,414,425)
Gain (loss) on sale of land held for resale	-	-	-	-	(1,421,708)	(1,421,708)
Issuance of subscriptions liabilities	136,258	-	-	-	256,097	392,355
Issuance of leases (lessee)	47,128	-	-	-	-	47,128
Total other financing sources (uses)	(3,054,745)	(170,582)	(2,645,585)	4,495,836	(1,981,101)	(3,356,177)
Net Change in Fund Balances	5,081,248	(18,518,911)	(2,253,842)	3,305,213	(3,292,790)	(15,679,082)
Fund Balance - Beginning of Year	32,354,846	(2,905,952)	9,304,674	97,553,257	11,011,288	147,318,113
Fund Balances - End of Year	$ 37,436,094	$ (21,424,863)	$ 7,050,832	$ 100,858,470	$ 7,718,498	$ 131,639,031

Net Change in Fund Balances - Total Governmental Funds	$ (15,679,082)
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	26,837,042
Depreciation/amortization expense (less $1,073,272) recorded in the Internal Service Funds)	(6,661,969)
The issuance of long-term debt, including leases and subscription-based information technology arrangements, provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds.	
Issuance of subscriptions	(392,355)
Principal payments on subscriptions	198,001
Issuance of leases	(47,128)
Principal payments on leases	36,459
Certain revenues in the governmental funds are classified as deferred inflows of resources year-end because they are not collected within the prescribed time period after 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	125,387
Internal service funds are used by management to charge the costs of certain activities (including central services, employee benefits, liability insurance, and workers compensation insurance) to individual funds. The changes in net position of the internal service funds are reported with governmental activities.	1,838,966
Change in Net Position of Governmental Activities	$ 6,255,321

City of Cypress, California
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities -
	Sewer Fund	Internal Service Funds
Assets		
Current Assets		
Cash and investments	$ 10,325,258	$ 35,724,875
Restricted cash with fiscal agents	-	37,033,883
Receivables		
Taxes	2,479	-
Accrued interest	72,470	39,796
Accounts	143,689	261,686
Prepaid items	-	247,733
Inventory	-	6,046
Total current assets	10,543,896	73,314,019
Noncurrent Assets		
Net pension asset	-	822,513
Construction in progress	292,924	513,389
Equipment (net)	-	3,624,694
Subscription assets (net)	-	795,582
Infrastructure (net)	18,003,436	-
Total non-current assets	18,296,360	5,756,178
Total assets	28,840,256	79,070,197
Deferred Outflows of Resources		
Deferred amount from PERS pension plans	-	19,134,549
Deferred amount from OPEB	-	291,137
Deferred amount from OCERS pension plans	-	85,329
Total deferred outflows of resources	-	19,511,015
Liabilities		
Current		
Accounts payable and other accrued liabilities	88,172	305,439
Subscriptions	-	227,628
Accrued claims and judgments	-	645,543
Total OPEB liability	-	488,289
Compensated absences	-	651,052
Total current liabilities	88,172	2,317,951
Noncurrent		
Subscriptions	-	436,983
Accrued claims and judgments	-	1,936,629
Total OPEB liability	-	7,556,552
Compensated absences	-	1,953,154
Net pension liability	-	65,231,964
Total noncurrent liabilities	-	77,115,282
Total liabilities	88,172	79,433,233
Deferred Inflows of Resources		
Deferred amount from PERS pension plans	-	1,715,554
Deferred amount from OPEB	-	2,705,395
Deferred amount from OCERS pension plan	-	361,231
Total deferred inflows of resources	-	4,782,180
Net Position		
Net investment in capital assets	18,296,360	4,269,054
Restricted		
PARS trust	-	37,033,883
Net Pension Asset	-	822,513
Sanitary sewer	10,455,724	-
Unrestricted (deficit)	-	(27,759,651)
Total net position	$ 28,752,084	$ 14,365,799

City of Cypress, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds	Governmental Activities -
	Sewer Fund	Internal Service Funds
Operating Revenues		
Charges for services	$ 1,672,705	$ 20,687,717
Other revenue	-	1,426,624
Total operating revenues	1,672,705	22,114,341
Operating Expenses		
Personnel services	-	1,357,965
Contractual services	-	16,511,137
Supplies and other services	-	6,914,070
Claim payments and changes in estimates	-	566,113
Sewer maintenance	382,488	-
Depreciation/amortization	591,085	1,073,272
Total operating expenses	973,573	26,422,557
Operating Income	699,132	(4,308,216)
Nonoperating Revenues (Expenses)		
Taxes	43,493	-
From other agencies	36	-
Interest income	428,550	3,755,902
Gain on disposal of equipment	-	17,328
Total non-operating revenues (expenses)	472,079	3,773,230
Income before Transfers	1,171,211	(534,986)
Transfers		
Transfers in	-	2,373,952
Change in Net Position	1,171,211	1,838,966
Net Position - Beginning of Year	27,580,873	12,526,833
Net Position - End of Year	$ 28,752,084	$ 14,365,799

	Business-type Activities - Enterprise Funds	Governmental Activities -
	Sewer Fund	Internal Service Funds
Operating Activities		
Cash received from users	$ 1,670,463	$ 22,076,085
Cash payments to suppliers for goods and services	(161,532)	(7,568,034)
Cash payments to employees	(176,478)	(13,184,247)
Net Cash from Operating Activities	1,332,453	1,323,804
Noncapital Financing Activities		
From taxes and other agencies	42,015	-
Transfers in	-	2,373,952
Net Cash from Noncapital Financing Activities	42,015	2,373,952
Capital and Related Financing Activities		
Proceeds from disposal of capital assets	-	17,328
Acquisition of capital assets	(397,246)	(1,703,221)
Interest payments	-	(11,141)
Net Cash used for Capital and Related Financing Activities	(397,246)	(1,697,034)
Investing Activities		
Interest on investments	408,737	3,783,858
Net Cash used for Investing Activities	408,737	3,783,858
Increase in Cash and Cash Equivalents	1,385,959	5,784,580
Cash and Cash Equivalents - Beginning of Year	8,939,299	66,974,178
Cash and Cash Equivalents - End of Year	$ 10,325,258	$ 72,758,758
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 699,132	$ (4,308,216)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation/amortization	591,085	1,073,272
Changes in assets and liabilities:		
Accounts receivable decreased (increased)	(2,242)	(38,256)
Prepaid items decreased (increased)	-	(108,444)
Inventory decreased (increased)	-	(1,270)
Deferred outflows decreased (increased)	-	7,234,929
Accounts payable and other accrued liabilities increased (decreased)	44,478	128,472
Insurance claims payable increased (decreased)	-	(100,998)
Accrued retirees' health payable increased (decreased)	-	(1,255,772)
Accrued leave payable increased (decreased)	-	15,968
Accrued pension liability increased (decreased)	-	(1,046,956)
Deferred inflows increased (decreased)	-	(268,925)
Total adjustments	633,321	5,632,020
Net Cash Provided by Operating Activities	$ 1,332,453	$ 1,323,804

City of Cypress, California
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Custodial Funds
Assets	
Cash and cash equivalents	$ 4,985,736
Receivables	
Accrued interest	36,046
Accounts	25,863
Prepaid items	69,317
Total assets	5,116,962
Liabilities	
Accounts payable and other accrued liabilities	91,951
Unearned revenue	73,521
Total liabilities	165,472
Net Position	
Restricted for	
Member agencies	4,951,490
Total net position	$ 4,951,490

City of Cypress, California
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2025

	Custodial Funds
Additions	
Member contributions	$ 3,150,931
Investment income	221,918
Other revenue	173,051
Total additions	3,545,900
Deductions	
Dispatch services	3,102,165
Total deductions	3,102,165
Change in Net Position	443,735
Net Position - Beginning of Year	2,040,834
Adjustments (Note 22)	2,466,921
Net Position - Beginning of Year, as restated	4,507,755
Net Position - End of Year	$ 4,951,490

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Note 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 and Foundation, although legally separate entities, are in substance part of the City's operations and, accordingly, District and Foundation 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 Foundation 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 and is accounted for and reported under GASB.

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.

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 collected within 60 days of the end of the fiscal year 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.

The City reports the following major governmental funds:

The General Fund – The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Recreation and Park District Special Revenue Fund – This fund accounts for all resources, and operating and capital project activity of the Cypress Recreation and Park District. The primary resources of the District include a portion of the base property tax rate and user fee revenues.

The Streets Special Revenue Fund – This fund accounts for receipts and expenditures of money apportioned under the State of California Streets and Highway Code Sections 2103, 2105, 2106, 2107 and 2107.5 (Gas Tax) and Section 2032(h) (Road Maintenance and Rehabilitation Act); Measure "M2" money from Orange County; and Traffic Mitigation Fees charged by the City.

The City Capital Projects Fund – This fund accounts for construction of major transportation infrastructure, storm drainage 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.

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 economic resources measurement focus and accrual basis of accounting.

Custodial Funds – Custodial funds are used to report fiduciary activities in which the City acts as an agent. The City's only custodial funds are the amounts held on behalf of the West Cities Police Communications Joint Powers Authority.

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.

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.

Restricted cash and investments also includes the City's cash in escrow. Cash in escrow represents amounts withheld for retainage related to construction project(s) as required by the Escrow Agreement for Security Deposits in Lieu of Retention. The Escrow Agreement requires that retention earnings withheld from construction progress payments be deposited with an escrow agent and held for the benefit of the contractor until released by the City upon satisfactory completion of the project.

E. Inventories and Prepaid Items

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. 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.

H. 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 and business-type activities columns of the government-wide financial statements and in the proprietary fund statements. Capital assets are defined by the City as all land, vehicles, computers and equipment with an initial individual cost of more than $1,000; and building 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/amortization 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
Leased assets	2 to 10 years
Subscription assets	2 to 10 years

I. Compensated Absences

Compensated leave for all permanent employees is paid by the Employees' Benefit Internal Service Fund. Compensated absences 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. For sick leave, the City includes only the portion that is more likely than not to be used in the liability which is based off of a two-year average of sick leave usage per employee group.

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.

J. 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.

K. 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, beginning with the year in which they occur. 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, 2024 measurement date, which is 3.8 years for both Safety Plan and Miscellaneous Plan members.

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 5.31 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, 2025 measurement date, which is 8.8 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, adjustments due to changes in proportions, and differences between employer's contributions, and the proportionate share of contributions. 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, 2025 measurement date is 3.8 years for both the Safety Plan and the Miscellaneous Plan.

The deferred inflow related to the OCERS pension plan is the result of differences in expected and actual actuarial experience, changes of assumptions, and 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 and experience. This amount is amortized over a closed period equal to the expected average remaining service lives of plan participants.

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 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.

M. 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.

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, 2025
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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.

N. 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.

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.

O. 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, when appropriate, apply the expenditures against fund balance in the following order: restricted, committed, assigned, and unassigned.

P. 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.

Q. New Accounting Pronouncements

Current Year Standards:

The City adopted the following new accounting pronouncements:

- GASB Statement No. 101 – "Compensated Absences" effective for fiscal years beginning after December 15, 2023.
- GASB Statement No. 102 – "Certain Risk Disclosures" effective for fiscal years beginning after June 15, 2024.

Effective in Future Fiscal Years:

The GASB has issued the following pronouncements that have effective dates which may impact future financial statement presentation. The City has not determined the effect of the following statements:

- GASB Statement No. 103 – "Financial Reporting Model Improvements"
- GASB Statement No. 104 – "Disclosure of Certain Capital Assets"

Note 2 - 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.

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:

Diversification by Investments	Maximum Percent of Portfolio
Securities of the U.S. Government	100%
Federal Agency Issues	100%
Certificates of Deposits (of Time Deposits) placed with with commercial banks and/or savings and loan companies	25%
Bankers' Acceptances	25%
Commercial Paper	25%
Negotiable Certificates of Deposit	25%
Medium-term Corporate Notes	25%
Local Agency Investment Fund (LAIF)	$75M per account
Investment Trust of California (CalTRUST)	$50 million
Money Market Mutual Fund	20%
Municipal Bonds	5%

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.

Investments Authorized by Debt Agreements

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, 2025, the carrying amount of the City's demand deposits was $1,161,059. The bank balances of these funds totaled $1,821,495 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.

The following is a summary of pooled cash and investments, including restricted cash and investments, as of June 30, 2025:

	Government Wide Statement of Net Position		Fiduciary Funds Statement of Net Position	Totals
	Governmental Activities	Business-type Activities		
Cash and investments	$ 170,166,111	$ 10,325,258	$ 4,985,736	$ 185,477,105
Restricted cash and investments	38,497,422	-	-	38,497,422
Totals	$ 208,663,533	$ 10,325,258	$ 4,985,736	$ 223,974,527

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. Restricted cash held in escrow which are reported in governmental activities include the Cypress Recreation and Park District's construction retention.

Cash and investments, as of June 30, 2025, consist of the following deposits, and investments and maturities:

		Remaining Maturity		
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Deposits				
Demand Deposits	$ 1,161,059	$ 1,161,059	$ -	$ -
Restricted Cash				
Escrow Deposits	1,463,539	-	-	1,463,539
Investments				
State of California Local Agency Investment Fund	78,093,468	78,093,468	-	-
Federal Farm Credit Bank	32,232,620	12,039,720	-	20,192,900
Federal Home Loan Mortgage Corporation	4,981,950	-	-	4,981,950
Federal Home Loan Bank	33,628,161	-	12,789,243	20,838,919
Federal National Mortgage Association	10,615,997	-	-	10,615,997
United States Treasury	24,763,850	9,853,000	-	14,910,850
Restricted Cash and Investments				
PARS Mutual Funds	37,033,883	37,033,883	-	-
Total cash and investments	$ 223,974,527	$ 138,181,130	$ 12,789,243	$ 73,004,155

Concentration of Credit Risk

Concentration of credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. 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 to no more than 5% for municipal bonds and 10% of the City's total investments for commercial paper, medium-term corporate notes and money market mutual funds. At June 30, 2025, investments in one issuer representing 5% or more of the City's total investments were as follows:

Issuer	Investment Type	Fair Value
Federal Farm Credit Bank	U.S. Government-Sponsored Enterprise Securities	$ 32,232,620
Federal Home Loan Bank	U.S. Government-Sponsored Enterprise Securities	$ 33,628,161
Federal National Mortgage Association	U.S. Government-Sponsored Enterprise Securities	$ 10,615,997

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, 2025, the approximately 55% of 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 730 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, 2025, 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, 2025, the factor used was 1.001198310. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. As of June 30, 2025, the City and the District each had total deposits of $39,000,000 invested in LAIF, with a fair value of $39,046,734. LAIF had invested 3.81% of its portfolio in structured notes and medium-term asset- backed securities.

The City may participate 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 any 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.

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 City has the following recurring fair value measurements as of June 30, 2025:

	Totals	Investments not Subject to Hierarchy	Level 1	Level 2	Level 3
Deposits					
Demand Deposits	$ 1,161,059	$ 1,161,059	$ -	$ -	$ -
Restricted Cash					
Escrow Deposits	1,463,539	1,463,539	-	-	-
Investments					
State of California Local Agency Investment Fund	78,093,469	78,093,469	-	-	-
Federal Farm Credit Bank	32,232,620	-	-	32,232,620	-
Federal Home Loan Mortgage Corporation	4,981,950	-	-	4,981,950	-
Federal Home Loan Bank	33,628,161	-	-	33,628,161	-
Federal National Mortgage Association	10,615,997	-	-	10,615,997	-
United States Treasury	24,763,850	-	-	24,763,850	-
Restricted Cash and Investments					
PARS Mutual Fund	37,033,883	37,033,883	-	-	-
Total Investments	$ 223,974,528	$ 117,751,950	$ -	$ 106,222,578	$ -

Note 3 - Notes Receivable

Changes in Notes Receivable

The following is a summary of note receivable transactions for governmental activities for the year ended June 30, 2025:

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Classification: Due Within One Year	Classification: Due in More than One Year
Home Loans	$ 351,390	$ -	$ (86,394)	$ 264,996	$ 96,130	$ 168,866
Housing Covenants	10,960,135	1,929,667	-	12,889,802	-	12,889,802
Other Notes	4,281	-	(428)	3,853	428	3,424
Subtotal	11,315,806	1,929,667	(86,822)	13,158,651	96,558	13,062,092
Less: Allowance	(11,189,960)	(1,929,667)	65,025	(13,054,602)	-	(13,054,602)
Total	$ 125,846	$ -	$ (21,797)	$ 104,049	$ 96,558	$ 7,490

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 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.

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 $100,196 (which is net of an allowance of $164,800 for forgivable loans) at June 30, 2025, in both the fund financial statements and the government-wide statements.

Housing Covenants

The City holds notes receivable totaling $12,889,802 (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 $652,710 at June 30, 2025, 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 $786,542 at June 30, 2025, are forgivable at the end of the covenant term.

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 $1,671,944 at June 30, 2025, 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 May 2025, the City entered into an agreement which provided a $1,629,000 loan to Olson Urban VI – Cypress 3, LLC (the Olson Company) to acquire the property at 5732 Lincoln Avenue and build a twenty-unit townhome development with five (5) units restricted for sale to low-income households (80% or less of County median income). The project is currently under construction. Upon sale of the low-income units, each homeowner will assume one-fifth of the City's loan from the Olson Company, securing the affordability covenant for a term of 45 years. The City loan to the Olson Company provides for interest to accrue at a rate of 4% per annum to be added to the loan principal each year. When transferred to the low-income homeowner, interest will not accrue. The loans, totaling $1,629,000 plus accrued interest of $8,688, are forgivable at the end of the 45-year 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 $12,889,802 has fully offset the amount reported as notes receivable in the government-wide statements at June 30, 2025.

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.

Note 4 - Interfund Transactions

Interfund Balances

The following summarizes the total due and due from other funds as of June 30, 2024:

Receivable Fund	Payable Fund	Amount
General Fund	Street Fund	$ 27,258
	Nonmajor Governmental Funds	39,348
		$ 66,606

The outstanding balances between funds result from interfund borrowings and to cover cash flow deficits resulting from annual operating transfers to other funds.

Interfund Advances

Receivable Fund	Payable Fund	Amount
City Capital Projects Fund	Recreation and Park District	$ 33,645,345
		$ 33,645,345

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 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 note has an initial repayment term of five years, with the understanding the note will be renewed and repayment deferred until sufficient park development receipts are available. The District will pay annual interest to the City on the outstanding note balance at the rate earned by the California Local Agency Investment Fund (LAIF) until June 30, 2026. Beginning June 30, 2026, the District will pay annual interest to the City on the outstanding note balance at the rate of 2%.

A total of $12,293,975 was loaned to the District for Lexington Park construction, and repayments to the City using available park development fees total $9,109,308 through June 30, 2025. All interest has been paid through the end of the fiscal year and the outstanding balance on the note totaled $3,184,667 at June 30, 2025. The project is complete and no further advances will be made. Future repayments will be determined based on the availability of park development revenues.

On November 13, 2023, the City approved an advance of up to $33,500,000 from the City Capital Projects Fund to the Cypress Recreation and Park District Special Revenue Fund for the reconstruction of Arnold Cypress Park. The note establishes an interest rate of 2.0% per annum. Annual payments of $2 million per year, inclusive of interest, will be made from District resources beginning June 30, 2025. A total of $32,009,479 has been loaned to the District since the note was approved. Interest of $451,199 has been paid as of year-end. The total outstanding balance on the note was $30,460,678 at June 30, 2025. Additional proceeds up to $1,490,251, which represents the remaining authorized limit on the note, may occur in the coming year.

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, 2025, are as follows:

	Transfers Out				
	General Fund	Recreation and Park District Fund	Streets Fund	Non-major Governmental Funds	Totals
Transfer In					
General Fund	$ -	$ -	$ 1,312,332	$ 232,305	$ 1,544,637
Capital Projects Fund - City	3,162,583	-	1,333,253	-	4,495,836
Internal Service Funds	1,620,185	170,582	-	583,185	2,373,952
Totals	$ 4,782,768	$ 170,582	$ 2,645,585	$ 815,490	$ 8,414,425

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 and administrative costs associated with the Stanton Channel Maintenance District and Lighting District funds.

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 Streets Fund provided funding for eligible capital improvements for residential street resurfacing, concrete and sidewalk rehabilitation, frontage road landscape improvements, and a water conservation study.

The transfer to the Internal Service Funds from the General Fund provided $1,500,000 to the Employees' Benefit Fund for investment in the pension trust and $120,185 for vehicle and equipment purchases.

The transfers to the Internal Service Funds from the Recreation and Park District fund provided $150,000 for future OCERS pension costs and $20,582 for the purchase of capital outlay items in the City's Central Services Funds.

The transfer to the Internal Service Funds from the Non-major Governmental Funds provided funds for the purchase of Police equipment and closed-captioning equipment for City Council meetings.

Note 5 - 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 and recorded on the City's books as Assets Available for Resale. In March 2024, the City entered into a purchase and sale agreement with Olson Urban Housing, LLC (Olson) to build 20 residential units, including five units for affordable to low-income households.

The sale was finalized in May 2025 and under the terms of the agreement, Olson acquired the land for its appraised value of $1,629,000, however Olson will retain the full $1,629,000 to subsidize the affordable units, with each unit receiving $325,000 as a second loan from the City. Covenants will be recorded against the affordable units, ensuring adherence to low-income affordability for 55 years. It is anticipated all covenants will be forgiven at the end of the 55 years and the City will never receive any compensation for the sale of the land. Therefore, the land has been removed from the City's books and a loss of $1,421,708 has been recorded during the fiscal year ended June 30, 2025 to reflect the transfer of land. If Olson fails to develop the project pursuant to the approved schedule, control of the property would return to the City.

Note 6 - Capital Assets and Depreciation/Amortization

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/amortization has been recorded. At June 30 2025, the City's capital assets consisted of the following:

	Governmental Activities				
	Balance July 01, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital Assets, Not Depreciated/Amortized					
Land	$ 12,442,593	$ -	$ -	$ -	$ 12,442,593
Construction in Progress	14,203,401	26,111,010	-	(34,889,947)	5,424,464
Total, not depreciated	26,645,994	26,111,010	-	(34,889,947)	17,867,057
Capital Assets, Being Depreciated					
Buildings and Improvements	63,665,962	529,109	-	34,368,485	98,563,556
Machinery and Equipment	12,499,613	902,151	(695,681)	17,258	12,723,341
Infrastructure	237,297,391	296,559	-	504,204	238,098,154
Total, being depreciated	313,462,966	1,727,819	(695,681)	34,889,947	349,385,051
Less Accumulated Depreciation					
Buildings and Improvements	(23,076,834)	(1,939,627)	-	-	(25,016,461)
Machinery and Equipment	(8,950,251)	(814,056)	670,651	-	(9,093,656)
Infrastructure	(125,434,719)	(4,515,325)	-	-	(129,950,044)
Total accumulated depreciation	(157,461,804)	(7,269,008)	670,651	-	(164,060,161)
Total depreciated, net	156,001,162	(5,541,189)	(25,030)	34,889,947	185,324,890
Right to Use Lease Assets Being Amortized					
Equipment	65,484	47,128	-	-	112,612
Less Accumulated Amortization for Right to Use					
Lease Assets	(15,397)	(22,064)	-	-	(37,461)
Right to Use Lease Assets, being amortized, net	50,087	25,064	-	-	75,151
Right to Use Subscription IT Assets	1,800,688	481,562	(168,004)	-	2,114,246
Less Accumulated Amortization for Right to Use					
Subscription IT Assets	(500,989)	(444,169)	99,316	-	(845,842)
Right to Use Subscription IT Asset being amortized, net	1,299,699	37,393	(68,688)	-	1,268,404
Total capital assets, net of depreciation/amortization	157,350,948	(5,478,732)	(93,718)	34,889,947	186,668,445
Governmental Activities Capital Assets	$ 183,996,942	$ 20,632,278	$ (93,718)	$ -	$ 204,535,502

Depreciation/amortization expense was charged to functions/programs of governmental activities for the fiscal year ended June 30, 2025 as follows:

General Government	$ 436,595
Community Development	37,187
Recreation	1,186,463
Public Safety	281,813
Public Works	4,719,911
Internal Service Funds Depreciation/Amortization (Charged to Programs Based on Usage)	1,073,272
Total depreciation/amortization expense - governmental activities	$ 7,735,241

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Business-type Activities				
	Balance July 01, 2024	Additions	Deletions	Transfers	Balance June 30, 2025
Capital Assets, Not Depreciated					
Construction in Progress	$ 23,042	$ 269,882	$ -	$ -	$ 292,924
Total, not depreciated/amortized	23,042	269,882	-	-	292,924
Capital Assets, Being Depreciated					
Infrastructure	35,468,602	127,364	-	-	35,595,966
Total, being depreciated	35,468,602	127,364	-	-	35,595,966
Less Accumulated Depreciation					
Infrastructure	(17,001,445)	(591,085)	-	-	(17,592,530)
Total accumulated depreciation	(17,001,445)	(591,085)	-	-	(17,592,530)
Total depreciated/amortized, net	18,467,157	(463,721)	-	-	18,003,436
Business-type Activities, Capital Assets, Net	$ 18,490,199	$ (193,839)	$ -	$ -	$ 18,296,360

Depreciation expense for business-type activities for the fiscal year ended June 30, 2025, was charged as follows:

Sewer	$ 591,085
Total depreciation expense - business-type activities	$ 591,085

Construction Commitments

The City has active construction projects as of June 30, 2025. The projects include traffic signals, streets, and sewers. At fiscal year-end, the City's encumbrances with contractors were as follows:

	Remaining Commitment
Capital Projects - Park District	$ 2,755,201
Capital Projects - City	1,684,223
Streets Fund	445,339
Lighting Fund	1,162,617
Totals	$ 6,047,380

Note 7 - Subscription-Based Information Technology Arrangements

For the year ended June 30, 2025, the City reported the following Subscription-Based Information Technology Arrangements under GASB Statement No. 96. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. Information on the subscription asset and liability as of June 30, 2025, is as follows:

Major Class of Underlying Asset	Amount of Subscription Assets	Accumulated Amortization
Software as a service	$ 2,114,246	$ 845,842

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
Subscription Liability	$ 1,171,147	$ 481,562	$ 553,673	$ 1,099,036	$ 388,751	$ 710,285

The future principal and interest subscription payments as of June 30, 2025, are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 388,751	$ 20,968	$ 409,719
2027	294,966	13,239	308,205
2028	261,335	8,888	270,223
2029	153,984	2,465	156,449
	$ 1,099,036	$ 45,560	$ 1,144,596

Note 8 - Leases

For the year ended June 30, 2025, the City reported the following leases under GASB Statement No. 87:

Major Class of Underlying Asset	Amount of Leased Assets	Accumulated Amortization
Equipment		
Governmental Funds	$ 112,612	$ 37,461
Totals	$ 112,612	$ 37,461

Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year	Due in More Than One Year
Lease Liability						
Governmental Funds	$ 41,189	$ 47,128	$ 36,459	$ 51,858	$ 36,302	$ 15,556
	$ 41,189	$ 47,128	$ 36,459	$ 51,858	$ 36,302	$ 15,556

The future principal and interest lease payments as of June 30, 2025, are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 36,302	$ 1,325	$ 37,627
2027	13,262	366	13,628
2028	2,294	61	2,355
	$ 51,858	$ 1,752	$ 53,610

Note 9 - Other Long-Term Liabilities

During the year ended June 30, 2025, in addition to the subscription-based information technology arrangements in Note 7, leases in Note 8, net pension liability in Notes 10 and 12, other post-employment benefits in Note 13, and claims payable in Note 15, the City had the following changes in Other Long-Term Liabilities:

Description	Balance July 1, 2024	Net Change	Balance June 30, 2025	Classification: Due Within One Year	Classification: Due in More than One Year
Compensated Absences	$ 2,588,237	$ 15,969	$ 2,604,206	$ 651,052	$ 1,953,154
	$ 2,588,237	$ 15,969	$ 2,604,206	$ 651,052	$ 1,953,154

Note 10 - Public Employees' Retirement System (CalPERS)

Pension Plan Summaries

	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense/ (Revenue)
CalPERS				
Safety	$ 37,551,626	$ 11,271,496	$ 776,497	$ 7,427,409
Miscellaneous	27,680,338	7,863,053	939,057	4,844,492
OCERS *	(822,513)	85,329	361,231	(120,878)
	$ 64,409,451	$ 19,219,878	$ 2,076,785	$ 12,151,023

*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, 2025, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a percentage of eligible compensation	1.426% - 2.418%	1.000% - 2.500%
Required employee contribution rates	7.00%	8.25%
Required employer contribution rates:		
Normal cost rate	13.31%	8.18%
Payment of unfunded liability	$ 2,422,875	$ 3,446

	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	9.00%	14.50%
Required employer contribution rates:		
Normal cost rate	29.30%	14.72%
Payment of unfunded liability	$ 3,026,452	$ 17,617

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount necessary to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements identified by the pension plan as member contributions are classified as plan member contributions.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each Plan is measured as of June 30, 2024, 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, 2023 rolled forward to June 30, 2024 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, 2023 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

[(1)] The mortality table used was developed based on the CalPERS-specific data. The probabilities are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study from November 2021 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 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return (1),(2)
Global Equity - Cap- Weighted	30.00%	4.54%
Global Equity - Non-Cap- Weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage- backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation rate of 2.30% was used for this period.
(2) Figures are based on the 2021 Asset Liability Management Study.

C. Changes in the Net Pension Liability

Proportionate Share of Net Pension Liability: As of June 30, 2024, 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	$ 37,551,626
Miscellaneous Plan	27,680,338
Total net pension liability	$ 65,231,964

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2023 and 2024 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2024	0.56074%	0.50915%
Proportion - June 30, 2025	0.57231%	0.51505%
Change - Increase (Decrease)	0.01157%	0.00590%

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	5.90%	$ 41,513,292	$ 55,088,335	$ 96,601,627
Current Discount Rate	6.90%	27,680,338	37,551,626	65,231,964
1 % Increase	7.90%	16,293,781	23,209,064	39,502,845

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, 2025, the City recognized pension expense of $4,844,492 in the Miscellaneous Plan; $7,427,409 in the Safety Plan; and ($120,878) in the Terminated OCERS Plan (Note 14) for a total of $12,151,023. At June 30, 2025, the City reported deferred outflows and deferred inflows of resources related to CalPERS pensions as follows:

Miscellaneous Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 3,164,869	$ -
Changes of assumptions	711,442	-
Differences between expected and actual experience	2,393,219	(93,382)
Net difference between projected and actual earnings on pension plan investments	1,593,523	-
Adjustments due to differences in proportions	-	(429,863)
Changes in proportion and differences between contributions and proportionate share of Contributions	-	(415,812)
Total	$ 7,863,053	$ (939,057)

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
City contributions subsequent to measurement date	$ 4,429,976	$ -
Changes of assumptions	925,195	-
Differences between expected and actual experience	3,064,547	(99,642)
Net difference between projected and actual earnings on pension plan investments	1,815,075	-
Adjustments due to differences in proportions	298,797	(315,660)
Changes in proportion and differences between contributions and proportionate share of	737,906	(361,195)
Total	$ 11,271,496	$ (776,497)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date of $3,164,869 for the Miscellaneous Plan and $4,429,976 for the Safety Plan, totaling $7,594,845, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Miscellaneous Plan	Safety Plan	Total
2026	$ 1,051,944	$2,329,546	$ 3,381,490
2027	3,317,399	4,333,022	7,650,421
2028	(64,133)	23,491	(40,642)
2029	(546,083)	(621,036)	(1,167,119)
	$ 3,759,127	$ 6,065,023	$ 9,824,150

Note 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, 2025, the City's payroll covered by the plan was $836,440. Employee contributions to the plan totaled $62,733. The City does not contribute to the plan.

Note 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.

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.

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, OCERS will recalculate the unfunded actuarial accrued liability (UAAL) attributable to the District every three years beginning December 31, 2020, and at least every three years thereafter. 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 Liability/(Asset), Pension Expenses, and Deferred Outflows/Inflows of Resources

As of December 31, 2024, the District reported a net pension asset for the OCERS plan of $822,513. The net pension liability(asset) was measured as of December 31, 2023, and 2022. 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, 2023 and 2022, respectively.

The District's net pension liability/(asset) and proportionate share of the total net pension liability as of December 31, 2024 and 2023 was as follows:

	OCERS	Proportionate Share
Net Pension Liability/(Asset) - December 31, 2023	(641,475)	-0.013%
Net Pension Liability/(Asset) - December 31, 2024	(822,513)	-0.021%
Change in Liability/(Asset)	181,038	0.008%

Actuarial Assumptions: The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Experience Study	Three-year period ended December 31, 2022 and dated August 11, 2023.
Actuarial Cost Method	Entry age normal
Actuarial Assumptions	
Inflation	2.50%
Salary Increases	General: 4.0% to 11.0%
Investment Rate of Return	7%, net of pension plan investment expense
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, 2020 through December 31, 2022 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- 2021, 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, 2024 and 2023. 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. 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, 2024 and December 31, 2023.

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 (beginning with December 31, 2024, including only investment consultant fees, custodian fees and other miscellaneous investment expenses and fees but excluding investment manager fees) and a risk margin. Beginning with December 31, 2024 this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, are shown in the following table. For December 31, 2023 these rates are before deducting investment management expenses while for December 31, 2024 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations for December 31, 2024 and December 31, 2023. This information will change every three years based on the results of an actuarial experience study.

Sensitivity of the Net Pension Liability/(Asset) 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:

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return (1)
Global Equity	45.00%	7.05%
Investment Grade Bonds	9.00%	1.97%
High Yield Bond	0.50%	4.63%
TIPS	2.00%	1.77%
Emerging Market Debt	0.50%	4.72%
Long-Term Government Bonds	3.30%	2.82%
Real Estate	3.00%	3.86%
Private Equity	15.00%	9.84%
Private Credit	3.50%	6.47%
Value Added Real Estate	3.00%	7.38%
Opportunistic Real Estate	1.00%	9.74%
Energy	2.00%	10.89%
Infrastructure (Core Private)	1.00%	5.98%
Infrastructure (Non-Core Private)	3.00%	8.88%
Global Macro	1.70%	3.17%
CTA (Trend Following)	3.30%	3.15%
Alternative Risk Premia	1.70%	3.24%
Special Situations Lending	1.50%	8.96%
Total	100.00%	6.55%

(1) Arithmetic real rates of return are net of inflation.

Net Pension Liability/(Asset)		
	Discount Rate	
1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
$ 158,320	$ (822,513)	$ (1,624,622)

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, 2025, the District recognized pension income of $120,878 in the OCERS Plan. At June 30, 2025, 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	$ 72,060	$ (336,165)
Net difference between projected and actual earnings on pension plan investments	-	(22,985)
Changes of assumptions	13,269	(2,081)
Total	$ 85,329	$ (361,231)

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
2026	$ (53,007)
2027	99
2028	(165,395)
2029	(59,650)
Thereafter	2,051
	$ (275,902)

Note 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 ($158 per month in 2025) 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, $125, or $185 per month for full-time employees based on employee association.

Employees Covered

As of the June 30, 2025 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plans:

	Defined Benefits Plans		Defined Contribution
	PEMHCA Minimum	Supplemental Health Care Benefit	Retiree Health Savings
Active Employees	124	6	118
Eligible Retirees - Enrolled	68	21	n/a
Eligible Retirees - Not Enrolled	97	0	n/a

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, 2025, 68 retirees were receiving the PEMHCA benefit and the cost to the City for the year ended June 30, 2025 was $130,725. The City paid an additional $78,597 to 21 retirees during the year for the Supplemental Health Care Benefit. For the measurement date ended June 30, 2025, the City's cash contributions were $209,322, 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, 2025, the City's contribution towards the implicit subsidy was $256,869.

The Retiree Health Savings Plan (RHS) is a defined contribution plan. Eligible employees receive either $75, $125, or $185 per month, depending on bargaining unit, deposited in an individual Retiree Health Savings Account. During the fiscal year ended June 30, 2025, the City paid $246,210 into RHS accounts for eligible employees, which includes $60,000 of retirement incentives. 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 $8,044,841 was based on an actuarial valuation as of June 30, 2025, a measurement date of June 30, 2025 and a discount rate of 5.20%. The total OPEB liability was determined using the following assumptions:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions	
Discount Rate (1)	
As of 6/30/25	5.20%
Inflation	2.50%
Salary increases	2.75%
Mortality rate	(2)
Healthcare cost-trend rates	7.50 percent for 2025 decreasing to 5.80 percent for 2029, 5.50 percent for 2030-2024, 4.70 percent for 2035-2044, 4.60 percent for 2045-2054, 4.50 percent for 2055-2074, and 4.00 percent for 2075 and later years; Medicare ages: 5.50 percent 2025, 5.00 percent for 2026, 4.75 for 2027, 4.50 percent for 2028-2074, and 4.00 percent for 2075 and later years.

(1) The discount rate increased from 3.97% to 5.20%. The discount rate for both 2024 and 2025 was based on the Bond Buyer's 20-year bond General Obligation Index.
(2) Mortality rates were based on the 2000-2019 CalPERS Experience Study Mortality Rates 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, 2024	$ 9,300,612
Changes recognized for the measurement period:	
Service cost	377,233
Interest	375,047
Difference between expected and actual experience	(910,412)
Changes of assumptions *	(631,448)
Benefit payments, including implicit subsidy	(466,191)
Net changes	(1,255,771)
Balance at June 30, 2025	$ 8,044,841

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability as of June 30, 2025 calculated using the discount rate of 5.20%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.20%) or one percentage point higher (6.20%) than the current rate:

	1% Decrease (4.20%)	Current Rate (5.20%)	1% Increase (6.20%)
Plan's net OPEB liability/(asset)	$ 9,041,166	$ 8,044,841	$ 7,209,873

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, 2025, 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	Current Healthcare Trend Rate	1% Increase
Plan's net OPEB liability/(asset)	$ 7,096,410	$ 8,044,841	$ 9,222,351

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, 2025, the City recognized OPEB expense of $573,289.

Deferred Outflows/Inflows of Resources Related to OPEB

As of the fiscal year ended June 30, 2025, 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	$ 174,957	$ (940,834)
Changes of assumptions	116,180	(1,764,561)
Total	$ 291,137	$ (2,705,395)

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
2026	$ (411,266)
2027	(411,266)
2028	(411,266)
2029	(399,479)
2030	(272,447)
Thereafter	(508,534)
Total	$ (2,414,258)

Note 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 or OPEB 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, 2025, $37,033,883 in restricted cash and investment in the Employees' Benefit Internal Service Fund is restricted for pension contribution stabilization.

Note 15 - Self Insurance

At June 30, 2025, 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 14 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 $43,000,000 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, 2025. Upon termination of CIPA, and after settlement of all claims, any excess or deficit will be divided among the cities in proportion to the amount of their contributions.

Liabilities associated with the self-insurance program area are accrued when incurred in the internal service funds (using the accrual basis of accounting). The amount accrued represents estimates of amounts to be paid for reported claims and incurred-but-not-yet-reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2025 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, 2025, the Liability Insurance Fund and the Workers' Compensation Fund had reserves for catastrophic losses of $1,638,141 and $1,478,342, respectively, which are reported as net position in these funds. The claims liabilities of $399,714 and $2,182,458 reported in the Liability Insurance and Workers' Compensation Funds, respectively, at June 30, 2025, 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, 2023 and June 30, 2024 are as follows:

	Liability Insurance	Workers' Compensation	Total Claims
Liability - June 30, 2023	$ 201,740	$ 1,944,132	$ 2,145,872
Current year claims	48,135	136,829	184,964
Changes in estimates	130,993	406,304	537,297
Claims payments	(48,135)	(136,829)	(184,964)
Liability - June 30, 2024	$ 332,733	$ 2,350,436	$ 2,683,169
Current year claims	$ 155,562	$ 186,512	$ 342,074
Changes in estimates	243,755	231,285	475,040
Claims payments	(332,336)	(585,775)	(918,111)
Liability - June 30, 2025	$ 399,714	$ 2,182,458	$ 2,582,172
Due within one year	$ 99,929	$ 545,614	$ 645,543
Due in more than one year	299,785	1,636,844	1,936,629
	$ 399,714	$ 2,182,458	$ 2,582,172

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.

Note 16 - Classification of Net Position

	Government Wide Statement of Net Position		
	Governmental Activities	Business-type Activities	Totals
Capital Assets	$ 369,478,966	$ 35,888,890	$ 405,367,856
Less: Accumulated Depreciation	(164,943,464)	(17,592,530)	(182,535,994)
Add: Restricted cash in escrow	1,449,564	-	1,449,564
Less: Capital Accounts Payable and Retention Payable	(2,410,363)	(61,149)	(2,471,512)
Less: Subscriptions and Leases Payable	(1,150,894)	-	-
Net Investment in Capital Assets	202,423,809	18,235,211	220,659,020
Restricted for			
Other-Pension Trust	37,033,883	-	37,033,883
Net pension asset	822,513	-	822,513
Public Safety	704,506	-	704,506
Public Works-Street Maintenance and Improvements	7,278,009	-	7,278,009
Public Works-Street Lighting	4,614,001	-	4,614,001
Public Works-Clean Air Act Programs	34,752	-	34,752
Public Works-Local Drainage Improvements	1,175,358	-	1,175,358
Public Works-Community Develop. Block Grant	200,000	-	200,000
Public Works-Other	213,866	-	213,866
Total - Public Works	13,515,986	-	13,515,986
Sanitary Sewer System	-	10,516,873	10,516,873
Recreation	13,968,840	-	13,968,840
Recreation-Open Space Improvements	57	-	57
Recreation-Facility and Service Enhancements	45,245	-	45,245
Total-Recreation	14,014,142	-	14,014,142
Low and Moderate Income Housing	88,019	-	88,019
Cable Television Equipment	889,535	-	889,535
Total Restricted	67,068,584	10,516,873	77,585,457
Unrestricted	75,842,101	-	75,842,101
Total Net Position	$ 345,334,494	$ 28,752,084	$ 374,086,578

The City's Net Position at June 30, 2025 is summarized as follows:

Net Investment in Capital Assets – This net position amount represents capital assets, net of accumulated depreciation and reduced by outstanding debt attributed to acquisition, construction, or improvement of the assets.

Restricted for Public Safety – These funds are restricted for law enforcement purposes, supplementing but not supplanting other public safety funding.

Restricted for Public Works – *Street Maintenance and Improvements* – This restriction represents amounts received from State and Local governments and developers that are required to be used for the construction and maintenance of streets within the City.

Restricted for Public Works – *Street Lighting* – This restriction represents property tax amounts assessed for expenditures for streetlights, traffic signal maintenance and construction.

Restricted for Public Works – *Local Drainage Improvements* – These amounts received from developers are restricted for expenditures for master planned drainage projects.

Restricted for Public Works – 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 represents the balance of the Pension Trust, a tax-exempt, irrevocable pension trust designed to pre-fund retirement plan obligations.

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 – Net Pension Asset – This restriction represents the Net Pension Asset for the Terminated Orange County Employees Retirement System.

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.

Note 17 - Classifications of Fund Balances

The City has adopted the provisions of GASB Statement No. 54, "Fund Balance and Governmental Fund Type Definitions". GASB 54 establishes fund balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements conform to the new classification and are summarized as follows.

	General Fund	Recreation and Park District Fund	Streets Fund	City Capital Projects Fund	Nonmajor Governmental Funds	Totals
Nonspendable						
Prepaids	$ 22,156	$ 250	$ -	$ -	$ -	$ 22,406
Notes Receivable	58,689	-	-	-	45,360	104,049
Inventory	-	1,318	-	-	-	1,318
Total nonspendable	80,845	1,568	-	-	45,360	127,773
Restricted			-			
Streets	-	-	7,050,832	-	-	7,050,832
Local Drainage	-	-	-	-	1,175,358	1,175,358
Landscape Maintenance	-	-	-	-	213,865	213,865
Street Lighting	-	-	-	-	4,614,002	4,614,002
Cable Television Equipment	-	-	-	-	889,535	889,535
Clean Air Act Programs	-	-	-	-	34,752	34,752
Police	-	-	-	-	702,968	702,968
Low and Moderate Income Housing	-	-	-	-	42,658	42,658
Total restricted	-	-	7,050,832	-	7,673,138	14,723,970
Committed						
Stabilization Agreement	10,329,235	-	-	-	-	10,329,235
Captial Improvements	-	-	-	14,652,471	-	14,652,471
Total committed	10,329,235	-	-	14,652,471	-	24,981,706
Assigned						
Future Capital Improvements	8,950,000	-	-	52,560,654	-	61,510,654
Advance to Other Funds	-	-	-	33,645,345	-	33,645,345
Pension Investment	4,500,000	-	-	-	-	4,500,000
Business Relocation Stabilization	2,500,000	-	-	-	-	2,500,000
Budget Stabilization	2,000,000	-	-	-	-	2,000,000
Storm Drainage	2,304,320	-	-	-	-	2,304,320
Future Economic Development Programs	1,931,665	-	-	-	-	1,931,665
Clean Fleet Transition	1,500,000	-	-	-	-	1,500,000
Public Safety Capital Improvement	600,000	-	-	-	-	600,000
Business Continuity Plan	50,000	-	-	-	-	50,000
Carryover Appropriations	610,728	-	-	-	-	610,728
Total assigned	24,946,713	-	-	86,205,999	-	111,152,712
Unassigned	2,079,301	(21,426,431)	-	-	-	(19,347,130)
Total fund balances	$ 37,436,094	$ (21,424,863)	$ 7,050,832	$ 100,858,470	$ 7,718,498	$ 131,639,031

The stabilization agreement amount of $10,329,235 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.

Note 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.

Note 19 - Joint Venture

On December 23, 1996, the West Cities Police Communications 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 Police Communications Joint Powers Authority are available by contacting the City of Cypress, 5275 Orange Ave., Cypress, CA 90630.

Note 20 - 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, 2025, the landlord received $450,000 in economic assistance under this Third Amendment, and the minimum cumulative threshold was met.

Note 21 - Other Required Fund Disclosures

The Recreation and Park District Special Revenue Fund had a deficit fund balance of ($21,424,863) at June 30, 2025 due to outstanding advances payable to the City Capital Project Fund. The proceeds from these advances, totaling $33,645,345 at June 30, 2025, were used to pay for the reconstruction of Arnold Cypress Park, will be repaid at a rate of $2,000,000 annually and are scheduled to be fully paid off on June 30, 2044.

The Employees' Benefit Internal Service Fund had a deficit net position of ($15,491,516) at June 30, 2025 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 restricted funds set aside in the form of a trust to reduce or offset the liability.

Note 22 - Restatement

During fiscal year 2025**,** the City identified liabilities related to compensated absences, pension and OPEB, and the related deferred inflows and outflows for pension and OPEB that should not have been recorded within the Custodial Funds in the prior year. Accordingly, liabilities were overstated by $2,466,921 as of June 30, 2024 resulting in a restatement of the beginning net position. The effect of this correction is shown in the table below. If these amounts had been properly excluded in the prior year, the change in net position in the prior year would have been adjusted from $235,749 to $457,086.

	July 1, 2024, As Previously Reported	Error Correction	July 1, 2024, As Restated
Custodial Funds	$ 2,040,834	$ 2,466,921	$ 4,507,755
Total Custodial Funds	$ 2,040,834	$ 2,466,921	$ 4,507,755

Required Supplementary Information

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Budgets and Budgetary Accounting

A. Budgetary Control and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements: After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. Prior to June 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes a summary of the proposed expenditures and financial resources of the City, as well as historical data for the preceding two fiscal periods. Prior to July 1, the budget is legally enacted through passage of an adopting resolution. All of the Governmental Funds have legally adopted budgets.

The City Manager is authorized to transfer budgeted amounts as follows: (1) Appropriations budgeted within a department or activity and capital outlay, may be transferred between accounts within the department; (2) Transfers of appropriations between departments and funds, and additional appropriation of fund balances may be made only by authority of the City Council. For budgeting purposes, the general fund is composed of several departments with budgetary control at the department level, while all other budgeted funds are considered a single department with budgetary control at the fund level. Formal budgetary integration is employed as a management control device during the fiscal year for governmental fund types. The budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts contained within this report are the original and final amended amounts, as approved by the City Council. No budgetary comparisons are presented for the Internal Service and Fiduciary funds.

B. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and the Capital Projects Fund. Encumbrances outstanding at year-end do not constitute expenditures or liabilities.

Since unexpended and encumbered appropriations of the governmental funds automatically lapse at the end of the fiscal year, they are not included in reported expenditures and the authorization for expenditure must be reestablished through inclusion in the subsequent year’s appropriation.

C. Budgetary Comparison Schedules

The following are the budget comparison schedules for the General Fund, the Recreation and Park District Special Revenue Fund, and the Streets Special Revenue Fund.

The following funds had expenditures in excess of appropriations for the year ended June 30, 2025:

	Appropriations	Expenditures	Variance Positive (Negative)
Non-major Governmental Special Revenue Funds:			
Narcotics Asset Seizure	$ -	$ 256,097	$ (256,097)
Low and Moderate Housing Assets	-	1,421,708	(1,421,708)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 34,288,400	$ 34,288,400	$ 35,075,724	$ 787,324
Licenses and permits	952,330	1,053,430	1,062,915	9,485
Fines and forfeitures	244,000	244,000	258,859	14,859
Use of property	2,306,739	2,306,739	4,646,733	2,339,994
From other agencies	703,436	1,215,272	708,133	(507,139)
Charges for services	4,048,783	4,356,383	4,295,291	(61,092)
Other revenue	97,500	147,200	213,722	66,522
Total revenues	42,641,188	43,611,424	46,261,377	2,649,953
Expenditures				
Current				
General government - Legislative	959,372	1,046,169	1,021,513	24,656
General government - Administration	2,939,452	3,475,042	2,618,136	856,906
General government - Finance	2,547,189	2,763,189	2,241,600	521,589
Public safety - Police	23,515,025	23,875,038	21,461,796	2,413,242
Community development - Planning	1,695,147	2,706,428	1,802,907	903,521
Public works - Building	629,020	882,020	873,645	8,375
Public works - Engineering	2,420,908	2,411,868	1,989,803	422,065
Public works - Maintenance	6,331,666	6,457,680	5,780,950	676,730
Capital outlay	-	-	183,386	(183,386)
Debt service				
Principal	-	-	151,648	(151,648)
Total expenditures	41,037,779	43,617,434	38,125,384	5,492,050
Excess of revenues over expenditures	1,603,409	(6,010)	8,135,993	(2,842,097)
Other Financing Sources (Uses)				
Transfers in	1,019,113	1,752,356	1,544,637	207,719
Transfers out	(2,845,678)	(6,132,620)	(4,782,768)	1,349,852
Issuance of subscription liabilities	-	-	136,258	(136,258)
Issuance of leases (lessee)	-	-	47,128	(47,128)
Total other financing sources (uses)	(1,826,565)	(4,380,264)	(3,054,745)	1,374,185
Net Change in Fund Balance	$ (223,156)	$ (4,386,274)	5,081,248	$ (1,467,912)
Fund Balance - Beginning of Year			32,354,846	
Fund Balance - End of Year			$ 37,436,094	

City of Cypress, California
Required Supplementary Information
Budgetary Comparison Schedule – Recreation and Park District
Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 7,376,000	$ 7,376,000	$ 7,815,068	$ 439,068
From use of property	926,250	926,250	1,127,615	201,365
From other agencies	548,852	548,852	125,421	(423,431)
Charges for services	732,582	732,582	1,408,333	675,751
Other revenue	-	-	33,514	33,514
Total revenues	9,583,684	9,583,684	10,509,951	926,267
Expenditures				
Current				
Recreation	6,574,293	6,586,293	6,003,608	582,685
Capital outlay	1,572,500	25,266,903	22,163,164	3,103,739
Debt service				
Principal	-	-	82,812	(82,812)
Interest and fiscal charges	-	-	608,696	(608,696)
Total expenditures	8,146,793	31,853,196	28,858,280	2,994,916
Excess of Revenues Over Expenditures	1,436,891	(22,269,512)	(18,348,329)	(2,068,649)
Other Financing Sources (Uses)				
Transfers out	(186,240)	(201,240)	(170,582)	30,658
Total other financing sources (uses)	(186,240)	(201,240)	(170,582)	30,658
Net Change in Fund Balance	$ 1,250,651	$ (22,470,752)	(18,518,911)	$ (2,037,991)
Fund Balance - Beginning of Year			(2,905,952)	
Fund Balance - End of Year			$ (21,424,863)	

City of Cypress, California
Required Supplementary Information
Budgetary Comparison Schedule – Streets
Special Revenue Fund
Year Ended June 30, 2025

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
From other agencies	$ 4,122,082	$ 4,122,082	$ 3,987,130	$ (134,952)
Charges for services	500	500	42,350	41,850
Use of property	260,000	260,000	340,980	80,980
Other revenue	-	155,000	231,831	76,831
Total revenues	4,382,582	4,537,582	4,602,291	64,709
Expenditures				
Current				
Public works	4,000,000	4,270,925	3,899,528	371,397
Capital outlay	125,000	504,530	311,020	193,510
Total expenditures	4,125,000	4,775,455	4,210,548	564,907
Excess of Revenues Over Expenditures	257,582	(237,873)	391,743	(500,198)
Other Financing Sources (Uses)				
Transfers out	(1,797,862)	(3,224,604)	(2,645,585)	579,019
Total other financing sources (uses)	(1,797,862)	(3,224,604)	(2,645,585)	579,019
Net Change in Fund Balance	$ (1,540,280)	$ (3,462,477)	(2,253,842)	$ 78,821
Fund Balance - Beginning of Year			9,304,674	
Fund Balance - End of Year			$ 7,050,832	

City of Cypress, California
Required Supplementary Information
Schedules of Proportionate Share in Net Pension Liability
Year Ended June 30, 2025
Last Ten Fiscal Years [1]

Reporting Date [2] as of June 30,	Proportion of the Net Pension Liability/(Asset)*	Proportionate Share of Net Pension Liability/(Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Covered Payroll	Plan's Fiduciary Net Position as a % of the Total Pension Liability	Proportionate Share of Aggregate Employer Contributions
CalPERS Miscellaneous Cost-Sharing, Multiple Employer Pension Plan						
2025	0.5723%	$ 27,680,338	$ 6,819,050	405.9%	78.1%	2,856,314
2024	0.5607%	28,039,268	6,189,228	453.0%	76.2%	2,992,113
2023	0.5649%	26,433,257	5,866,594	450.6%	76.7%	3,613,771
2022	0.6929%	13,156,618	6,135,709	214.4%	85.7%	3,094,471
2021	0.5362%	22,615,628	6,072,109	372.5%	74.7%	2,980,733
2020	0.5219%	20,897,731	6,385,921	327.2%	75.9%	2,722,708
2019	0.5078%	19,136,711	6,863,694	278.8%	76.8%	2,418,263
CalPERS Safety Cost-Sharing, Multiple Employer Pension Plan						
2025	0.5151%	$ 37,551,626	7,085,166	530.0%	78.1%	3,354,618
2024	0.5092%	38,058,614	$ 6,596,839	576.9%	76.2%	3,382,844
2023	0.5149%	35,382,213	6,228,738	568.0%	76.7%	5,468,129
2022	0.5579%	19,580,447	5,651,021	346.5%	82.1%	4,784,748
2021	0.4574%	30,471,506	5,590,681	545.0%	71.4%	3,927,236
2020	0.4457%	27,821,165	5,953,364	467.3%	72.5%	3,222,885
2019	0.4377%	25,683,654	5,823,413	441.0%	73.4%	2,986,119
2018	0.4392%	25,320,193	5,539,232	457.1%	72.7%	2,331,004
2017	0.4014%	21,996,187	5,634,190	390.4%	73.9%	2,149,038
2016	0.4440%	16,900,538	5,200,954	325.0%	79.0%	2,163,119
Terminated Orange County Employees Retirement System Plan (OCERS)						
2025	-0.0210%	$ (822,513)	$ -	N/A	119.3%	N/A
2024	-0.0130%	(641,475)	-	N/A	115.2%	N/A
2023	0.0010%	61,016	-	N/A	98.7%	N/A
2022	-0.0050%	(103,379)	-	N/A	102.2%	N/A
2021	0.0040%	185,117	-	N/A	96.0%	N/A
2020	0.0050%	262,415	-	N/A	94.2%	N/A
2019	0.0700%	408,781	-	N/A	90.8%	N/A

Benefit Changes: None

Changes of Assumptions: None

*RSI was restated to conform with current presentation

[1] The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multiple-employer plan, however, multiple-employee because the number of active members in the plan fell below 100, it is now administered as a cost-sharing plan, effective with the reporting for the fiscal year ended June 30, 2019.

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/(asset).

City of Cypress, California
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Year Ended June 30, 2025
Last Ten Fiscal Years [1]

CalPERS Miscellaneous Plan

	2018	2017	2016
Total Pension Liability			
Service cost	$ 1,241,908	$ 1,042,402	$ 983,336
Interest on total pension liability	5,374,496	5,227,927	4,985,622
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)
Net Change in Total Pension Liability	6,860,147	3,339,380	1,564,479
Total Pension Liability - Beginning of Year	72,533,703	69,194,323	67,629,844
Total Pension Liability - End of Year (a)	79,393,850	72,533,703	69,194,323
Plan Fiduciary Net Position			
Contributions - employer	1,298,683	1,242,386	997,118
Contributions - employee	552,260	622,404	529,141
Net investment income	6,191,774	274,070	1,253,565
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)
Net Change in Plan Fiduciary Net Position	4,422,741	(1,003,967)	(192,662)
Plan Fiduciary Net Position - Beginning of Year	55,035,012	56,038,979	56,231,641
Plan Fiduciary Net Position - End of Year (b)	59,457,753	55,035,012	56,038,979
Net Pension Liability - Ending (a)-(b)	19,936,097	17,498,691	13,155,344
Plan fiduciary net position as a percentage of the total pension liability	74.89%	75.88%	80.99%
Covered Payroll	6,994,962	7,139,555	6,539,007
Net pension liability as percentage of covered payroll	285.01%	245.09%	201.18%

Notes to Schedule:

Benefit Changes: There were no changes to benefits.

Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan adminstrative expense.)

(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.

(1) The CalPERS Miscellaneous Plan was previously administered and reported as an agent multiple-employer plan, however, because the number of active members in the plan fell below 100, it is now administered as a cost-sharing multiple-employer plan, effective with the reporting for the fiscal year ended June 30, 2019.

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City of Cypress, California
Required Supplementary Information
Schedules of Plan Contributions
Year Ended June 30, 2025
Last Ten Fiscal Years [1]

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Employer Contributions	Contriubution Deficiency/ (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
		CalPERS Miscellaneous Cost-Sharing, Multiple Employer Pension Plan			
2025	$ 3,164,869	$ (3,164,869)	$ -	$ 7,174,449	44.1%
2024	2,767,382	(2,767,382)	-	6,819,050	40.6%
2023	2,718,424	(2,718,424)	-	6,189,228	43.9%
2022	2,447,524	(2,447,524)	-	5,866,594	41.7%
2021	2,230,654	(2,230,654)	-	6,135,709	36.4%
2020	2,002,390	(2,002,390)	-	6,072,109	33.0%
2019	1,729,721	(1,729,721)	-	6,385,921	27.1%
2018	1,487,869	(1,487,869)	-	6,863,694	21.7%
2017	1,298,683	(1,298,683)	-	6,994,942	18.6%
2016	1,244,868	(1,244,868)	-	7,139,555	17.4%
		CalPERS Safety Cost-Sharing, Multiple Employer Pension Plan			
2025	$ 4,429,976	$ (4,429,976)	$ -	$ 6,911,681	64.1%
2024	4,043,188	(4,043,188)	-	7,085,166	57.1%
2023	3,869,536	(3,869,536)	-	6,596,839	58.7%
2022	3,558,957	(3,558,957)	-	6,228,738	57.1%
2021	3,130,711	(3,130,711)	-	5,651,021	55.4%
2020	2,821,054	(2,821,054)	-	5,590,681	50.5%
2019	2,546,099	(2,546,099)	-	5,953,364	42.8%
2018	2,222,915	(2,222,915)	-	5,823,413	38.2%
2017	1,967,405	(1,967,405)	-	5,539,232	35.5%
2016	1,807,579	(1,807,579)	-	5,634,190	32.1%
		Terminated Orange County Employees Retirement System Plan (OCERS)			
2025	$ -	$ -	$ -	$ -	N/A
2024	-	-	-	-	N/A
2023	595,600	(595,600)	-	-	N/A
2022	-	-	-	-	N/A
2021	-	-	-	-	N/A
2020	-	-	-	-	N/A
2019	739,966	(739,966)	-	-	N/A

[1] 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. The next UAAL payment is due on or before December 31, 2026. Refer to the notes to the basic financial statements.

City of Cypress, California
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Year Ended June 30, 2025
Last Ten Fiscal Years [1]

	2025	2024	2023
Total OPEB Liability:			
Service cost	$ 377,233	$ 388,301	$ 362,667
Interest on the total OPEB liability	375,047	359,579	323,301
Actual and expected experience difference	(910,412)	-	(211,113)
Changes in assumptions	(631,448)	(117,938)	183,206
Changes in benefit terms	-	-	-
Benefit payments, including implicit subsidy	(466,191)	(508,262)	(508,262)
Net Change in Total OPEB Liability	(1,255,771)	121,680	163,865
Total OPEB Liability - Beginning of Year	9,300,612	9,178,932	9,015,067
Total OPEB Liability - End of Year (a)	$ 8,044,841	$ 9,300,612	$ 9,178,932
Plan fiduciary net position as a percentage of the Total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	$ 16,670,902	$ 16,605,071	$ 14,021,323
Total OPEB liability as percentage of covered- employee payroll	48.26%	56.01%	65.46%

Notes to Schedule:

Benefit Changes:

Changes in Assumptions: The discount rate, which is based on the Bond Buyer 20-year bond, changed as follows:

Fiscal year ended June 30, 2025 - The discount rate was increased from 3.97% to 5.20%
Fiscal year ended June 30, 2024 - The discount rate was increased from 3.86% to 3.97%
Fiscal year ended June 30, 2023 - The discount rate was increased from 3.54% to 3.86%
Fiscal year ended June 30, 2022 - The discount rate was increased from 2.16% to 3.54%
Fiscal year ended June 30, 2021 - The discount rate was decreased from 2.20% to 2.16%
Fiscal year ended June 30, 2020 - The discount rate was decreased from 3.50% to 2.20%
Fiscal year ended June 30, 2019 - The discount rate was decreased from 3.90% to 3.50%

[1] Historical information is required only for measurement periods for which GASB 75 is applicable. The fiscal year ended June 30, 2018 was the first year of implementation.

GASB Statement No. 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.

City of Cypress, California

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

Year Ended June 30, 2025

Last Ten Fiscal Years [1]

2022	2021	2020	2019	2018
$ 411,807	$ 382,033	$ 370,906	$ 293,425	$ 304,903
227,512	232,699	232,807	330,023	306,496
2,850	428,577	(155,120)	63,400	10,351
(1,671,292)	(593,595)	1,491,035	447,917	(324,881)
-	-	-	-	-
(562,914)	(460,068)	(394,969)	(397,959)	(329,123)
(1,592,037)	(10,354)	1,544,659	736,806	(32,254)
10,607,104	10,617,458	9,072,799	8,335,993	8,368,247
$ 9,015,067	$ 10,607,104	$ 10,617,458	$ 9,072,799	$ 8,335,993
0.00%	0.00%	0.00%	0.00%	0.00%
$ 14,464,271	$ 13,846,871	$ 14,180,802	$ 14,518,971	$ 14,482,504
62.33%	76.60%	74.87%	62.49%	57.56%

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Supplemental Schedules

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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 a follows:

City Capital Projects – To account for construction of major transportation infrastructure and public facilities.

	Budgeted Amounts Original	Final	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Use of property	$ 2,000,000	$ 2,000,000	$ 3,649,010	$ 1,649,010
Other revenue	-	20,000	-	(20,000)
Total revenues	2,000,000	2,020,000	3,649,010	1,629,010
Expenditures				
Current				
Public works	2,600,000	3,534,180	3,163,007	371,173
Capital outlay	2,970,000	6,033,108	1,676,626	4,356,482
Total expenditures	5,570,000	9,567,288	4,839,633	4,727,655
Excess (deficiency) of revenues over expenditures	(3,570,000)	(7,547,288)	(1,190,623)	(3,098,645)
Other Financing Uses				
Transfers in	3,750,000	6,059,672	4,495,836	(1,563,836)
Net Change in Fund Balance	$ 180,000	$ (1,487,616)	3,305,213	$ (4,662,481)
Fund Balance - Beginning of Year			97,553,257	
Fund Balance - End of Year			$ 100,858,470	

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, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds		
	Local Drainage	Stanton Channel Maintenance District	Lighting District
Assets			
Cash and investments	$ 1,167,154	$ 223,525	$ 5,091,052
Receivables			
Accounts	-	-	-
Taxes	-	-	23,052
Notes, net of allowance	-	-	-
Accrued interest	8,204	-	38,325
Total assets	$ 1,175,358	$ 223,525	$ 5,152,429
Liabilities and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ -	$ 9,659	$ 397,828
Unearned revenues	-	-	140,600
Due to other funds	-	-	-
Total liabilities	-	9,659	538,428
Fund Balances			
Nonspendable	-	-	-
Restricted	1,175,358	213,866	4,614,001
Unassigned	-	-	-
Total fund balances	1,175,358	213,866	4,614,001
Total liabilities and fund balances	$ 1,175,358	$ 223,525	$ 5,152,429

City of Cypress, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds		
	CATV PEG Grant	AB 2766	Traffic Safety
Assets			
Cash and investments	$ 875,031	$ 17,529	$ -
Receivables			
Accounts	13,698	17,176	4,184
Taxes	806	-	-
Notes, net of allowance	-	-	-
Accrued interest	-	47	-
Total assets	$ 889,535	$ 34,752	$ 4,184
Liabilities and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ -	$ -	$ -
Unearned revenues	-	-	-
Due to other funds	-	-	4,184
Total liabilities	-	-	4,184
Fund Balances			
Nonspendable	-	-	-
Restricted	889,535	34,752	-
Unassigned	-	-	-
Total fund balances	889,535	34,752	-
Total liabilities and fund balances	$ 889,535	$ 34,752	$ 4,184

City of Cypress, California
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds		
	Supplemental Law Enforcement	Narcotics Asset Seizure	Low & Moderate Housing Assets
Assets			
Cash and investments	$ -	$ 699,460	$ 48,257
Receivables			
Accounts	25,415	13,330	-
Taxes	-	-	-
Notes, net of allowance	-	-	45,360
Accrued interest	569	8,381	327
Total assets	$ 25,984	$ 721,171	$ 93,944
Liabilities and Fund Balances			
Liabilities			
Accounts payable and other accrued liabilities	$ 4,150	$ 4,874	$ 5,925
Unearned revenues	-	-	-
Due to other funds	21,834	13,330	-
Total liabilities	25,984	18,204	5,925
Fund Balances			
Nonspendable	-	-	45,360
Restricted	-	702,967	42,659
Unassigned	-	-	-
Total fund balances	-	702,967	88,019
Total liabilities and fund balances	$ 25,984	$ 721,171	$ 93,944

	Total Nonmajor Governmental Funds
Assets	
Cash and investments	$ 8,122,008
Receivables	
Accounts	73,803
Taxes	23,858
Notes, net of allowance	45,360
Accrued interest	55,853
Total assets	$ 8,320,882
Liabilities and Fund Balances	
Liabilities	
Accounts payable and other accrued liabilities	$ 422,436
Unearned revenues	140,600
Due to other funds	39,348
Total liabilities	602,384
Fund Balances	
Nonspendable	45,360
Restricted	7,673,138
Unassigned	-
Total fund balances	7,718,498
Total liabilities and fund balances	$ 8,320,882

City of Cypress, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds		
	Local Drainage	Stanton Channel Maintenance District	Lighting District
Revenues			
Taxes	$ -	$ -	$ 1,774,844
From other agencies	-	-	6,130
Use of property	50,001	-	256,435
Fines and forfeitures	-	-	-
Charges for services	-	102,766	-
Other revenue	-	-	41,569
Total revenues	50,001	102,766	2,078,978
Expenditures			
Current			
Public safety	-	-	-
Community development	-	-	-
Public works	-	70,794	1,042,396
Capital outlay	-	-	2,272,477
Total expenditures	-	70,794	3,314,873
Excess (deficiency) of revenue over expenditures	50,001	31,972	(1,235,895)
Other Financing Uses			
Transfers out	-	(10,507)	(156,359)
Gain (loss) on sale of land held for resale	-	-	-
Issuance of subscription liabilities	-	-	-
Total other financing uses	-	(10,507)	(156,359)
Net Change in Fund Balances	50,001	21,465	(1,392,254)
Fund Balance - Beginning of Year	1,125,357	192,401	6,006,255
Fund Balance - End of Year	$ 1,175,358	$ 213,866	$ 4,614,001

City of Cypress, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds		
	CATV PEG Grant	AB 2766	Traffic Safety
Revenues			
Taxes	$ 61,451	$ -	$ -
From other agencies	-	65,773	-
Use of property	-	101	-
Fines and forfeitures	-	-	65,439
Charges for services	-	-	-
Other revenue	-	-	-
Total revenues	61,451	65,874	65,439
Expenditures			
Current			
Public safety	-	-	-
Community development	-	-	-
Public works	-	-	-
Capital outlay	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenue over expenditures	61,451	65,874	65,439
Other Financing Uses			
Transfers out	(18,270)	-	(65,439)
Gain (loss) on sale of land held for resale	-	-	-
Issuance of subscription liabilities	-	-	-
Total other financing uses	(18,270)	-	(65,439)
Net Change in Fund Balances	43,181	65,874	-
Fund Balance - Beginning of Year	846,354	(31,122)	-
Fund Balance - End of Year	$ 889,535	$ 34,752	$ -

City of Cypress, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2025

	Special Revenue Funds		
	Supplemental Law Enforcement	Narcotics Asset Seizure	Low & Moderate Housing Assets
Revenues			
Taxes	$ -	$ -	$ -
From other agencies	194,663	-	-
Use of property	3,067	55,278	15,810
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Other revenue	-	53,787	1,950
Total revenues	197,730	109,065	17,760
Expenditures			
Current			
Public safety	197,730	209,522	-
Community development	-	-	11,737
Public works	-	-	-
Capital outlay	-	256,097	-
Total expenditures	197,730	465,619	11,737
Excess (deficiency) of revenue over expenditures	-	(356,554)	6,023
Other Financing Uses			
Transfers out	-	(564,915)	-
Gain (loss) on sale of land held for resale	-	-	(1,421,708)
Issuance of subscription liabilities	-	256,097	-
Total other financing uses	-	(308,818)	(1,421,708)
Net Change in Fund Balances	-	(665,372)	(1,415,685)
Fund Balance - Beginning of Year	-	1,368,339	1,503,704
Fund Balance - End of Year	$ -	$ 702,967	$ 88,019

	Total Nonmajor Governmental Funds
Revenues	
Taxes	$ 1,836,295
From other agencies	266,566
Use of property	380,692
Fines and forfeitures	65,439
Charges for services	102,766
Other revenue	97,306
Total revenues	2,749,064
Expenditures	
Current	
Public safety	407,252
Community development	11,737
Public works	1,113,190
Capital outlay	2,528,574
Total expenditures	4,060,753
Excess (deficiency) of revenue over expenditures	(1,311,689)
Other Financing Uses	
Transfers out	(815,490)
Gain (loss) on sale of land held for resale	(1,421,708)
Issuance of subscription liabilities	256,097
Total other financing uses	(1,981,101)
Net Change in Fund Balances	(3,292,790)
Fund Balance - Beginning of Year	11,011,288
Fund Balance - End of Year	$ 7,718,498

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Use of property	$ 45,000	$ 45,000	$ 50,001	$ 5,001
Total revenues	45,000	45,000	50,001	5,001
Excess (deficiency) of revenues over expenditures	$ 45,000	$ 45,000	50,001	$ (5,001)
Fund Balance - Beginning of Year			1,125,357	
Fund Balance - End of Year			$ 1,175,358	

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Charges for service	$ 101,285	$ 101,285	$ 102,766	$ 1,481
Expenditures				
Current				
Public works	108,251	108,251	70,794	37,457
Excess (deficiency) of revenues over expenditures	(6,966)	(6,966)	31,972	(38,938)
Other Financing Uses				
Transfers out	(16,238)	(16,238)	(10,507)	5,731
Excess (deficiency) of revenues over expenditures and other financing uses	$ (23,204)	$ (23,204)	21,465	$ (33,207)
Fund Balance - Beginning of Year			192,401	
Fund Balance - End of Year			$ 213,866	

	Budget Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 1,689,600	$ 1,689,600	$ 1,774,844	$ 85,244
From other agencies	6,300	6,300	6,130	(170)
Use of property	200,000	200,000	256,435	56,435
Other revenue	10,000	10,000	41,569	31,569
Total revenues	1,905,900	1,905,900	2,078,978	173,078
Expenditures				
Current				
Public works	1,242,750	1,242,750	1,042,396	200,354
Capital outlay	2,375,000	4,218,070	2,272,477	1,945,593
Total expenditures	3,617,750	5,460,820	3,314,873	1,945,593
Excess (deficiency) of revenues over expenditures	(1,711,850)	(3,554,920)	(1,235,895)	(2,319,025)
Other Financing Uses				
Transfers out	(186,413)	(186,413)	(156,359)	30,054
Excess (deficiency) of revenues over expenditures and other financing uses	$ (1,898,263)	$ (3,741,333)	(1,392,254)	$ (2,288,971)
Fund Balance - Beginning of Year			6,006,255	
Fund Balance - End of Year			$ 4,614,001	

	Budget Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	$ 72,000	$ 72,000	$ 61,451	$ (10,549)
Other Financing Uses				
Transfers out	-	(35,000)	(18,270)	16,730
Excess (deficiency) of revenues over expenditures and other financing uses	$ 72,000	$ 37,000	43,181	$ 27,279
Fund Balance - Beginning of Year			846,354	
Fund Balance - End of Year			$ 889,535	

City of Cypress, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
AB 2766 Special Revenue Fund
Year Ended June 30, 2025

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Use of other property	$ -	$ -	$ 101	$ 101
From other agencies	66,500	66,500	65,773	(727)
Total revenues	66,500	66,500	65,874	(626)
Other Financing Uses				
Transfers out	(32,100)	(32,100)	-	32,100
Excess (deficiency) of revenues over expenditures and other financing uses	$ 34,400	$ 34,400	65,874	$ 32,726
Fund Balance - Beginning of Year			(31,122)	
Fund Balance - End of Year			$ 34,752	

	Budget Amounts Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	$ 68,600	$ 68,600	$ 65,439	$ (3,161)
Other Financing Uses				
Transfers out	(68,600)	(68,600)	(65,439)	3,161
Excess (deficiency) of revenues over expenditures and other financing uses	$ -	$ -	-	$ 6,322
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ -	

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Use of property	$ 500	$ 500	$ 3,067	$ 2,567
From other agencies	188,000	197,250	194,663	(2,587)
Total revenues	188,500	197,750	197,730	(20)
Expenditures				
Current				
Public safety	188,500	197,750	197,730	20
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ -	

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
From use of property	$ 21,000	$ 21,000	$ 55,278	$ 34,278
Other revenue	20,000	20,000	53,787	33,787
Total revenues	41,000	41,000	109,065	68,065
Expenditures				
Current				
Public safety	334,052	342,318	209,522	132,796
Capital Outlay	-	-	256,097	(256,097)
Total expenditures	334,052	342,318	465,619	(123,301)
Excess (deficiency) of revenues over expenditures	(293,052)	(301,318)	(356,554)	55,236
Other Financing Uses				
Transfers out	(268,930)	(756,173)	(564,915)	191,258
Issuance of subscription liabilities	-	-	256,097	(256,097)
Total other financing uses	(268,930)	(756,173)	(308,818)	(64,839)
Excess (deficiency) of revenues over expenditures and other financing uses	$ (561,982)	$ (1,057,491)	(665,372)	$ (9,603)
Fund Balance - Beginning of Year			1,368,339	
Fund Balance - End of Year			$ 702,967	

City of Cypress, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Low and Moderate Housing Assets Special Revenue Fund
Year Ended June 30, 2025

	Budget Amounts Original	Budget Amounts Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Use of property	$ -	$ -	$ 15,810	$ 15,810
Other revenue	1,000	1,000	1,950	950
Total revenues	1,000	1,000	17,760	16,760
Expenditures				
Current				
Community development	40,596	49,896	11,737	38,159
Excess (deficiency) of revenues over expenditures	(39,596)	(48,896)	6,023	(54,919)
Other Financing Uses				
Gain (loss) on sale of land held for resale	-	-	(1,421,708)	(1,421,708)
Total other financing uses	-	-	(1,421,708)	(1,421,708)
Excess (deficiency) of revenues over expenditures and other financing uses	$ (39,596)	$ (48,896)	(1,415,685)	$ (1,476,627)
Fund Balance - Beginning of Year			1,503,704	
Fund Balance - End of Year			$ 88,019	

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, California
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Central Services	Recreation District Central Services	Employees' Benefit	Liability Insurance	Workers' Compensation	Total
Assets						
Current Assets						
Cash and investments	$ 21,684,413	$ 782,232	$ 7,541,463	$ 2,037,855	$ 3,678,912	$ 35,724,875
Restricted cash and investments	-	-	37,033,883	-	-	37,033,883
Receivables						
Accounts	127	-	261,559	-	-	261,686
Accrued interest	-	-	39,796	-	-	39,796
Prepaid items	239,372	-	8,361	-	-	247,733
Inventory	6,046	-	-	-	-	6,046
Total current assets	21,929,958	782,232	44,885,062	2,037,855	3,678,912	73,314,019
Noncurrent Assets						
Construction in Progress	513,389	-	-	-	-	513,389
Net pension asset	-	-	822,513	-	-	822,513
Equipment (net)	3,318,919	305,775	-	-	-	3,624,694
Subscription assets (net)	795,582	-	-	-	-	795,582
Total non-current assets	4,627,890	305,775	822,513	-	-	5,756,178
Total assets	26,557,848	1,088,007	45,707,575	2,037,855	3,678,912	79,070,197
Deferred Outflows of Resources						
Deferred amount from PERS pension plans	-	-	19,134,549	-	-	19,134,549
Deferred amount from OPEB	-	-	291,137	-	-	291,137
Deferred amount from OCERS pension plan	-	-	85,329	-	-	85,329
Total deferred outflows of resources	-	-	19,511,015	-	-	19,511,015
Liabilities						
Current Liabilities						
Accounts payable and other accrued liabilities	240,412	-	46,915	-	18,112	305,439
Subscriptions	227,628	-	-	-	-	227,628
Compensated absences	-	-	651,052	-	-	651,052
Accrued claims and judgments	-	-	-	99,929	545,614	645,543
Total OPEB liability	-	-	488,289	-	-	488,289
Total current liabilities	468,040	-	1,186,256	99,929	563,726	2,317,951
Noncurrent liabilities						
Subscriptions payable	436,983	-	-	-	-	436,983
Compensated absences	-	-	1,953,154	-	-	1,953,154
Accrued claims and judgments	-	-	-	299,785	1,636,844	1,936,629
Total OPEB liability	-	-	7,556,552	-	-	7,556,552
Net pension liability	-	-	65,231,964	-	-	65,231,964
Total noncurrent liabilities	436,983	-	74,741,670	299,785	1,636,844	77,115,282
Total liabilities	905,023	-	75,927,926	399,714	2,200,570	79,433,233
Deferred Inflows of Resources						
Deferred amount from PERS pension plans	-	-	1,715,554	-	-	1,715,554
Deferred amount from OCERS pension plan	-	-	361,231	-	-	361,231
Deferred amount from OPEB	-	-	2,705,395	-	-	2,705,395
Total deferred inflows of resources	-	-	4,782,180	-	-	4,782,180
Net Position						
Net investment in capital assets	3,963,279	305,775	-	-	-	4,269,054
Restricted for PARS trust	-	-	37,033,883	-	-	37,033,883
Restricted for Net Pension Asset	-	-	822,513	-	-	822,513
Unrestricted	21,689,546	782,232	(53,347,912)	1,638,141	1,478,342	(27,759,651)
Total net position	$ 25,652,825	$ 1,088,007	$ (15,491,516)	$ 1,638,141	$ 1,478,342	$ 14,365,799

City of Cypress, California
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2025

	Central Services	Recreation District Central Services	Employees' Benefit	Liability Insurance	Workers' Compensation	Total
Operating Revenues						
Charges for services	$ 3,965,359	$ 55,800	$ 15,197,971	$ 666,500	$ 802,087	$ 20,687,717
Other revenue	386	-	1,260,144	13,578	152,516	1,426,624
Total operating revenues	3,965,745	55,800	16,458,115	680,078	954,603	22,114,341
Operating Expenses						
Personnel services	1,290,246	-	-	-	67,719	1,357,965
Contractual services	234,214	5,611	16,088,631	-	182,681	16,511,137
Supplies and other services	1,311,856	-	4,762,993	574,416	264,805	6,914,070
Claim payments and changes in estimates	-	-	-	399,317	166,796	566,113
Depreciation/amortization	1,001,523	71,749	-	-	-	1,073,272
Total operating expenses	3,837,839	77,360	20,851,624	973,733	682,001	26,422,557
Operating Income (Loss)	127,906	(21,560)	(4,393,509)	(293,655)	272,602	(4,308,216)
Nonoperating Revenues (Expenses)						
Interest income (expense)	(11,141)	-	3,767,043	-	-	3,755,902
Gain (loss) on disposal of equipment	17,328	-	-	-	-	17,328
Total non-operating revenues (expenses)	6,187	-	3,767,043	-	-	3,773,230
Income (Loss) before Transfers	134,093	(21,560)	(626,466)	(293,655)	272,602	(534,986)
Transfers						
Transfers in	703,370	20,582	1,650,000	-	-	2,373,952
Total transfers	703,370	20,582	1,650,000	-	-	2,373,952
Change in Net Position	837,463	(978)	1,023,534	(293,655)	272,602	1,838,966
Net Position - Beginning of Year	24,815,362	1,088,985	(16,515,050)	1,931,796	1,205,740	12,526,833
Net Position - End of Year	$ 25,652,825	$ 1,088,007	$ (15,491,516)	$ 1,638,141	$ 1,478,342	$ 14,365,799

City of Cypress, California
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2025

	Central Services	Recreation District Central Services	Employees' Benefit	Liability Insurance	Workers' Compensation	Total
Operating Activities						
Cash received from users	$ 3,965,618	$ 55,800	$ 16,419,986	$ 680,078	$ 954,603	22,076,085
Cash payments to suppliers for goods and services	(1,296,810)	(5,611)	(4,759,549)	(906,752)	(599,312)	(7,568,034)
Cash payments to employees	(1,524,460)	-	(11,409,387)	-	(250,400)	(13,184,247)
Net Cash Provided by Operating Activities	1,144,348	50,189	251,050	(226,674)	104,891	1,323,804
Noncapital Financing Activities						
Transfers in	703,370	20,582	1,650,000	-	-	2,373,952
Net Cash Provided by Noncapital Financing Activities	703,370	20,582	1,650,000	-	-	2,373,952
Capital and Related Financing Activities						
Proceeds from disposal of capital assets	17,328	-	-	-	-	17,328
Acquisition of capital assets	(1,676,935)	(26,286)	-	-	-	(1,703,221)
Interest payments	(11,141)	-	-	-	-	(11,141)
Net Cash (Used) by Capital and Related Financing Activities	(1,670,748)	(26,286)	-	-	-	(1,697,034)
Investing Activities						
Interest on investments	-	-	3,783,858	-	-	3,783,858
Net Cash Provided by Investing Activities	-	-	3,783,858	-	-	3,783,858
Increase in Cash and Cash Equivalents	176,970	44,485	5,684,908	(226,674)	104,891	5,784,580
Cash and Cash Equivalents - Beginning of Year	21,507,443	737,747	38,890,438	2,264,529	3,574,021	66,974,178
Cash and Cash Equivalents - End of Year	$ 21,684,413	$ 782,232	$ 44,575,346	$ 2,037,855	$ 3,678,912	$ 72,758,758
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	$ 127,906	$ (21,560)	$ (4,393,509)	$ (293,655)	$ 272,602	(4,308,216)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation/amortization	1,001,523	71,749	-	-	-	1,073,272
Changes in assets and liabilities:						
Accounts receivable decreased (increased)	(127)	-	(38,129)	-	-	(38,256)
Prepaid items decreased (increased)	(108,953)	-	509	-	-	(108,444)
Inventory decreased (increased)	(1,270)	-	-	-	-	(1,270)
Deferred outflows decreased (increased)	-	-	7,234,929	-	-	7,234,929
Accounts payable increased (decreased)	125,269	-	2,935	-	268	128,472
Insurance claims payable increased (decreased)	-	-	-	66,981	(167,979)	(100,998)
Accrued retirees' health payable increased (decreased)	-	-	(1,255,772)	-	-	(1,255,772)
Accrued leave payable increased (decreased)	-	-	15,968	-	-	15,968
Accrued pension liability increased (decreased)	-	-	(1,046,956)	-	-	(1,046,956)
Deferred inflows increased (decreased)	-	-	(268,925)	-	-	(268,925)
Total adjustments	1,016,442	71,749	4,644,559	66,981	(167,711)	5,632,020
Net Cash Provided (Used) by Operating Activities	$ 1,144,348	$ 50,189	$ 251,050	$ (226,674)	$ 104,891	$ 1,323,804

Statistical Section

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

Contents

Financial Trends

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

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

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

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: *Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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, 2025.

CITY OF CYPRESS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

Schedule 1

	Fiscal Year			
	2025	2024	2023	2022
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	$ 200,974,245	$ 182,784,606	$ 170,286,779	$ 172,804,367
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	67,068,584	64,540,657	51,055,320	40,650,390
Total restricted	67,068,584	64,540,657	51,055,320	40,650,390
Unrestricted	77,291,665	91,753,910	109,374,298	95,515,524
Total governmental activities net position	$ 345,334,494	$ 339,079,173	$ 330,716,397	$ 308,970,281
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	$ 18,235,211	$ 18,490,199	$ 18,871,533	$ 18,876,495
Restricted for:				
Specific projects and programs	10,516,873	9,090,674	7,599,979	6,638,371
Total business-type activities net position	$ 28,752,084	$ 27,580,873	$ 26,471,512	$ 25,514,866
TOTAL GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	$ 219,209,456	$ 201,274,805	$ 189,158,312	$ 191,680,862
Restricted for:				
Debt service	-	-	-	-
Specific projects and programs	77,585,457	73,631,331	58,655,299	47,288,761
Total restricted	77,585,457	73,631,331	58,655,299	47,288,761
Unrestricted	77,291,665	91,753,910	109,374,298	95,515,524
Total governmental and business-type activities net position	$ 374,086,578	$ 366,660,046	$ 357,187,909	$ 334,485,147

2021	2020	2019	2018	2017	2016
$ 166,272,625	$ 160,408,903	$ 162,147,445	$ 162,818,741	$ 161,714,951	$ 153,270,346
-	-	-	522,200	979,010	420,185
37,532,553	43,597,947	39,458,651	36,012,698	25,872,294	26,169,565
37,532,553	43,597,947	39,458,651	36,534,898	26,851,304	26,589,750
88,119,499	85,931,038	82,530,908	75,803,724	89,651,389	107,623,380
$ 291,924,677	$ 289,937,888	$ 284,137,004	$ 275,157,363	$ 278,217,644	$ 287,483,476
$ 19,322,767	$ 19,672,894	$ 19,764,241	$ 20,004,444	$ 19,788,397	$ 18,245,712
5,253,793	3,871,515	2,820,977	1,463,331	524,701	930,903
$ 24,576,560	$ 23,544,409	$ 22,585,218	$ 21,467,775	$ 20,313,098	$ 19,176,615
$ 185,595,392	$ 180,081,797	$ 181,911,686	$ 182,823,185	$ 181,503,348	$ 171,516,058
-	-	-	522,200	979,010	420,185
42,786,346	47,469,462	42,279,628	37,476,029	26,396,995	27,100,468
42,786,346	47,469,462	42,279,628	37,998,229	27,376,005	27,520,653
88,119,499	85,931,038	82,530,908	75,803,724	89,651,389	107,623,380
$ 316,501,237	$ 313,482,297	$ 306,722,222	$ 296,625,138	$ 298,530,742	$ 306,660,091

CITY OF CYPRESS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

Schedule 2

	Fiscal Year			
	2025	2024	2023	2022
EXPENSES - GOVERNMENTAL ACTIVITIES:				
General government	$ 6,735,154	$ 7,620,519	$ 4,434,609	$ 5,477,433
Community development	2,104,581	2,566,292	2,109,834	2,333,245
Public safety	23,967,865	22,380,579	16,762,572	19,494,326
Public works	20,126,091	16,733,394	11,321,069	12,737,505
Recreation	7,892,391	7,007,325	5,137,475	5,583,107
Interest on long-term debt	-	-	-	-
Total government activities expenses	60,826,082	56,308,109	39,765,559	45,625,616
PROGRAM REVENUES - GOVERNMENTAL ACTIVITIES:				
Charges for services:				
General government	228,360	284,795	290,454	420,799
Community development	1,453,000	1,152,110	1,628,632	1,985,828
Public safety	437,167	408,438	455,417	277,816
Public works	1,231,262	1,322,443	1,305,718	873,072
Recreation	1,837,687	1,514,881	3,196,855	6,947,677
Operating grants and contributions	5,089,609	5,541,054	4,789,491	16,061,186
Capital grants and contributions	2,436,411	2,271,831	2,153,338	1,638,108
Total governmental activities program revenues	12,713,496	12,495,552	13,819,905	28,204,486
NET (EXPENSE/REVENUE) - GOVERNMENTAL ACTIVITIES	(48,112,586)	(43,812,557)	(25,945,654)	(17,421,130)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES:				
Taxes				
Property taxes, levied for general purpose	8,177,801	7,711,466	7,470,455	6,530,911
Property taxes, levied for recreation purposes	7,815,068	7,326,746	7,080,645	6,222,354
Property taxes, levied for lighting purposes	1,774,844	1,675,318	1,618,054	1,425,207
Property taxes, backfill of vehicle license fees	6,412,580	6,024,570	5,698,971	5,322,016
Sales tax	12,895,299	12,930,992	13,561,206	13,292,177
Transient occupancy tax	3,361,552	2,892,555	2,849,004	2,602,233
Franchise tax	2,048,695	2,112,395	1,972,342	1,801,173
Other taxes	1,803,081	1,828,529	1,921,668	1,965,665
Total taxes	44,288,920	42,502,571	42,172,345	39,161,736
Investment earnings	11,426,327	9,618,170	5,420,204	(4,733,571)
Contributed capital				-
Miscellaneous	74,368	54,592	99,221	38,569
Total governmental activities	55,789,615	52,175,333	47,691,770	34,466,734
SPECIAL ITEMS:				
Market value adjustment - land held for resale	-	-	-	-
Gain (loss) on sale of land held for resale	(1,421,708)	-	-	-
Total special items	(1,421,708)	-	-	-
EXTRAORDINARY ITEMS:				
Gain on approval of repayment agreement	-	-	-	-
Loss on re-entered loan settlement agreement	-	-	-	-
Total extraordinary items	-	-	-	-
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	$ 6,255,321	$ 8,362,776	$ 21,746,116	$ 17,045,604
EXPENSES - BUSINESS-TYPE ACTIVITIES:				
Sewer	$ 973,573	$ 908,788	$ 892,783	$ 902,389
Total business-type activities expenses	973,573	908,788	892,783	902,389
PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES:				
Charges for services	1,672,705	1,593,387	1,632,171	1,779,495
Operating grants and contributions	36	39	36	35
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	1,672,741	1,593,426	1,632,207	1,779,530
NET (EXPENSE/REVENUE) - BUSINESS-TYPE ACTIVITIES	699,168	684,638	739,424	877,141
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION - BUSINESS TYPE ACTIVITIES:				
Taxes				
Property taxes, levied for sewer purposes	43,493	42,876	36,250	32,508
Total taxes	43,493	42,876	36,250	32,508
Investment earnings	428,550	381,847	173,575	26,215
Miscellaneous	-	-	7,397	2,442
Total business-type activities	472,043	424,723	217,222	61,165
CHANGE IN NET POSITION - BUSINESS-TYPE ACTIVITIES	$ 1,171,211	$ 1,109,361	$ 956,646	$ 938,306
CHANGE IN NET POSITION - TOTAL PRIMARY GOVERNMENT	$ 7,426,532	$ 9,472,137	$ 22,702,762	$ 17,983,910

2021	2020	2019	2018	2017	2016
$ 6,295,641	$ 6,082,701	$ 4,683,324	$ 4,634,173	$ 4,688,064	$ 4,186,025
2,100,332	1,915,912	2,200,508	2,545,902	2,092,444	2,045,322
19,428,392	19,357,512	17,423,654	17,185,826	15,793,707	14,193,759
13,865,043	11,597,788	10,800,313	13,608,594	11,949,123	11,467,198
5,303,581	5,003,445	5,042,590	5,296,640	5,077,877	4,659,025
-	-	1,300	25,145	48,597	70,731
46,992,989	43,957,358	40,151,689	43,296,280	39,649,812	36,622,060
498,954	154,716	388,378	477,787	517,051	247,368
1,557,209	899,680	1,156,997	1,125,447	957,395	1,038,354
406,077	268,225	324,497	221,319	217,567	190,861
770,403	741,487	740,542	723,444	773,597	820,048
487,138	573,479	1,727,459	1,509,692	1,489,518	1,499,750
3,862,387	5,998,794	3,728,589	3,625,304	4,550,919	4,474,668
1,869,583	1,488,480	1,299,265	1,029,329	1,462,551	693,977
9,451,751	10,124,861	9,365,727	8,712,322	9,968,598	8,965,026
(37,541,238)	(33,832,497)	(30,785,962)	(34,583,958)	(29,681,214)	(27,657,034)
6,261,310	6,273,159	5,703,464	5,373,717	4,838,954	4,634,994
5,958,450	5,958,511	5,435,431	5,133,137	4,598,132	4,420,347
1,363,781	1,358,550	1,240,367	1,173,368	1,055,329	1,015,521
5,136,804	4,942,234	4,708,074	4,429,211	4,241,925	4,061,360
11,249,720	11,969,246	12,616,015	11,141,720	11,346,462	12,435,166
1,648,030	2,185,978	2,761,917	2,836,842	2,711,306	2,558,974
1,753,459	1,727,101	1,686,218	1,660,665	1,607,621	1,728,236
1,820,366	1,742,289	1,750,241	1,728,281	1,745,849	1,647,782
35,191,920	36,157,068	35,901,727	33,476,941	32,145,578	32,502,380
2,245,090	3,423,255	3,806,673	1,281,234	694,455	748,457
-	-	-	1,460,026	-	-
37,845	53,058	57,203	55,078	69,209	61,886
37,474,855	39,633,381	39,765,603	36,273,279	32,909,242	33,312,723
-	-	-	-	-	-
2,053,172	-	-	-	-	-
2,053,172	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(12,493,860)	-
-	-	-	-	(12,493,860)	-
$ 1,986,789	$ 5,800,884	$ 8,979,641	$ 1,689,321	$ (9,265,832)	$ 5,655,689
$ 888,283	$ 871,750	$ 897,761	$ 795,737	$ 706,843	$ 757,503
888,283	871,750	897,761	795,737	706,843	757,503
1,861,974	1,733,202	1,721,787	1,829,427	1,768,183	1,714,658
37	39	98,050	43	46	66,716
-	-	-	-	-	-
1,862,011	1,733,241	1,819,837	1,829,470	1,768,229	1,781,374
973,728	861,491	922,076	1,033,733	1,061,386	1,023,871
30,499	30,076	29,978	30,885	24,060	27,651
30,499	30,076	29,978	30,885	24,060	27,651
25,145	66,013	162,156	84,346	48,316	34,865
2,779	1,611	3,233	5,713	2,721	7,255
58,423	97,700	195,367	120,944	75,097	69,771
$ 1,032,151	$ 959,191	$ 1,117,443	$ 1,154,677	$ 1,136,483	$ 1,093,642
$ 3,018,940	$ 6,760,075	$ 10,097,084	$ 2,843,998	$ (8,129,349)	$ 6,749,331

CITY OF CYPRESS

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Schedule 3

	Fiscal Year			
	2025	2024	2023	2022
GENERAL FUND				
Nonspendable	$ 80,845	$ 117,684	$ 176,552	$ 270,596
Restricted	-	28,944	28,944	28,944
Committed	10,329,235	9,983,343	9,395,654	8,862,296
Assigned	24,946,713	20,527,813	23,550,418	21,212,203
Unassigned	2,079,301	1,697,062	1,840,440	1,043,486
Total General Fund	$ 37,436,094	$ 32,354,846	$ 34,992,008	$ 31,417,525
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	$ 46,928	$ 14,426,177	$ -	$ -
Restricted	14,723,970	20,347,084	27,875,379	20,316,479
Committed	14,652,471	14,820,800	12,863,857	11,600,177
Assigned	86,205,999	68,311,625	82,582,086	81,327,970
Unassigned	(21,426,431)	(2,942,419)	(98,133)	(163,885)
Total all other Governmental Funds	$ 94,202,937	$ 114,963,267	$ 123,223,189	$ 113,080,741

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.

2021	2020	2019	2018	2017	2016
$ 400,475	$ 4,106	$ 8,105	$ 54,299	$ 57,474	$ 8,759
28,944	140,521	51,035	73,252	73,252	73,252
8,277,669	7,752,199	7,399,045	7,152,556	6,982,083	6,885,909
15,425,574	14,086,964	13,827,127	8,018,278	11,199,276	11,766,464
1,060,000	1,060,000	1,060,000	860,000	921,728	289,297
$ 25,192,662	$ 23,043,790	$ 22,345,312	$ 16,158,385	$ 19,233,813	$ 19,023,681
$ 5,915,695	$ 3,242	$ 28,946	$ 26,013	$ 71,608	$ 59,660
19,174,097	27,679,541	27,277,048	26,328,454	26,466,768	27,039,278
12,824,144	11,600,900	9,332,740	10,568,404	9,174,885	17,680,891
70,479,670	74,307,742	70,811,712	67,828,083	62,830,965	71,429,444
(226,304)	(290,643)	-	-	-	-
$ 108,167,302	$ 113,300,782	$ 107,450,446	$ 104,750,954	$ 98,544,226	$ 116,209,273

CITY OF CYPRESS

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

Schedule 4

	Fiscal Year			
	2025	2024	2023	2022
REVENUES:				
Taxes				
Property tax	$ 24,180,293	$ 22,738,100	$ 21,868,125	$ 19,500,488
Sales tax	12,895,299	12,930,992	13,561,206	13,292,177
Transient occupancy tax	3,361,552	2,892,555	2,849,004	2,602,233
Franchise tax	2,110,146	2,180,353	2,047,004	1,876,783
Other taxes	2,179,797	2,224,361	2,327,660	2,348,252
Licenses and permits	1,062,915	1,029,241	1,437,527	1,326,104
Fines and forfeitures	324,298	310,918	285,374	250,414
From use of property	10,145,030	9,442,245	5,400,358	(2,256,444)
From other agencies	5,087,250	5,029,681	4,348,451	16,312,535
Charges for services	5,848,740	5,466,915	6,689,289	11,079,347
Other revenues	576,373	592,405	1,341,712	746,421
Total Revenues	67,771,693	64,837,766	62,155,710	67,078,310
EXPENDITURES:				
General government	5,903,290	6,914,401	5,071,688	4,833,262
Community development	1,888,599	2,437,084	2,541,511	2,159,679
Public safety	21,912,029	21,008,037	20,099,644	17,939,338
Public works	16,832,794	13,543,103	10,373,878	9,262,250
Recreation	6,086,420	5,550,870	5,260,829	4,532,507
Capital outlay	26,862,770	18,551,740	3,002,215	12,527,779
Debt service				
Principal retired	-	-	-	-
Interest and charges	608,696	224,922	-	-
Total expenditures	80,094,598	68,230,157	46,349,765	51,254,815
Excess of revenues over (under) expenditures	(12,322,905)	(3,392,391)	15,805,945	15,823,495
OTHER FINANCING SOURCES (USES):				
Transfers in	6,040,473	6,398,971	4,740,932	21,115,221
Transfers out	(8,414,425)	(13,914,583)	(6,829,946)	(25,800,414)
Gain (loss) on sale of land held for resale	(1,421,708)			
Subscription Liabilities	392,355			
Leases (as lessee)	47,128	10,918	-	-
Total other financing sources (uses)	(3,356,177)	(7,504,694)	(2,089,014)	(4,685,193)
Net change in fund balances before extraordinary items	(15,679,082)	(10,897,084)	13,716,931	11,138,302
SPECIAL ITEMS:				
Market value adjustment - land held for resale	-	-	-	-
Gain (loss) on sale of land held for resale	-	-	-	-
Total special items	-	-	-	-
EXTRAORDINARY ITEMS:				
Gain on approval of repayment agreement	-	-	-	-
Loss on re-entered loan settlement agreement	-	-	-	-
Total extraordinary items	-	-	-	-
Net change in fund balances	$ (15,679,082)	$ (10,897,084)	$ 13,716,931	$ 11,138,302
Debt service as a percentage of noncapital expenditures	1.1%	0.5%	0.0%	0.0%

	2021	2020	2019	2018	2017	2016
	$ 18,720,344	$ 18,532,454	$ 17,087,338	$ 16,109,436	$ 14,734,339	$ 14,132,221
	11,579,445	12,252,711	12,332,551	11,141,720	11,451,407	12,540,112
	1,648,030	2,185,978	2,761,917	2,836,842	2,711,306	2,558,974
	1,829,542	1,806,177	1,766,326	1,740,802	1,665,820	1,774,268
	2,167,293	2,063,126	2,095,035	2,052,850	2,061,297	1,957,223
	884,938	628,630	806,907	675,894	700,437	700,510
	345,986	277,716	390,365	275,909	289,271	239,845
	88,710	3,511,171	3,890,564	1,660,035	1,027,004	1,044,996
	4,103,799	5,300,369	3,878,871	3,856,558	3,113,673	3,021,416
	4,051,764	3,293,571	4,317,800	4,700,201	4,397,340	4,376,424
	811,084	652,143	673,986	701,596	1,585,339	1,401,191
	46,230,935	50,504,046	50,001,660	45,751,843	43,737,233	43,747,180
	5,485,769	5,206,978	4,131,110	4,037,765	4,380,176	4,147,614
	1,892,213	1,714,979	2,056,311	2,351,459	2,070,995	2,160,255
	17,401,215	17,225,985	16,174,228	15,762,018	15,508,454	14,861,961
	10,056,426	7,732,879	7,394,724	10,081,750	9,541,509	9,630,040
	4,181,884	3,951,650	4,158,366	4,498,225	4,612,076	4,450,788
	11,805,601	4,495,945	4,251,602	2,275,198	11,813,186	2,295,678
	-	-	475,000	445,000	420,000	400,000
	-	-	13,175	36,826	59,622	80,131
	50,823,108	40,328,416	38,654,516	39,488,241	48,406,018	38,026,467
	(4,592,173)	10,175,630	11,347,144	6,263,602	(4,668,785)	5,720,713
	7,692,812	8,335,896	6,468,442	9,020,684	8,189,632	7,466,801
	(8,138,419)	(11,962,712)	(8,929,167)	(12,152,986)	(8,481,902)	(9,556,558)
	-	-	-	-	-	-
	(445,607)	(3,626,816)	(2,460,725)	(3,132,302)	(292,270)	(2,089,757)
	(5,037,780)	6,548,814	8,886,419	3,131,300	(4,961,055)	3,630,956
	-	-	-	-	-	-
	2,053,172	-	-	-	-	-
	2,053,172	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	(12,493,860)	-
	-	-	-	-	(12,493,860)	-
	$ (2,984,608)	$ 6,548,814	$ 8,886,419	$ 3,131,300	$ (17,454,915)	$ 3,630,956
	0.0%	0.0%	1.4%	1.3%	1.3%	1.3%

CITY OF CYPRESS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Schedule 5

Fiscal Year Ended June 30,	Secured *	Public Utility *	Unsecured Valuation *	Total Taxable Assessed Value *	Total Direct Tax Rate
2025	$ 9,683,816	$ 2,072	$ 519,725	$ 10,205,613	1.0000
2024	$ 9,161,268	$ 2,072	$ 424,756	$ 9,588,096	1.0000
2023	$ 8,701,907	$ 2,072	$ 365,927	$ 9,069,906	1.0000
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

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
2025	1.0000	-	1.0000	0.0788	0.0070
2024	1.0000	-	1.0000	0.0796	0.0035
2023	1.0000	-	1.0000	0.0900	0.0035
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

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

	2025			2016		
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	$ 265,548,747	1	2.60%	$ 222,537,229	1	3.44%
Villa Creek LLC	130,273,752	2	1.28%	--		--
GLC Cypress LLC	118,605,600	3	1.16%	--		--
Katella Holder Street LLC	103,827,146	4	1.02%	--		--
Cypress Corporate Center	87,723,859	5	0.86%	73,920,230	3	1.14%
Duke Realty LP	75,156,617	6	0.74%	--		--
Inland American Cypress Katella	64,387,205	7	0.63%	40,799,200	5	0.63%
Cypress Multifamily LLC	53,709,852	8	0.53%	--		--
Los Alamitos Racecourse	46,111,278	9	0.45%	38,143,428	7	0.59%
Diasorin Molecular LLC	41,875,200	10	0.41%	--		--
Mitsubishi Motor Sales	--		0.00%	78,227,213	2	1.21%
Cypress Distribution Center Inc	--		0.00%	61,708,790	4	0.96%
Yamaha Motor Corp USA Inc	--		0.00%	38,329,398	6	0.59%
RREEF America REIT	--		0.00%	36,000,000	8	0.56%
C33 LLC	--		0.00%	34,000,000	9	0.53%
IHP Los Alamitos Owner LLC	--		0.00%	32,994,942	10	0.51%
Total	$ 987,219,256		9.68%	$ 656,660,430		10.16%

Source: HdL Coren & Cone 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
2025	$ 16,417,328	$ 16,182,605	98.57%	$ 146,651	$ 16,329,256	99.46%
2024	$ 15,473,642	$ 15,282,850	98.77%	$ 126,991	$ 15,409,841	99.59%
2023	$ 14,675,706	$ 14,506,750	98.85%	$ 91,094	$ 14,597,844	99.47%
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%

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.

CITY OF CYPRESS

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Schedule 9

Fiscal Year Ended June 30,	Lease Revenue Bonds	Leases [1]	Subscription-based Information Technology Arrangements [1]	Total Outstanding Debt	Percentage of Personal Income [2]	Per Capita [3]
2025	$ -	$ 51,858	$ 1,099,036	$ 1,150,894	0.04%	$ 23
2024	$ -	$ 41,189	$ 1,171,147	$ 1,212,336	0.04%	$ 25
2023	$ -	$ 42,894	$ 995,346	$ 1,038,240	0.04%	$ 21
2022	$ -	$ -	$ -	$ -	0.00%	$ -
2021	$ -	$ -	$ -	$ -	0.00%	$ -
2020	$ -	$ -	$ -	$ -	0.00%	$ -
2019	$ -	$ -	$ -	$ -	0.00%	$ -
2018	$ 475,000	$ -	$ -	$ 475,000	0.03%	$ 10
2017	$ 920,000	$ -	$ -	$ 920,000	0.06%	$ 19
2016	$ 1,340,000	$ -	$ -	$ 1,340,000	0.08%	$ 27
2015	$ 1,740,000	$ -	$ -	$ 1,740,000	0.11%	$ 35

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statement.

[1] The Leases and Subscription-based Information Technology Arrangements debt presented here do not represent money borrowed by the City. The amounts shown are present-value calculations of estimated future payment by the City for equipment and software based on assumptions specified in Governmental Accounting Standards Board (GASB) Statements No. 87 and 96. The City implemented GASB Statement No. 87 (Leases) for the fiscal year ended June 30, 2022.
The City implemented GASB Statement No. 96 for the fiscal year ended June 30, 2023.

[2] See Schedule 12 for personal income.

[3] 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	$ 17,155,000	0.251%	$ 43,059
North Orange County Joint Community College District	275,134,676	5.648%	15,539,607
Garden Grove Unified School District	509,370,000	3.561%	18,138,666
Los Alamitos USD School Facilities Improvement District No. 1	213,215,227	2.304%	4,912,479
Anaheim Union High School District	424,313,955	13.744%	58,317,710
Centralia School District	39,351,729	2.263%	890,530
Cypress School District	29,484,042	86.007%	25,358,340
Savanna School District	35,608,134	12.200%	4,344,192
Total Direct and Overlapping Tax and Assessment Debt			$ 127,544,583
Direct and Overlapping General Fund Debt:			
Orange County General Fund Obligations	$ 429,065,000	1.259%	$ 5,401,928
Orange County Board of Education General Fund Obligations	9,120,000	1.259%	114,821
North O.C. Regional Occupational Program Certificates of Part.	6,880,000	5.071%	348,885
Anaheim Union High School District Certificates of Participation	26,880,000	13.744%	3,694,387
Los Alamitos Unified School District Certificates of Participation	27,037,816	3.561%	962,817
Cypress School District Certificates of Participation	2,096,000	86.007%	1,802,707
City of Cypress - Leases (2)	51,858	100.000%	51,858
City of Cypress - Subscription-based Information Technology Arrangements (2)	1,099,036	100.000%	1,099,036
Total Gross Direct and Overlapping Tax and Assessment Debt			$ 13,476,439
Total Direct Debt			$ 1,150,894
Total Overlapping Debt			$ 139,870,128
Combined Total Debt			$ 141,021,022 (3)

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) The Leases and Subscription-based Information Technology Arrangements debt presented here do not represent money borrowed by the City. The amounts shown are present-value calculations of estimated future payments by the City for equipment and software applications based on assumptions specified in Governmental Accounting Standards Board (GASB) Statements No. 87 (Leases) and 96 (Subscription-based Information Technology Arrangements. The City implemented GASB Statement No. 87 for the fiscal year ended June 30, 2022. The City implemented GASB No. 96 for the fiscal year ended June 30, 2023.

(3) 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				
	2025	2024	2023	2022	2021
LEGAL DEBT MARGIN CALCULATION:					
Assessed valuation	$ 10,205,613	$ 9,588,096	$ 9,069,906	$ 8,469,982	$ 8,175,217
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	$ 2,551,403	$ 2,397,024	$ 2,267,477	$ 2,117,496	$ 2,043,804
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	382,710	359,554	340,121	317,624	306,571
Total Net Debt Applicable to Limit	-	-	-	-	-
Legal debt margin	$ 382,710	$ 359,554	$ 340,121	$ 317,624	$ 306,571
Total Net Debt Applicable to Limit as a percentage of Debt Limit	0.00%	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.

2020	2019	2018	2017	2016
$ 7,865,560	$ 7,492,895	$ 7,049,085	$ 6,751,019	$ 6,463,650
25%	25%	25%	25%	25%
$ 1,966,390	$ 1,873,224	$ 1,762,271	$ 1,687,755	$ 1,615,913
15%	15%	15%	15%	15%
294,959	280,984	264,341	253,163	242,387
-	-	-	-	-
$ 294,959	$ 280,984	$ 264,341	$ 253,163	$ 242,387
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
2025	49,499	$ 3,229,654	$ 65,247	41.2 *	3,272	3.8%
2024	49,345	$ 2,986,131	$ 60,515	41.5 *	3,319	3.4%
2023	49,818	$ 2,692,508	$ 54,047	39.0 *	3,389	3.4%
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%

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

	2025			2016		
Employer	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Cypress College	947	1	3.80%	947	2	3.76%
Cypress School District	443	2	1.78%			0.00%
Raymond Handling Solutions	363	3	1.46%			0.00%
Costco - Cypress	360	4	1.45%	317	8	1.26%
Hybrid Promotions LLC	305	5	1.22%			0.00%
Siemens Industry, Inc	289	6	1.16%	650	3	2.58%
American Honda Finance Corp	286	7	1.15%			0.00%
Healthsmart Management Services	261	8	1.05%			0.00%
iRhythm Technologies	244	9	0.98%			0.00%
Yamaha Motors Corporation USA	239	10	0.96%	424	6	1.68%
UnitedHealth Group			0.00%	2308	1	9.16%
Christie Digital Systems USA Inc			0.00%	225	10	0.89%
Mitsubishi Motor Sales			0.00%	263	9	1.04%
Hybrid Apparel			0.00%	456	4	1.81%
Los Alamitos Race Course			0.00%	400	7	1.59%
Vans			0.00%	450	5	1.79%
Total	3,737		15.01%	6,440		25.56%

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	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government										
Administrative	4.8	5.8	5.3	5.3	5.3	5.3	5.3	5.3	6.0	6.0
Finance	14.8	14.8	14.3	14.3	14.3	14.3	14.3	14.3	15.0	15.0
Community Development	6.5	6.5	6.5	6.5	5.5	5.5	5.5	6.5	7.5	7.5
Police										
Officers	57.9	58.0	58.0	58.0	58.0	58.0	57.0	57.0	57.0	57.0
Civilians	23.9	23.8	23.8	23.8	23.8	22.8	22.8	22.8	23.4	24.4
Public Works										
Engineering	9.0	9.0	9.0	9.0	9.0	9.0	8.5	10.5	10.1	10.1
Maintenance	19.5	19.5	19.5	19.5	19.5	20.1	20.1	26.4	27.0	27.0
Parks and Recreation	29.9	29.4	29.4	29.6	28.8	29.2	30.0	28.2	28.4	28.4
Total	166.2	166.8	165.8	166.0	164.2	164.2	163.5	171.0	174.4	175.4

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Physical arrests	1,151	1,587	1,636	1,505	778	834	1,232	1,091	1,130	856
Parking violations	4,884	5,670	6,328	4,485	8,675	4,436	6,264	5,287	3,660	4,587
Traffic violations	2,302	2,304	2,376	2,099	2,368	2,353	3,754	4,260	3,290	2,878
Public Works - Maintenance										
Potholes repaired	102	184	212	259	235	108	59	13	109	53
Parks and Recreation										
Athletic field permits issued	2,441	2,218	6,130	2,486	2,698	4,812	6,783	7,197	8,383	7,975
Class participants	9,972	10,270	10,968	6,991	3,738	6,370	13,319	13,823	10,739	12,110
Facility rentals	732	533	1,134	1,277	10	653	895	1,127	1,225	1,334

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	17	18	18	18	19	19	19	19	19	19
Public Works - Maintenance										
Streets (miles)	111	111	111	111	111	111	111	111	111	111
Streetlights	297	302	302	302	302	302	302	302	303	303
Traffic signals	61	61	61	61	61	61	61	61	60	60
Parks and Recreation										
Acreage	95	95	95	95	95	95	95	95	87	84
Playgrounds	20	20	20	20	19	19	19	19	19	18
Baseball/softball diamonds	9	9	9	9	9	9	9	8	8	8
Soccer/football fields	4	4	4	4	2	2	1	1	1	1
Pickleball courts	10	8	8	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

December 19, 2025

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

We have audited the financial statements of the City of Cypress, California (City), as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025.

We are currently performing the audit of the City's federal awards programs (Single Audit), and anticipating issuing our reports prior to March 31, 2026.

Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated September 30, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audits, we considered the system of internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal control during our audit in our Independent Auditor's 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* dated December 19, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." In addition to the significant risks communicated to you previously, we have identified the following additional significant risks:

- Significant estimates – valuation of claims payables.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City included in Note 1 to the financial statements. As disclosed in Note 1 to the financial statements, the City has changed accounting policies related to accounting for compensated absences to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences.* Accordingly, the accounting changes have been retrospectively applied to the financial statements beginning July 1, 2024, with no restatement necessary. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are related to the net pension and other post-employment benefits (OPEB) liabilities, disclosures, related deferred inflows/outflows of resources, pension/OPEB expense and claims payables.

Management's estimates of pension and OPEB are based on actuarial valuations. Management's estimates of claims payables are based on loss run reports. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City's financial statements relate to:

- Pension liabilities, in Notes 10 and 12, are sensitive to the underlying actuarial assumptions used, including but not limited to, the investment rate of return and discount rate. As disclosed in the respective notes, a 1% increase or decrease in the discount rate has a significant effect on the City's pension liability.
- OPEB liabilities, in Note 13, are sensitive to the underlying actuarial assumptions used, including but not limited to, the investment rate of return, discount rate, and healthcare cost trend rates. As disclosed in the respective note, a 1% increase or decrease in the discount rate or healthcare trend rate has a significant effect on the City's OPEB liability.
- Claims payable, in Notes 15, is sensitive to the underlying assumptions used, including the reserves calculated by the City's third-party administrator (TPA), as provided in the loss runs to the City.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no corrected missstatements identified as a result of our audit procedures.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

<u>Aggregate Remaining Funds – Workers' Compensation Internal Service Fund</u>	
Overstatement of accrued claims and judgements	$349,917
Overstatement of expenses (claim payments and changes in estimates)	$62,178
Understatement of beginning net position	$287,739
Understatement of ending net position	$349,917

<u>Governmental Activities</u>	
Overstatement of claims payable	$349,917
Overstatement of expenses (General Government)	$62,178
Understatement of beginning net position	$287,739
Understatement of ending net position	$349,917

The effect of these uncorrected misstatements resulted in an understatement of net income and net position of approximately $62,178.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As described in Note 22 to the financial statements, due to the correction of an error, the City restated opening balances as of July 1, 2024 in the Custodial Funds. The purpose of the paragraph is to draw attention to the disclosures for the correction of an error. We have included an emphasis of matter in our report regarding this restatement. We did not modify our opinion related to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 19, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in City's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

However, in accordance with such standards, we have read the introductory and statistical sections of the City's annual report and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Existence of a Material Misstatement that Affects the Financial Statements of a Prior Period in Which There Was a Predecessor Auditor

We have identified the existence of a material misstatement that affects the prior period financial statements on which the predecessor auditor had previously reported without modification.

A restatement was recorded to the Custodial Funds beginning net position to remove long-term liabilities (compensated absences, pension and OPEB) and the related deferred inflows/outflows for pension and OPEB that had been recorded in the prior year totaling $2,466,921. The restatement increased the Custodial Funds beginning net position by $2,466,921 and increased the prior year change in net position for Custodial Funds by $221,337.

This report is intended solely for the information and use of the City Council and management of the City, and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Laguna Hills, California

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

December 19, 2025

Eide Bailly LLP
25231 Paseo De Alicia, Ste. 100
Laguna Hills, CA 92653

This representation letter is provided in connection with your audit of the financial statement of the City of Cypress, California (City), 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, 2025, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the City in accordance with accounting principles generally accepted for governments 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 such that, in the light of surrounding circumstances, 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.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 19, 2025.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 28, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
2. 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
5. We have reviewed, approved, and taken responsibility for the financial statements and related notes.
6. We have a process to track the status of audit findings and recommendations.
7. We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
8. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Leo Medrano, *Mayor*
Kyle Chang, *Mayor Pro Tem* - David Burke, *Council Member* - Bonnie Peat, *Council Member* - Rachel Strong Carnahan, *Council Member*

9. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
10. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
11. The effects of uncorrected misstatements summarized in the attached schedule (Attachment I) are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
12. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
13. All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
14. All funds and activities are properly classified.
15. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
16. All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
17. All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
18. All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
19. All interfund and intra-entity transactions and balances have been properly classified and reported.
20. Deposit and investment risks have been properly and fully disclosed.
21. Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
22. All required supplementary information is measured and presented within the prescribed guidelines.
23. Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
24. With regard to pensions and OPEB:
    a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
    b. We are unable to determine the possibility of a withdrawal liability from the Pension and OPEB Plans, of which we are sponsors and are not currently contemplating withdrawing from the Plans.
    c. Increases in benefits, elimination of benefits and all similar amendments have been disclosed in accordance with U.S. GAAP and are included in the most recent actuarial valuation, or disclosed as a subsequent event.
    d. We agree with the findings of specialists in evaluating the Pension and OPEB liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

25. We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, Certain Risk Disclosures. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
26. We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
27. With regard to investments and other instruments reported at fair value:
    - The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated courses of action.
    - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
    - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
    - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
28. With respect to preparation of financial statements and conversion entries, and preparation of the data collection form, we have performed the following:
    - Made all management decisions and performed all management functions;
    - Assigned a competent individual to oversee the services;
    - Evaluated the adequacy of the services performed;
    - Evaluated and accepted responsibility for the result of the service performed; and
    - Established and maintained internal controls, including monitoring ongoing activities.

Information Provided

29. We have provided you with:
    - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
    - Additional information that you have requested from us for the purpose of the audit;
    - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    - Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
    - A written acknowledgement of all the documents that we expect to issue that will be included in the annual report and the planned timing and method of issuance of that annual report;
    - A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditor's report.
30. The financial statements and any other information included in the annual report are consistent with one another, and the other information does not contain any material misstatements.
31. All transactions have been recorded in the accounting records and are reflected in the financial statements.
32. 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.
33. We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
34. We have no knowledge of any fraud or suspected fraud that affects the entity 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.

35. We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
36. We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
37. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
38. The City has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
39. We have disclosed to you all guarantees, whether written or oral, under which the City is contingently liable.
40. We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
41. For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate, but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
42. We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
43. We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds. We confirm that there are no such instances.
44. There are no:
    - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
    - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
    - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62
    - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
45. The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
46. The City complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Government-specific

47. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
48. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
49. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance. We confirm that there are no such instances.
50. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives. We confirm that there are no such instances.
51. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives. We confirm that there are no such instances.
52. As part of your audit, you assisted with the preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
53. With respect to the combining fund financial statements:
    a. We acknowledge our responsibility for presenting the combining fund financial statements in accordance with accounting principles generally accepted in the United States of America, and we believe the combining fund financial statements, including their form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the combining fund financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
54. There have been no cybersecurity breaches or other cyber events whose effects should be considered for disclosure in the financial statements, as a basis for recording a loss contingency, or otherwise considered when preparing the financial statements.
55. Provisions for uncollectible receivables have been properly identified and recorded.
56. Investments, land and other real estate held by endowments are properly valued.
57. We have evaluated the impact of GASB Statement Nos. 101, and 102 effective July 1, 2024 and disclosed our implementation status in Note 1 to the financial statements.
58. We have not completed the process of evaluating the impact of adopting future GASB pronouncements including GASB Statement Nos. 103 and 104. The City is therefore unable to disclose the impact that adopting these statements will have on its financial position and the results of operations when such statements are adopted.

59. With respect to the management's discussion and analysis, budgetary comparison schedules, pension schedules, and OPEB schedules (required supplementary information) accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).
    b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with applicable criteria.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. There are no significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information.

60. With respect to supplementary information accompanying the financial statements:
    a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with GAAP.
    b. We believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP.
    c. The methods of measurement or presentation have not changed from those used in the prior period.
    d. There are no significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.
    e. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Matt Burton, Director of Finance and Administrative Services

Donna Mullaly, Assistant Director of Finance and Administrative Services

CITY of CYPRESS **ATTACHMENT I**

SUMMARY OF UNCORRECTED MISSTATEMENTS

JUNE 30, 2025

Account	Debit	Credit
Aggregate Remaining Entry: To correct the workers compensation claims payable balance		
Workers Compensation Claims Payable	349,917.00	
Expenses		287,739.00
Beginning Net Position		62,178.00
Total	**349,917.00**	**349,917.00**
Government Wide Entry: To correct the workers compensation claims payable balance		
Workers Compensation Claims Payable	349,917.00	
Expenses		287,739.00
Beginning Net Position		62,178.00
Total	**349,917.00**	**349,917.00**

Independent Auditor's 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 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 (*Government Auditing Standards*), 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 (City), as of and for the year ended June 30, 2025, 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 19, 2025. Our report included an emphasis of matter regarding the City's restatement of the Custodial Funds as described in Note 22.

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 City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we considered to be a material weakness.

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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*.

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Laguna Hills, California
December 19, 2025

2025-001 **Improper Recording of Long-Term Liabilities in Custodial Funds**
Type of Finding: Material Weakness

Criteria:

Per GASB Statement No. 84, *Fiduciary Activities,* paragraphs 10-11, custodial funds are for fiduciary activities not held in a trust and should only report resources held for others, not the government's own obligations. Per GASB 84 paragraph 21, a liability of a fiduciary activity should only be recognized in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. Employee benefit obligations including compensated absences, pension and OPEB liabilities and their related deferred inflows/outflows are not considered held for others as they are the obligations of the government itself. Therefore, they would not be reported in a custodial fund.

Condition:

The City recorded compensated absences, and pension and OPEB liabilities and their related deferred inflows/outflows within the Custodial Funds in the prior year financial statements. The City's general ledger allows for tracking of such balances to assist them in preparing standalone reports for the West Cities Policy Communications Joint Powers Authority (Authority).

Cause:

The City did not post the required adjustments to ensure the City properly presented the Custodial Fund. Elimination entries would have been required for presentation purposes in the City's Annual Comprehensive Financial Report (ACFR).

Effect:

The Custodial Funds' beginning net position was understated by $2,466,921. A restatement was made to beginning net position to fairly present the financial statements.

Context:

The conditions were noted during our testwork throughout the audit.

Recommendation:

We recommend the City evaluate the custodial fund activities, and make the necessary adjustments to the trial balance during the financial reporting process to remove such liabilities from the custodial fund presentation within the City's ACFR. The City was properly tracking these items for standalone reporting purposes for the separately issued report for the Authority.

View of Responsible Officials and Planned Corrective Actions:

While the City agrees the Custodial Funds should not include compensated absences, pension, and other post-employment benefit liabilities in the custodial fund presentation of the ACFR, the City's previous auditors did not provide sufficient reporting guidance in transitioning to Governmental Accounting Standards Board (GASB) Statement No. 84 – *Fiduciary Activities* in fiscal year 2020-21. The Statement of Fiduciary Net Position has included these liabilities since the implementation of GASB Statement No. 84 and the previous auditors' direction, inclusive of their annual quality control review, indicated reporting these liabilities conformed to GASB requirements. Further, the reporting of Custodial Funds is largely an inconsequential component of the City reporting entity. That said, we understand the annual financial statements are the City's responsibility, and we accept the comment and have now included notes in our year-end statement review to ensure these liabilities are not included in future ACFRs.

Independent Accountant's Report

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

We have performed the procedures enumerated below, on the Appropriations Limit Calculation of the City of Cypress, California (City) prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2025. The City is responsible for the Appropriations Limit Calculation.

The City has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Appropriations Limit Calculation and we will report on findings based on the procedures performed. 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 and the associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the City's appropriations limits and compare the 2024-25 limits and annual adjustment factors included in those worksheets to the limits and annual adjustment factors that were adopted by resolution of 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.

   Findings: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2024-25 appropriations limit.

   Findings: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheet described in Procedure #1 above and to the information provided by the California State Department of Finance.

   Findings: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior appropriations limit adopted by City Council.

   Findings: No exceptions were found as a result of this procedure.

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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 American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the City's Appropriations Limit Calculation for the fiscal year ended June 30, 2025. 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.

No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of City Council and management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Laguna Hills, California
December 19, 2025

CITY OF CYPRESS
FISCAL YEARS 2024-2025
APPROPRIATIONS LIMIT CALCULATION

A.	2023-2024 APPROPRITATIONS LIMIT:	$	101,128,979	
B.	2024-2025 CHANGE IN PER CAPITA PERSONAL INCOME:			3.62%
C.	2024-2025 CHANGE IN POPULATION:			0.31%
D.	RATIO OF CHANGE (1.0362 X 1.0031):		x 1.03941222	
E.	2024-2025 APPROPRIATIONS LIMIT: ($101,128,979 x 1.03941222)	$	105,114,697	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **2.**

FROM: Steve Charelian, Interim Director of Finance and Administrative Services

DATE: 01/26/2026

SUBJECT: **Receive and File the Cypress Recreation and Park District's Financial Statements and Auditors' Report for the Fiscal Year Ended June 30, 2025**

RECOMMENDATION

Receive and file the District's Basic Financial Statements and Independent Auditors' Report and Related Reports for the Fiscal Year Ended June 30, 2025.

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, 2025. The following reports have been prepared, and an audit opinion issued, by the firm of Eide Bailly LLP. The District has received an unqualified, or "clean", opinion from Eide Bailly for the audit period.

Component Unit Financial Report

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 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.

Audit Communication Letter
Auditing standards require auditors to issue an audit letter to communicate any significant findings, disagreements with management, material and immaterial misstatements, or difficulties performing the audit.

Independent Accountants' Report on Agreed-Upon Procedures Applied to the Recreation and Park District's Appropriations Limit
All governments in California are required to have specific review procedures performed by independent accountants on the annual appropriations limit. There were no exceptions or findings related to this review.

BUDGET IMPACT

The cost of the audit includes the preparation of the financial statements and agreed-upon procedures and sufficient amounts are included in the District's budget to pay for these services.

LEGAL REVIEW

None required.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Cypress Recreation and Park District's Basic Financial Statements and Independent Auditors' Report for the fiscal year ended June 30, 2025.

Audit Communication Letter

Report on the Cypress Recreation and Park District's Appropriation Limit for the fiscal year ended June 30, 2025

Financial Statements
June 30, 2025

Cypress Recreation and Park District

(A Component Unit of the City of Cypress, California)

Cypress Recreation and Park District

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June 30, 2025

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Independent Auditor's 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* 61

Independent Auditor's Report

To the Board of Directors
Cypress Recreation and Park District
Cypress, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the general fund and the aggregate remaining fund information of the Cypress Recreation and Park District (the District), a component unit of the City of Cypress, as of and for the year ended June 30, 2025, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the District, as of June 30, 2025, 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 (*Government Auditing Standards*). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the District and are intended to present the financial position, the changes in financial position of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cypress (City) that is attributable to the transactions of the District. They do not purport to, and do not present fairly the financial position of the City, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 opinions. 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required pension and other postemployment benefit schedules, 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 GAAS, 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 an opinion on the financial statements that collectively comprise the District's basic financial statements. The internal service fund combining 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 basic 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 GAAS. In our opinion, the internal service fund combining statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated December 19, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Laguna Hills, California
December 19, 2025

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, 2025. 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, 2024, 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 Eide Bailly, 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 $705,600. At the end of the current fiscal year, the nonspendable fund balance of the District was $1,568, the restricted fund balance was $127,554 (compared to $104,768 at the beginning of the year), the committed fund balance was $182,427 (compared to $515,653 at the beginning of the year), the assigned fund balance was $11,655,928 (compared to $10,655,928 at the beginning of the year), while total fund balance was $12,220,482 (compared to $11,514,882 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 195.7 percent (compared with 196.25 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, 2025, the District's balance of cash and cash equivalents (including restricted amounts) was $14,226,015, a decrease of $578,466 from the prior fiscal year. Total receivables at the end of the fiscal year were $256,937, which is a decrease of $343,199 from the prior year total of $600,136.

Summary of Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 2025 and 2024

	2025	2024	Change
Revenues			
Taxes	$ 7,815,068	$ 7,326,746	$ 488,322
From other agencies	125,421	113,618	11,803
Charges for services	1,408,333	1,202,161	206,172
From use of property	1,127,615	1,029,302	98,313
Other revenue	33,514	57,093	(23,579)
Total Revenues	10,509,951	9,728,920	781,031
Expenditures			
Parks and recreation	6,086,422	5,550,867	535,555
Capital outlay	22,310,482	16,950,867	5,359,615
Debt Service - Note repayment to City	2,782,243	1,593,259	1,188,984
Total Expenditures	31,179,147	24,094,993	7,084,154
Other Financing Sources (Uses)			
Note proceeds from the City of Cypress	21,398,060	10,766,006	10,632,054
Inception of subscription-based IT arrangements	147,318	-	147,318
Transfers out	(170,582)	(155,543)	(15,039)
Total Other Financing Uses	21,374,796	10,610,463	10,764,333
Increase (decrease) in fund balance	$ 705,600	$ (3,755,610)	$ 4,461,210

Total Recreation and Park District revenues for the fiscal year ended June 30, 2025 increased by $781,031 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, were 6.7 percent more than the prior year. The District continues to benefit from higher assessed values and new developments being added to the tax roll, which were larger in the past year than the prior year.
- The increase to charges for services relates to park development fee receipts, which are difficult to predict due to uncertainties associated with development activity and economic conditions, and revenues can fluctuate drastically from year to year. A few major developments generated fees of $609,000 in the fiscal year ended June 30, 2025, which represents an increase over the

$445,000 received in the prior year. All eligible park development fee receipts are used to pay down the District's outstanding advances from the City's General fund associated with the construction of Lexington Park.

- Revenues from the use of property increased due to having a full year of facility rentals at the Community Center. In the prior year, rentals were curtailed for a portion of the year due to HVAC and roof replacement projects.

Notable changes in expenditures during the year ended June 30, 2025 follow:

- Recreation expenditures increased $535,555 (9.7 percent) due to many factors, including cost of living salary and benefit increases for all full-time employees, higher contract costs for facility and landscape maintenance, additional water expenditures resulting from the relatively dry winter, and enhanced senior citizen and youth programs.
- Capital expenditures rose by over $5.3 million due to investing an additional $21.6 million in the rehabilitation of Arnold Cypress Park. The Arnold Cypress Park project was completed in late FY 2024-25 and rebuilt the 75 year-old, 14.5 acre park at a budgeted cost of $33.5 million. The new park provides a variety of sports courts and softball fields. In addition to this once in a generation project, the District continued to invest in other park facility improvements as amounts were expended in the fiscal year ended June 30, 2025 for sports lighting replacement and security improvements at Oak Knoll Park, and playground resurfacing at six park sites throughout Cypress.
- Note repayments to the City are comprised of two components: repayments associated with 1) the construction of Lexington Park and 2) the rehabilitation of Arnold Cypress Park. Park development fees of $624,746 (as compared to $454,795 in the prior year) were available to repay a portion of the Lexington Park note in the fiscal year ended June 30, 2025, while the General fund paid $157,497 of interest on the note. Through June 30, 2025, a total of nearly $12.3 million has been advanced to the District for Lexington Park construction and $9.1 million in park development fees have been used to repay the City, leaving an outstanding note balance of nearly $3.2 million due to the City. For the Arnold Cypress Park note, the first annual payment of $2.0 million in principal and interest was made to the City for construction costs on June 30, 2025. Additional $2.0 million annual payments will occur until the loan is fully repaid in 2044. Total outstanding principal on the note for Arnold Cypress construction totals nearly $30.5 million at the end of the most recent fiscal year.

Notable changes in other financing sources and uses during the year ended June 30, 2025 follow:

- Note proceeds loaned to the District from the City increased by $10.6 million when compared to the prior year. The increase was expected and relates directly to the FY 2024-25 costs incurred on construction of the multi-year, $33.5 million rehabilitation of Arnold Cypress Park. The project was completed in May 2025 and the note will be repaid to the City over a 20 year period.
- Transfers out were $15,039 more than the prior year and are comprised of two recurring transfers, including a $150,000 annual transfer to the employees' benefits internal service fund to help offset any unfunded pension liability owed to the Orange County Employees Retirement System (OCERS). This liability represents monies owed on behalf of vested District employees who earned OCERS pension benefits prior to 2000 when all employees were transitioned to the CalPERS pension system. The balance of the annual transfers pays for new capital outlay items purchased in the District's Central Services Internal Service Fund. In the fiscal year ended June 30, 2025 the District acquired $20,582 of new equipment which was slightly more than the prior year.

District General Fund Budgetary Highlights

Net increases between the original appropriations budget and the final amended budget totaled nearly $24.3 million. Nearly $23.7 million 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, including $23.0 million for the rehabilitation of Arnold Cypress Park. An additional appropriation of $624,746 was necessary for the debt repayment to the City on the construction of Lexington Park, which is determined annually based on the availability of park development fees during the year.

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.

	Governmental Activities
Assets	
Cash and cash equivalents	$ 14,927,955
Restricted cash and cash equivalents	1,449,564
Receivables, net	
Accounts	52,150
Taxes	101,235
Interest	125,578
Inventories	1,318
Prepaid Items	1,229
Net pension asset	822,513
Capital assets (not being depreciated/amortized)	12,128,965
Capital assets (net of accumulated depreciation/amortization)	62,198,247
Total assets	91,808,754
Deferred Outflow of Resources	
Pension-related	1,206,068
OPEB-related	19,273
Total deferred outflow of resources	1,225,341
Liabilities	
Accounts payable and accrued liabilities	2,000,531
Unearned revenue	238,518
Compensated absences	44,165
Deposit payable	24,795
Unclaimed property	300
Notes payable to the City of Cypress	1,380,792
Subscription liabilities	15,350
Total OPEB liability	32,325
Noncurrent liabilities:	
Notes payable to the City of Cypress	32,264,553
Subscription liabilities	49,156
Compensated absences	132,496
Total OPEB liability	500,365
Net pension liability	3,952,863
Total liabilities	40,636,209
Deferred Inflow of Resources	
Pension-related	492,014
OPEB-related	179,097
Total deferred inflow of resources	671,111
Net Position	
Net investment in capital assets	40,617,361
Restricted	
Open space	57
Senior center enhancements	27,430
Youth league renovations	54,822
Facility & service enhancements	45,245
Net pension asset	822,513
Unrestricted	10,159,347
Total net position	$ 51,726,775

Cypress Recreation and Park District
Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Contributions and Grants	Program Revenues: Capital Contributions and Operating Grants	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Primary Government					
Governmental activities					
Recreation	$ 9,478,018	$ 2,641,769	$ 125,421	$ -	$ (6,710,828)
Total governmental activities	$ 9,478,018	$ 2,641,769	$ 125,421	$ -	(6,710,828)
General Revenues					
Property taxes					7,815,068
Franchise taxes					429,163
Business licenses taxes					33,514
Investment earnings					698,452
Total general revenues					8,976,197
Change in Net Position					2,265,369
Net Position at Beginning of Year					49,461,406
Net Position at End of Year					$ 51,726,775

Cypress Recreation and Park District

Balance Sheet –
Governmental Fund
June 30, 2025

	General Fund
Assets	
Cash and investments	$ 12,776,451
Restricted cash and investments	1,449,564
Receivables, net	
Accounts	30,124
Taxes	101,235
Interest	125,578
Prepaid items	250
Inventories	1,318
Total assets	$ 14,484,520
Liabilities	
Accounts payable	2,000,425
Unearned revenues	238,518
Deposits payable	24,795
Due to other governments	300
Total liabilities	2,264,038
Fund Balances	
Nonspendable	1,568
Restricted	127,554
Committed	182,427
Assigned	8,655,928
Unassigned	3,253,005
Total fund balances	12,220,482
Total liabilities and fund balances	$ 14,484,520

Cypress Recreation and Park District
Reconciliation of the Balance Sheet of the Governmental Fund to the Statement of Net Position
June 30, 2025

Fund balances of governmental funds	$ 12,220,482
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 Governmental Fund Balance Sheet. This amount does not include the internal service fund amounts of: fund amounts of $305,775	74,021,437
Internal service funds provide services to other funds on a cost - reimbursement basis. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Activities.	(805,293)
Long-term liabilites are not due and payable in the current period, and therefore are not reported in the Governmental Fund Balance Sheet.	
Notes payable to the City of Cypress	(33,645,345)
Subscription liabilities	(64,506)
Net Position of Governmental Activities	$ 51,726,775

Cypress Recreation and Park District

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund

Year Ended June 30, 2025

	General Fund
Revenues	
Taxes	$ 7,815,068
From other agencies	125,421
Charges for services	1,408,333
Use of money and property	1,127,615
Other revenue	33,514
Total revenues	10,509,951
Expenditures	
Current:	
Parks and recreation	6,003,610
Capital outlay	22,310,482
Debt service	
Principal	2,256,359
Interest	608,696
Total expenditures	31,179,147
Excess (deficiency) of revenues over (under) expenditures	(20,669,196)
Other Financing Sources (Uses)	
Issuance of notes payable	21,398,060
Issuance of subscriptions	147,318
Transfers out	(170,582)
Total other financing sources (uses)	21,374,796
Net Change in Fund Balances	705,600
Fund Balance - Beginning	11,514,882
Fund Balance - Ending	$ 12,220,482

Cypress Recreation and Park District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

Year Ended June 30, 2025

Net change in fund balances - total governmental funds		$ 705,600
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the costs of those assets are allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation/ amortization expense in the current period.		
Capital outlay		22,310,482
Depreciation/ amortization expense on capital assets is reported in the Governemnt Wide Statement of Activities, but it does not require the use of current resources. Therefore, depreciation/ amortization expense is not reported as expenditures in the Government Fund. This amount does not include the depreciation/ amortization expense for internal service funds in the amount of $71,749		(1,306,114)
Internal service funds provide services to other funds on a cost - reimbursement basis. The net revenue of certain activities of ineternal service funds is reported with governmental activities.		(155,580)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term laibilities in the Statement of Net Position.		
Payment of notes payable	$ 2,173,547	
Payments of subscription liabilities	82,812	
Issuance of notes payable	(21,398,060)	
Issuance of subscription liabilities	(147,318)	(19,289,019)
Change in Net Position of Governmental Activities		$ 2,265,369

Cypress Recreation and Park District
Statement of Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities Internal Service Funds
Assets	
Current Assets	
Cash and cash equivalents	$ 2,151,504
Receivables, net	
Accounts	22,026
Prepaid expenses	979
Total current assets	2,174,509
Noncurrent Assets	
Net pension asset	822,513
Capital assets, net	305,775
Total noncurrent assets	1,128,288
Total assets	3,302,797
Deferred Outflow of Resources	
Pension-related	1,206,068
OPEB-related	19,273
Total deferred outflow of resources	1,225,341
Liabilities	
Current Liabilities	
Accounts payable	106
Compensated absences	44,165
Total OPEB liability	32,325
Total current liabilities	76,596
Noncurrent Liabilities	
Compensated absences	132,496
Total OPEB liability	500,365
Net pension liability	3,952,863
Total noncurrent liabilities	4,585,724
Total Liabilities	4,662,320
Deferred Inflow of Resources	
Pension-related	492,014
OPEB-related	179,097
Total deferred inflow of resources	671,111
Net Position	
Investment in capital assets	305,775
Restricted	822,513
Unrestricted	(1,933,581)
Total net position (deficit)	$ (805,293)

Cypress Recreation and Park District
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2025

	Governmental Activities Internal Service Funds
Operating Revenues	
Charges for services	$ 1,233,436
Total operating revenues	1,233,436
Operating Expenses	
Contractual services	711,952
Supplies and other services	775,897
Depreciation/ amortization expense	71,749
Total operating expenses	1,559,598
Operating income (loss)	(326,162)
Operating income (loss)	(326,162)
Transfers in	170,582
Change in Net Position	(155,580)
Net Position - Beginning	(649,713)
Net Position - Ending	$ (805,293)

	Governmental Activities Internal Service Funds
Operating Activities	
Receipts from interfund changes	$ 1,226,139
Payments to supplier and service providers	(711,951)
Payments to employees for salaries and benefits	(418,240)
Net Cash Used for Operating Activities	95,948
Non Capital Financing Activities	
Transfers from other funds	170,582
Net Cash Used for Non Capital Financing Activities	170,582
Capital and Related Financing Activities	
Acquition and construction of capital assets	(26,286)
Net Cash Used for Capital and Related Activities	(26,286)
Net Increase (Decrease) in Cash and Cash Equivalent	240,244
Cash and Cash Equivalents - Beginning	1,911,260
Cash and Cash Equivalents - Ending	$ 2,151,504
Reconciliation of Operating Income (Loss) to Net Cash Provided Used For)	
Operating Activities	
Operating income (loss)	$ (326,162)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation/ amortization expense	71,749
(Increase) decrease in accounts receivable	(7,297)
(Increase) decrease in prepaid items	(105)
(Increase) decrease in net pension asset	(181,038)
Increase (decrease) in accounts payable	106
Increase (decrease) in net pension liability	308,603
Increase (decrease) in compensated absences	51,140
Increase (decrease) in total OPEB liability	178,952
Total Adjustments	422,110
Net cash provided by (used for) operating activities	$ 95,948

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 blended within in this report in the General Fund. 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. These statements do not purport to present fairly the financial position of the City as a whole.

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.

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).

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. 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 and proprietary fund 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 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
Vehicles, computers, and equipment	3 to 10 years
Subscription assets	2 to 10 years

D. 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 District 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 District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. The investment in LAIF is carried at fair value based on the value of each participating dollar as provided by LAIF.

For purposes of the statement of cash flows, all pooled cash and investments in the proprietary fund type are considered to be short-term and, accordingly, are classified as cash and cash equivalents.

Certain disclosure requirements, if applicable, for Deposits and Investment Risks are provided in the following areas:

- Interest Rate Risk
- Credit Risk
  - Overall
  - Custodial Credit Risk
  - Concentrations of Credit Risk
- Foreign Currency Risk
- Fair Value Measurements

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

E. 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, 2024 measurement date is 3.8 years.

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, 2024 measurement date, which is 5.1 years.

F. 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).

G. 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.

H. 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 "net investment in capital assets" or "restricted net position" as defined above.

I. 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.

J. 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

K. 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.

L. Pensions

CalPERS

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 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:

CalPERS Miscellaneous

Valuation Date: June 30, 2023
Measurement Date: June 30, 2024
Measurement Period: July 1, 2023 to June 30, 2024

Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (OCERS)

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following time frames used are:

Valuation Date: December 31, 2023
Measurement Date: December 31, 2024
Measurement Period: January 1, 2024 to December 31, 2024

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, 2024
Measurement Date: June 30, 2025
Measurement Period: July 1, 2024 to June 30, 2025

N. Subscription-Based Information Technology Arrangements

The District is a subscriber for noncancellable subscriptions of information technology services. The District recognizes a subscription liability and an intangible right-to-use subscription assets (subscription asset) in the government-wide financial statements. The District recognized subscription liabilities with an initial, individual value of $10,000 or more.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs, if applicable. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscription include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscriptions term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a measurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

O. 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.

P. Adoption of New Standard

As of June 30, 2025, the District adopted GASB Statement No. 101, *Compensated Absences.* The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. There was not a significant effect on the District's financial statements as a result of the implementation of this standard.

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, 2025, the cash and investments balance of the District was as follows:

	Government-Wide Statement of Net Position Governmental Activities
Cash and cash equivalents	$ 14,927,955
Restricted cash and cash equivalents	1,449,564
	$ 16,377,519

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:

Autorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United states treasury bills and notes	5 years	None	N/A
Federral agency issues	5 years	None	None
Certificates of deposits (or time deposits) placed with commercial banks and/or savings and loan companies	1 year	25%	N/A
Banker's Acceptances	180 days	25%	10%
Negotiable certificates of deposit	5 years	25%	10%
Commercial paper	270 days	25%	10%
Local agency and investment fund	N/A	$ 75 Million*	N/A
Investment trust of california (CALTRUST)	N/A	$ 50 Million*	N/A
Money market mutual funds	N/A	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, 2025, approximately 55% 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 481 days.

Credit Risk - State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the City's practice to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard & Poor's and Moody's Investors Service. The California Local Agency Investment Fund ("LAIF") is not rated, but has a separate investment policy governed by Government Code Sections 16480-16481.2 that provides credit standards for its investments.

External Investment Pool

The City is a voluntary participant in LAIF, which is an external investment pool regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California through which local governments may pool investments. The City and the District each may invest up to $75,000,000 in the fund. Investments in LAIF are considered highly liquid, as deposits can be converted to cash within 24 hours without loss of interest.

LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

The City values its investments in LAIF at a fair market value provided by LAIF. At June 30, 2025, the factor used was 1.001198310. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. At June 30, 2025, the City invested in LAIF, which had invested 3.81% of the pool's funds in structured notes and asset-backed securities.

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, 2025:

Governemntal Activities	Balance at July 1, 2024	Additions	Deletions	Transfers	Balance at June 30, 2025
Capital assets, not being depreciated/amortized					
Land	$ 11,909,275	$ -	$ -	$ -	$ 11,909,275
Construction-in-progress	12,807,705	21,774,293	-	(34,362,308)	219,690
Total capital assets, not being depreciated/amortized	24,716,980	21,774,293	-	(34,362,308)	12,128,965
Capital assets, being Depreciated/Amortized					
Buildings and improvements	40,350,697	388,870	-	34,362,308	75,101,875
Internal service equipment	939,536	26,287	(65,758)	-	900,065
Subscription assets	-	147,318	-	-	147,318
Total capital assets being depreciated/amortized	41,290,233	562,475	(65,758)	34,362,308	76,149,258
Less accumulated depreciation/ amortization					
Buildings and improvements	(12,056,153)	(1,239,701)	-	-	(13,295,854)
Internal service equipment	(582,753)	(71,749)	65,758	-	(588,744)
Subscription assets	-	(66,413)	-	-	(66,413)
Total accumulated depreciation/ amortization	(12,638,906)	(1,377,863)	65,758	-	(13,951,011)
Total capital assets, being depreciated/ amorized, net	28,651,327	(815,388)	-	34,362,308	62,198,247
Total governmental activities capital assets, net	$ 53,368,307	$ 20,958,905	$ -	$ -	$ 74,327,212

Depreciation expense for capital assets for the year ended June 30, 2025, is comprised of the following:

General government	$ 1,306,114
Internal service funds	71,749
Total depreciation/amortization expense	$ 1,377,863

Depreciation expense of $1,377,863 is allocated to recreation activities on the statement of activities.

Note 4 - Compensated Absences

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.

	Balance at July 1, 2024	Net Change	Balance at June 30, 2025	Due within One Year
Compensated absences	$ 125,521	$ 51,140	$ 176,661	$ 44,165

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 5 - Interfund Transactions

Transfers In	Transfers Out	Amount
Internal Service Fund	General Fund	$ 170,582

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 6 - Net Position and Fund Balance

Government-Wide Financial Statements

Restricted for Open Space - These restrictions represent funds received from developers for open space use.

Restricted for Senior Center Enhancements - These restrictions represent funds required for the use of improvements to the City Senior Center.

Restricted for Youth League Renovations - This restriction represents amounts required to be used for future renovations of youth league facilities.

Restricted for Facility & Service Enhancements - This restriction represents funds donated to the Cypress Recreation and Community Services Foundation to support and enhance safe, attractive, and high quality recreation facilities, programs, and services within the City.

Restricted for Net Pension Asset - This restriction represents funds required to be used for pension-related purposes.

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	$ 250
Inventories	1,318
Total nonspendable	1,568
Restricted	
Open Space	57
Senior Center Enhancements	27,430
Youth League Renovations	54,822
Facility & Service Enhancements	45,245
Total restricted	127,554
Committed	
Other Park Improvements	182,427
Total committed	182,427
Assigned	
OCERS retirement (unfunded)	150,000
Art in public places	5,928
Infrastructure/ Amenities	8,500,000
Total assigned	8,655,928
Unassigned	3,253,005
Total Fund Balances	$ 12,220,482

As of June 30, 2025, the unassigned fund balance totaled $3,253,005, which includes the cash flow and contingency reserves of $2,000,000 and $1,000,000, respectively.

Note 7 - Pension Plans

As of June 30, 2025, the District had the following net pension liabilities/(asset) and related deferred inflows and outflows of resources:

	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
CalPERS Miscellaneous Plan	$ 3,952,863	$ 1,120,739	$ 130,783
Orange County Employees Retirement System Plan (OCERS)	(822,513)	85,329	361,231
Total	$ 3,130,350	$ 1,206,068	$ 492,014

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, 2025, reporting date, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2% @ 55	2% @ 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% to 2.500%
Required employee contribution rates	7.000%	8.250%
Required employer contribution rates	13.120%	8.620%
Employer payment of unfunded liability	$ 2,119,480	$ 7,950

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. Total contributions for the year ended June 30, 2025 were $468,144.

B. Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2024 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2024 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry age normal
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	3.00%
Project Salary Increase	Varies by entry age and service
Investment Rate of Return	6.90% Net of Pension Plan Investment and Administrative
Mortality Rate Table [(1)]	Derived using CalPERS' membership data for all funds

*The mortality table used was developed based on CalPERS-specific data. The probabilities are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study from November 2021 that can be found on the CalPERS website.

C. Discount Rate

The discount rate used to measure the total pension liability was 6.90 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 6.90 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90 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.

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	Assumed Asset Allocation	Real Return (1, 2)
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management Study.

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.

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 6.90 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 (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate -1 Percent 5.90%	Current Discount Rate 6.90%	Discount Rate +1 Percent 7.90%
Proportionate share of net pension liability/(asset)	$ 5,928,264	$ 3,952,863	$ 2,326,817

G. Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For year ended June 30, 2025, the District incurred a pension expense of $716,587.

As of June 30, 2025, 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
Contributions subsequent to the measurement date	$ 468,144	$ -
Changes of assumptions	95,881	-
Differences between expected and actual experience	346,086	(12,585)
Net difference between projected and actual earnings on pension plan investments	210,628	-
Adjustments due to differences in proportions	-	(61,669)
Differences in actual to proportionate share contribution	-	(56,529)
Total	$ 1,120,739	$ (130,783)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date, $468,144, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ 155,583
2027	490,643
2028	(9,485)
2029	(114,929)
Total	$ 521,812

Terminated Orange County Employees Retirement System Defined Benefit Pension Plan (OCERS)

H. 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, 2024, the following employees were covered by the benefit terms of the OCERS Plan:

Retired members or beneficiaries currently receiving benefits	20
Vested terminated members entitled to, but not yet receiving benefits	4
Active memebers	-
	24

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, OCERS will recalculate the unfunded actuarial accrued liability (UAAL) attributable to the District every three years beginning December 31, 2020, and at least every three years thereafter. 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.

I. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources

As of December 31, 2024, the District reported a net pension liability/(asset) for the OCERS plan of $(822,513). The net pension liability/(asset) was measured as of December 31, 2024, and 2023. 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, 2024 and 2023, respectively.

The District's net pension liability/(asset) and proportionate share of the total net pension liability as of December 31, 2024 and 2023 was as follows:

	OCERS	Proportionate Share
Net pension asset - December 31, 2023	$ (641,475)	-0.013%
Net pension asset - December 31, 2024	(822,513)	-0.021%
Change - Increase (Decrease)	$ (181,038)	-0.008%

Actuarial Assumptions: The actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	December 31, 2023
Measurement Date	December 31, 2024
Actuarial Experience Study	Three-year period ended January 1, 2020 and dated August 11, 2023.
Actuarial Cost Method	Entry age normal
Actuarial Assumptions	
Discount Rate	7.00%
Inflation	2.50%
Payroll Growth	2.75%
Project Salary Increase	Varies by entry age and service
Investment Rate of Return	7.00% Net of Pension Plan Investment and Administrative
Mortality Rate Table*	Derived using CalPERS' membership data for all funds

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, 2020 through December 31, 2022 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, 2024 and 2023. 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, 2024 and 2023.

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, 2024 and 2023 actuarial valuations. This information will change every three years based on the actuarial experience study.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate: The following presents the net pension liability/(asset) of the OCERS plan, as well as what the net pension liability/(asset) 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:

	Discount Rate -1 Percent 6.00%	Current Discount Rate 7.00%	Discount Rate +1 Percent 8.00%
Proportionate share of net pension liability/(asset)	$ 158,320	$ (822,513)	$ (1,624,622)

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately-issued OCERS financial reports.

J. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2025, the District recognized pension expense of $(120,878) in the OCERS Plan. At June 30, 2025, 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 experience	$ 72,060	$ (336,165)
Net difference between projected and actual earnings on pensions plan investments	-	(22,985)
Adjustments due to differences in proportions	13,269	(2,081)
Total	$ 85,329	$ (361,231)

The amounts reported as deferred inflows, net of the remaining deferred outflows, will be recognized as pension expense as follows:

Fiscal year ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	$ (53,007)
2027	99
2028	(165,395)
2029	(59,650)
2030	2,051
Total	$ (275,902)

K. Payable to the Pension Plan

At June 30, 2025, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2025.

Note 8 - 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 ($157 per month in 2024 and $158 per month in 2025) 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.

As of June 30, 2025, the date of the most recent actuarial valuation, the District's plan has 13 active employees.

Active plan members	13
Inactive plan members or beneficiaries currently receiving benefit payments	N/A
Inactive plan members or beneficiaries entitled to but currently no receiving benefit payments	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 $532,690 was based on an actuarial valuation as of June 30, 2025, a measurement date of June 30, 2025, and a discount rate of 5.20%.

C. Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age, Level Percent of Pay
Amortization Valuation Method/Period	20-year amortization (as a level percent of pay)
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	2.75%, average, including inflation
Discount Rate as of 6/30/25 (1)	5.20%, net of investment expense, including inflation
Healthcare cost-trend rates	7.50% for 2025 decreasing to 5.80% for 2029, 5.50% for 2030-2024, 4.70% for 2025-2044, 4.60% for 2045-2054, 4.50% for 2055-2074, and 4.00% for 2075 and later years; Medicare ages: 5.50% for 2025, 5.00% for 2026, 4.75% for 2027, 4.50% for 2028-2074, 4.00% for 2075 and later years.
Retirement Age	The District offers the same plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.
Mortality	Mortality rates were based on the (2000-2019) CalPERS Mortality for Miscellaneous and Schools Employees table created by CalPERS.

(1) The discount rate increased from 3.97% to 5.20%. The discount rate for both 2024 and 2025 was based on the Bond Buyer's 20-year bond General Obligation Index.

D. Changes in the OPEB Liability

The change in the Total OPEB Liability for the Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2024	$ 460,993
Changes recognized for the measurement period	
Service cost	25,685
Interest on total OPEB liability	18,815
Changes of assumptions	(54,036)
Experiences (Gains)/Losses	106,962
Benefit payments, including refunds of employee contributions	(25,729)
Net changes	71,697
Balance at June 30, 2025	$ 532,690

E. Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	Discount Rate -1 Percent 4.20%	Current Discount Rate 5.20%	Discount Rate +1 Percent 6.20%
Plan's total OPEB liability/(asset)	$ 598,662	$ 532,690	$ 477,403

F. 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 or one percentage point higher than the current healthcare cost trend rates:

	Health Care Trend Rate -1 Percent 5.00%	Current Health Care Trend Rate 6.00%	Health Care Trend Rate +1 Percent 7.00%
Plan's total OPEB liability/(asset)	$ 469,890	$ 532,690	$ 610,659

G. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the District recognized OPEB expense of $178,952. As of fiscal year ended June 30, 2025, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,582	$ (62,283)
Changes of assumptions	7,691	(116,814)
Total	$ 19,273	$ (179,097)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Net Amount
2026	$ 4,879	$ (32,105)	$ (27,226)
2027	4,879	(32,105)	(27,226)
2028	4,879	(32,105)	(27,226)
2029	2,852	(29,298)	(26,446)
2030	1,488	(19,524)	(18,036)
Thereafter	296	(33,960)	(33,664)
Total	$ 19,273	$ (179,097)	$ (159,824)

Note 9 - 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, 2025, 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 10 - Risk Management

At June 30, 2025, 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 $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 14 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 $43,000,000 annual aggregate in proportion to their annual premiums.

The Governing Board is comprised of one member from each 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, 2025. 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 11 - Deficit Net Position

The Employees' Benefits Internal Service Funds had a deficit of $1,893,300 as of June 30, 2025, due to the net pension liability associated with the District's CalPERS pension plan and the retirees' health liability (see further details at Note 8). The District has made all required annual contributions toward this long-term liability. It is expected the deficit will be eliminated over the next several years as required payments to CalPERS increase.

Note 12 - Long-Term Notes Payable from the City of Cypress

Lexington Park

On February 8, 2021, the District entered into a promissory note with the City of Cypress to borrow up to $12.8 million for the 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 note has an initial repayment term of five years, with the understanding the note will be renewed and repayment deferred until sufficient park development receipts are available. The District has paid annual interest to the City on the outstanding note balance at the rate earned by the California Local Agency Investment Fund (LAIF). However, beginning July 1, 2025, the interest rate will be fixed at 2.0%.

Since note issuance, a total of $12,293,975 has been loaned to the District for Lexington Park construction and repayments to the City using available park development fees total $9,109,308 through June 30, 2025. Future repayments will be determined based on the availability of park development revenues. All interest has been paid through the end of the fiscal year and the outstanding balance on the note totaled $3,184,667 at June 30, 2025.

Arnold Cypress Park

On November 13, 2023, the District entered into a promissory note with the City of Cypress to borrow up to $33,500,000 for design costs associated with the reconstruction of Arnold Cypress Park. The note establishes an applicable interest rate of 2.0% per annum. Annual payments of $2,000,000 per year, inclusive of interest, will be made from District resources beginning June 30, 2025.

A total of $32,009,479 has been loaned to the District since the note was approved. Interest of $451,199 has been paid as of year-end. The total outstanding balance on the note was $30,460,678 at June 30, 2025.

Additional proceeds not to exceed $1,490,251, which represents the remaining authorized limit on the note, may occur in the coming year.

The outstanding balance on the Lexington Park and Arnold Cypress Park notes totaled $33,645,345 at June 30, 2025.

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025	Due within one year
Lexington Construction	$ 3,809,413	$ -	$ 624,746	$ 3,184,667	$ -
Arnold Cypress Construction	10,611,419	21,398,060	1,548,801	30,460,678	1,380,792
Total	$ 14,420,832	$ 21,398,060	$ 2,173,547	$ 33,645,345	$ 1,380,792

The future principal and interest payments on the Arnold Cypress Park loan as of June 30, 2025, are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 1,380,792	$ 619,208	$ 2,000,000
2027	1,408,407	591,593	2,000,000
2028	1,436,576	563,424	2,000,000
2029	1,465,307	534,693	2,000,000
2030	1,494,613	505,387	2,000,000
2031-2035	7,933,588	2,066,412	10,000,000
2036-2040	8,759,322	1,240,678	10,000,000
2041-2045	6,582,073	340,553	6,922,626
	$ 30,460,678	$ 6,461,948	$ 36,922,626

Note 13 - Subscription-Based Information Technology Arrangements

As of June 30, 2025, the District has 2 active subscriptions. The subscriptions have payments that range from $0 to $14,966 and interest rates that range from 0.7460% to 2.1860%. As of June 30, 2025, the total combined value of the subscription liability is $64,506, as shown in the table below. The combined value of the right-to-use asset as of June 30, 2025, of $147,318 with accumulated amortization of $66,413 is included within the Subscription assets shown in Note 3.

	Balance at July 1, 2024	Additions	Deletions	Balance at June 30, 2025	Due within one year
Subscription liability	$ -	$ 147,318	$ 82,812	$ 64,506	$ 15,350
Total	$ -	$ 147,318	$ 82,812	$ 64,506	$ 15,350

The future principal and interest subscription payments as of June 30, 2025, are as follows:

Fiscal Year	Principal Payments	Interest Payments	Total Payments
2026	$ 15,350	$ 364	$ 15,714
2027	16,250	250	16,500
2028	24,046	1,902	25,948
2029	8,860	194	9,054
	$ 64,506	$ 2,710	$ 67,216

Required Supplementary Information
June 30, 2025

Cypress Recreation and Park District

Cypress Recreation and Park District

California Public Employees Retirement Systems (CalPERS) Defined Benefit Pension Plan
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Years (1)

	2025	2024*	2023*
CalPERS			
Proportion of the Net Pension Liability	0.07905%	0.08533%	0.07605%
Porportionate Share of the Net Pension Liability	$ 3,952,863	$ 3,992,590	$ 3,558,546
Covered Payroll	$ 980,133	$ 971,433	$ 783,017
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	24.80%	24.33%	22.00%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	78.10%	76.20%	76.70%
Plan's proportionate share of aggregate employer contributions	$ 468,144	$ 428,171	$ 514,601

Notes to Schedule:
*RSI was restated to conform with current presentation

Benefit Changes: There were no changes to the benefits.

Changes of Assumptions: No changes.

(1) The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multple-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 fiscal year ended June 30, 2019.

Cypress Recreation and Park District

California Public Employees Retirement Systems (CalPERS) Defined Benefit Pension Plan

Schedule of Proportionate Share of the Net Pension Liability

Last Ten Years (1)

2022*	2021*	2020*	2019*
0.09390%	0.07315%	0.07193%	0.06815%
$ 1,783,019	$ 3,085,709	$ 2,880,341	$ 2,568,468
$ 842,114	$ 782,395	$ 921,221	$ 994,394
47.23%	25.36%	31.98%	38.72%
85.70%	74.71%	75.87%	76.84%
$ 416,516	$ 403,889	$ 375,271	$ 324,579

Cypress Recreation and Park District

California Public Employees Retirement Systems (CalPERS) Defined Benefit Pension Plan

Schedule of Change in Net Pension Liability and Related Ratios

Last Ten Years (1)

Measurement Period	2018	2017	2016
Total Pension Liability			
Service cost	$ 196,966	$ 381,914	$ 88,500
Interest	852,392	1,915,403	448,707
Changes in Benefits Terms	-	-	-
Difference Between expected and Actual Experience	(115,257)	65,115	(22,424)
Changes in Assumptions	715,153	-	(112,169)
Benefit Payments, Including Refunds of employee Contributions	(561,239)	(1,138,953)	(261,811)
Net Change in Total Opeb Liability	1,088,015	1,223,479	140,803
Total OPEB liability - Beginning	7,450,968	6,227,489	6,086,686
Total OPEB liability - Ending (a)	$ 8,538,983	$ 7,450,968	$ 6,227,489
Plan Fiduciary Net Position			
Contribution - Employer	$ 205,970	$ 455,184	$ 89,741
Contribution - Employee	87,588	228,036	47,623
Net Investment Income	982,011	100,413	112,821
Benefit Payments, Including Refunds of Employee Contributions	(561,239)	(1,138,953)	(261,811)
Net Plan to Plan Resources Movement	-	-	-
Administrative Expense	(12,886)	(12,512)	(5,714)
Net Change in Fiduciary Net Position	701,444	(367,832)	(17,340)
Plan Fiduciary Net Position - Beginning	4,675,676	5,043,508	5,060,848
Plan Fiduciary Net Position - Ending (b)	$ 5,377,120	$ 4,675,676	$ 5,043,508
Plan Net Pension Liability/(Assets) Ending (a) - (b)	$ 3,161,863	$ 2,775,292	$ 1,183,981
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.97%	62.75%	80.99%
Covered Payroll	$ 921,221	$ 1,032,930	$ 642,560
Plan Net Pension Liability/(Asset) as a Percentage of Cover Payroll	343.23%	268.68%	184.26%

(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.

Note 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.

Changes of Assumptions: No changes.

Cypress Recreation and Park District

California Public Employees Retirement Systems (CalPERS) Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years (1)

	2025	2024	2023	2022
Miscellaneous Plan				
Actuarially Determined Contribution	$ 468,144	$ 394,055	$ 387,084	$ 329,495
Contribution in Relation to the Actuarially Determined Contribution	(468,144)	(394,055)	(387,084)	(329,495)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,077,096	$ 980,133	$ 971,433	$ 783,017
Contributions as a Percentage of Covered Payroll	43.46%	40.20%	39.85%	42.08%

(1) The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multple-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 fiscal year ended June 30, 2019.

Cypress Recreation and Park District

California Public Employees Retirement Systems (CalPERS) Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years (1)

2021	2020	2019	2018	2017	2016
$ 302,304	$ 273,209	$ 238,408	$ 199,697	$ 205,971	$ 185,768
(302,304)	(273,209)	(238,408)	(199,697)	(205,971)	(185,768)
$ -	$ -	$ -	$ -	$ -	$ -
$ 844,200	$ 842,114	$ 782,395	$ 921,221	$ 994,394	$ 642,560
35.81%	32.44%	30.47%	21.68%	20.71%	28.91%

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

Last Ten Years (1)

	2025	2024	2023	2022
OCERS				
Proportion of the Net Pension Liability	-0.02100%	-0.01300%	0.00100%	0.00500%
Porportionate Share of the Net Pension Liability	$ (822,513)	$ (641,475)	$ 61,016	$ (10,379)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	119.32%	115.18%	98.70%	102.18%

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 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 Proportionate Share of the Net Pension Liability

Last Ten Years (1)

2021	2020	2019	2018
0.00400%	0.00500%	0.00700%	0.01500%
$ 185,117	$ 262,415	$ 408,781	$ 718,340
96.03%	94.23%	90.81%	83.78%

Cypress Recreation and Park District

OCERS Retirement Plan – A Cost Sharing, Multiple-Employer Defined Benefit Pension Plan

Schedule of Contributions

Last Ten Years (1)

	2025	2024	2023	2022	2021	2020	2019
OCERS							
Actuarially Determined Contribution	$ -	$ -	$ 595,600	$ -	$ -	$ -	$ 739,966
Contribution in Relation to the Actuarially Determined Contribution	-	-	(595,600)	-	-	-	(739,966)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -

(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 Agreement on October 15, 2018, therefore fiscal year 2018-19 is the first year 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, 2021 valuation.
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	4.00% to 11.00%
Cost of living adjustments	2.75% of retirement income
Other assumptions	Same as those used in the December 31, 2021 funding actuarial valuation

Cypress Recreation and Park District

Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Ten Years (1)

	2025	2024	2023	2022
Total OPEB Liability				
Service cost	$ 25,685	$ 26,503	$ 25,795	$ 24,962
Interest on the total OPEB liability	18,815	18,061	19,511	13,791
Actual and expected experience difference	-	-	(34,865)	(14,251)
Changes in assumptions	(54,036)	(6,865)	(91,208)	(101,308)
Experiences (Gains)/Losses	106,962	-	-	-
Benefit payments	(25,729)	(35,857)	(2,730)	(23,512)
Net change in total OPEB liability	71,697	1,842	(83,497)	(100,318)
Total OPEB liability - beginning (2)	460,993	459,151	542,648	642,966
Total OPEB liability - ending	532,690	460,993	459,151	542,648
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 1,273,478	$ 1,193,761	$ 1,182,033	$ 960,668
Total OPEB liability as a percentage of covered employee payroll	41.83%	38.62%	38.84%	56.49%

(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 year ended June 30, 2023, the District began using a new actuary. The new actuary 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 3.97% as of June 30, 2024 to 5.20% as of June 30, 2025.

2021	2020	2019	2018
$ 24,299	$ 27,817	$ 22,006	$ 22,868
14,801	17,461	24,752	22,987
12,835	(11,634)	4,755	776
(37,755)	111,828	33,594	(24,366)
-	-	-	-
(14,838)	(29,623)	(29,847)	(24,684)
(658)	115,849	55,260	(2,419)
675,314	680,460	625,200	627,619
674,656	796,309	680,460	625,200
0.00%	0.00%	0.00%	0.00%
$ 1,023,903	$ 983,633	$ 882,824	$ 1,110,496
65.89%	80.96%	77.08%	56.30%

Cypress Recreation and Park District

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual - General Fund

Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive Negative)
Revenues				
Taxes	$ 7,376,000	$ 7,376,000	$ 7,815,068	$ 439,068
From other agencies	548,852	548,852	125,421	(423,431)
Charges for services	732,582	732,582	1,408,333	675,751
Use of money and property	926,250	926,250	1,127,615	201,365
Other revenue	-	-	33,514	33,514
Total revenues	9,583,684	9,583,684	10,509,951	926,267
Expenditures				
Current				
Parks and recreation	6,574,293	6,586,293	6,003,610	582,683
Capital outlay	1,572,500	25,266,903	22,310,482	2,956,421
Debt service				
Principal	2,173,547	2,173,547	2,256,359	(82,812)
Interest	451,199	451,199	608,696	(157,497)
Total expenditures	10,771,539	34,477,942	31,179,147	3,298,795
Excess of revenues over Under expenditures	(1,187,855)	(24,894,258)	(20,669,196)	4,225,062
Other Financing Sources (Uses)				
Issuance of note payable	22,991,549	22,991,549	21,398,060	1,593,489
Issuance of subscriptions	-	-	147,318	(147,318)
Transfer out	(186,240)	(201,240)	(170,582)	30,658
Total other financing sources (uses)	22,805,309	22,790,309	21,374,796	1,415,513
Net Change in Fund Balances	$ 21,617,454	$ (2,103,949)	705,600	$ 5,640,575
Fund Balance - Beginning			11,514,882	
Fund Balance - Ending			$ 12,220,482	

See Note to Required Supplementary Information

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 16.7% of the City of Cypress Cost-Sharing Multiple Employer Plan. The schedule of changes to the net pension liability and related ratios can be obtained in the annual comprehensive 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.

Cypress Recreation and Park District
Combining Statement of Net Position
Internal Service Funds
June 30, 2025

	Recreation District Central Services	Employees' Benefit	Total Internal Service Funds
Assets			
Current Assets			
Cash and cash equivalents	$ 782,232	$ 1,369,272	$ 2,151,504
Receivables, net			
Accounts	-	22,026	22,026
Prepaid expenses	-	979	979
Total current assets	782,232	1,392,277	2,174,509
Noncurrent Assets			
Net pension asset	-	822,513	822,513
Capital assets, net	305,775	-	305,775
Total noncurrent assets	305,775	822,513	1,128,288
Total assets	1,088,007	2,214,790	3,302,797
Deferred Outflow of Resources			
Pension-related	-	1,206,068	1,206,068
OPEB-related	-	19,273	19,273
Total deferred outflow of resources	-	1,225,341	1,225,341
Liabilities			
Current Liabilities			
Accounts Payable	-	106	106
Compensated absences	-	44,165	44,165
Total OPEB liabilty	-	32,325	32,325
Total current liabilities	-	76,596	76,596
Noncurrent Liabilities			
Compensated absences	-	132,496	132,496
Total OPEB liability	-	500,365	500,365
Net pension liability	-	3,952,863	3,952,863
Total noncurrent liabilities	-	4,585,724	4,585,724
Total Liabilities	-	4,662,320	4,662,320
Deferred Inflow of Resources			
Pension-related	-	492,014	492,014
OPEB-related	-	179,097	179,097
Total deferred inflow of resources	-	671,111	671,111
Net Position			
Investment in capital assets	305,775	-	305,775
Restricted	-	822,513	822,513
Unrestricted	782,232	(2,715,813)	(1,933,581)
Total net position (deficit)	$ 1,088,007	$ (1,893,300)	$ (805,293)

Cypress Recreation and Park District
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2025

	Recreation District Central Services	Employees' Benefit	Total Internal Service Funds
Operating Revenues			
Charges for services	$ 55,800	$ 1,177,636	$ 1,233,436
Total operating revenues	55,800	1,177,636	1,233,436
Operating Expenses			
Contractual services	5,611	706,341	711,952
Supplies and other services	-	775,897	775,897
Depreciation/ amortization expense	71,749	-	71,749
Total operating expenses	77,360	1,482,238	1,559,598
Operating income (loss)	(21,560)	(304,602)	(326,162)
Transfers in	20,582	150,000	170,582
Change in Net Position	(978)	(154,602)	(155,580)
Net Position - Beginning	1,088,985	(1,738,698)	(649,713)
Net Position - Ending	$ 1,088,007	$ (1,893,300)	$ (805,293)

Cypress Recreation and Park District
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2025

	Recreation District Central Services	Employees' Benefit	Total Internal Service Funds
Operating Activities			
Receipts from interfund changes	$ 55,800	$ 1,170,339	$ 1,226,139
Payments to supplier and service providers	(5,611)	(706,340)	(711,951)
Payments to employees for salaries and benefits	-	(418,240)	(418,240)
Net Cash Used for Operating Activities	50,189	45,759	95,948
Non Capital Financing Activities			
Transfers from other funds	20,582	150,000	170,582
Net Cash Used for Non Capital Financing Activities	20,582	150,000	170,582
Capital and Related Financing Activities			
Acquition and construction of capital assets	(26,286)	-	(26,286)
Net Cash Used for Capital and Related Activities	(26,286)	-	(26,286)
Net Increase (Decrease) in Cash and Cash Equivalent	44,485	195,759	240,244
Cash and Cash Equivalents - Beginning	737,747	1,173,513	1,911,260
Cash and Cash Equivalents - Ending	$ 782,232	$ 1,369,272	$ 2,151,504
Reconciliation of Operating Income (Loss) to Net Cash Provided Used For)			
Operating Activities			
Operating income (loss)	$ (21,560)	$ (304,602)	$ (326,162)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation/ amortization expense	71,749	-	71,749
(Increase) decrease in accounts receivable	-	(7,297)	(7,297)
(Increase) decrease in prepaid items	-	(105)	(105)
(Increase) decrease in net pension asset	-	(181,038)	(181,038)
Increase (decrease) in accounts payable	-	106	106
Increase (decrease) in net pension liability	-	308,603	308,603
Increase (decrease) in compensated absences	-	51,140	51,140
Increase (decrease) in total OPEB liability	-	178,952	178,952
Total Adjustments	71,749	350,361	422,110
Net cash provided by (used for) operating activities	$ 50,189	$ 45,759	$ 95,948

Independent Auditor's 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 general fund, the aggregate remaining fund information of the Cypress Recreation and Park District (the "District"), as of and for the year ended June 30, 2025, 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 19, 2025.

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 have not been identified.

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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*.

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.

Eide Bailly LLP

Laguna Hills, California
December 19, 2025

December 19, 2025

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

We have audited the financial statements of the Cypress Recreation and Park District (District), a blended component unit of the City of Cypress (City), as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025.

Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated September 30, 2025, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audits, we considered the system of internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal control during our audit in our Independent Auditor's 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* dated December 19, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by District is included in Note 1 to the financial statements. As disclosed in Note 1 to the financial statements, District has changed accounting policies related to accounting for compensated absences to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences.* Accordingly, the accounting changes have been retrospectively applied to the financial statements beginning July 1, 2024, with no restatement necessary. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are related to the net pension and other post-employment benefits (OPEB) liabilities, disclosures, related deferred inflows/outflows of resources, and pension/OPEB expense.

Management's estimates of pension and OPEB are based on actuarial valuations. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting District's financial statements relate to:

- Pension liabilities, in Note 7, are sensitive to the underlying actuarial assumptions used, including but not limited to, the investment rate of return and discount rate. As disclosed in the respective notes, a 1% increase or decrease in the discount rate has a significant effect on the District's pension liability.
- OPEB liabilities, in Note 8, are sensitive to the underlying actuarial assumptions used, including but not limited to, the investment rate of return, discount rate, and healthcare cost trend rates. As disclosed in the respective note, a 1% increase or decrease in the discount rate or healthcare trend rate has a significant effect on the District's OPEB liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole.Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no corrected missstatements identified as a result of our audit procedures.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit.

Governmental Activities due to the implementation of Complensated Absences, which was not restated.

Overstatement of change in net position	$25,106
Understatement of beginning net position	$25,106

The effect of these uncorrected misstatements did not affect net position as of June 30, 2025.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. As discussed in Note 1, the financial statements present only the District and are intended to present the financial position, the changes in financial position of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cypress (City) that is attributable to the transactions of the District. They do not purport to, and do not present fairly the financial position of the City, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. The purpose of this paragraph is to draw attention to the disclosures for the description of the reporting entity. We have included an emphasis of matter to clarify this description of the reporting entity. We did not modify our opinions related to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 19, 2025.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the City Council and management of the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Laguna Hills, California

Independent Accountant's Report

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

We have performed the procedures enumerated below, on the Appropriations Limit Calculation of the City of Cypress Recreation and Park District (District) prepared in accordance with Article XIII-B of the California Constitution for the fiscal year ended June 30, 2025. The District is responsible for the Appropriations Limit Calculation.

The City of Cypress (City) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating the Appropriations Limit Calculation and we will report on findings based on the procedures performed. 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 and the associated findings are as follows:

1. We obtained the completed worksheets setting forth the calculations necessary to establish the District's appropriations limits and compare the 2024-25 limits and annual adjustment factors included in those worksheets to the limits and annual adjustment factors that were adopted by resolution of 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.

   Findings: No exceptions were found as a result of this procedure.

2. We added last year's limit to the annual adjustment amount and compared the resulting amount to the 2024-25 appropriations limit.

   Findings: No exceptions were found as a result of this procedure.

3. We compared the current year information to the worksheet described in Procedure #1 above and to the information provided by the California State Department of Finance.

   Findings: No exceptions were found as a result of this procedure.

4. We agreed the prior year appropriations limit to the prior appropriations limit adopted by City Council.

   Findings: No exceptions were found as a result of this procedure.

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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 American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's Appropriations Limit Calculation for the fiscal year ended June 30, 2025. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of City Council and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Laguna Hills, California
December 19, 2025

CYPRESS RECREATION AND PARK DISTRICT
FISCAL YEARS 2024-2025
APPROPRIATIONS LIMIT CALCULATION

A.	2023-2024 APPROPRITATIONS LIMIT:	$	11,252,215	
B.	2024-2025 CHANGE IN PER CAPITA PERSONAL INCOME:			3.62%
C.	2024-2025 CHANGE IN POPULATION:			0.31%
D.	RATIO OF CHANGE (1.0362 X 1.0031):		x 1.03941222	
E.	2024-2025 APPROPRIATIONS LIMIT: ($11,252,215 x 1.03941222)	$	11,695,690	

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **3.**

FROM: Lisa Berglund, City Clerk

DATE: 01/26/2026

SUBJECT: **Approve the 2026 Proposed City Council Regular Meeting Schedule**

RECOMMENDATION

Approve the proposed 2026 City Council Regular meeting schedule.

SUMMARY

On January 12, 2026, the City Council voted 4-1 to introduce an ordinance changing the meeting day of regular City Council meetings to the second and fourth Tuesdays of the month. The second reading of the ordinance is on tonight's agenda. The ordinance changes Municipal Code Section 2-1 to reflect the City Council's desire to move regular meetings of the City Council from the second and fourth Mondays of the month to the second and fourth Tuesdays of the month. Per City Charter Section 407, any time a regular meeting falls on a holiday, such meeting shall be held on the next business day. In 2026, none of the upcoming regular City Council meetings fall on a holiday.

The 2026 City Council regular meeting schedule accounts for school academic calendars by canceling the first meeting in April, the second meeting in July, and the first meeting in August. This also provides the City Council and staff with the opportunity to utilize vacation time. Traditionally, the City Council has not met a second time in November and December due to the meetings' proximity to major holidays. Preparing for and staffing a City Council meeting involves significant staff time and cost. Consolidating meetings during traditionally slower periods for Council business improves operational efficiency. If urgent matters arise, the City retains the ability to call a special City Council meeting as needed.

BUDGET IMPACT

None.

LEGAL REVIEW

Thisas reviewed by the City Attorney.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

2026 Calendar

PROPOSED DRAFT 2026 CITY CALENDAR
CITY OF CYPRESS

DECEMBER / JANUARY

SU	M	T	W	TH	F	SA
28	*29*	*30*	*31*	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27 SP	28	29	30	31

FEBRUARY

SU	M	TU	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

MARCH

SU	M	TU	W	TH	F	SA
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL

SU	M	TU	W	TH	F	SA
			1	2	3	4
5	6	7	8	9	10	11
12	13	14 CX	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

MAY

SU	M	TU	W	TH	F	SA
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24 31	25	26	27	28	29	30

JUNE

SU	M	TU	W	TH	F	SA
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY

SU	M	TU	W	TH	F	SA
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28 CX	29	30	31	

AUGUST

SU	M	TU	W	TH	F	SA
						1
2	3	4	5	6	7	8
9	10	11 CX	12	13	14	15
16	17	18	19	20	21	22
23 30	24 31	25	26	27	28	29

SEPTEMBER

SU	M	TU	W	TH	F	SA
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER

SU	M	TU	W	TH	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER

SU	M	TU	W	TH	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24 CX	25	26	27	28
29	30					

DECEMBER

SU	M	TU	W	TH	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22 CX	23	24	25	26
27	28	29	30	31	*1*	*2*

CC = CITY COUNCIL MEETING | H = CITY HOLIDAY | CX = COUNCIL MTG CANCELED

SPECIAL MEETINGS MAY BE SCHEDULED, OR STANDING MEETINGS MAY BE CANCELED. REFER TO CITY WEBSITE FOR OFFICIAL NOTICES.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **4.**

FROM: Lisa Berglund, City Clerk

DATE: 01/26/2026

SUBJECT: **Second Reading of Ordinance No. 1223 Changing the City Council Meeting Day from Monday to Tuesday**

RECOMMENDATION

Approve the second reading and adopt Ordinance No. 1223 by title only and waive further reading, amending the Cypress Municipal Code Section 2-1 related to the time and day of regular City Council meetings.

DISCUSSION

On January 12, 2026, the City Council approved (4-1, Council Member Peat dissenting) the first reading of Ordinance No. 1223 amending Cypress Municipal Code Section 2-1 related to the time and day of regular City Council meetings.

Section 2-1 is amended and restated in its entirety to read as follows: “§ 2-1 City Council meetings – Time of Regular Meetings. The City Council shall hold regular meetings at 5:30pm, on the second and fourth Tuesdays of each month. Said meetings shall be adjourned no later than 11:30pm, unless the majority of the council waives said adjournment time"

If adopted, the Ordinance will become effective February 26, 2026, and new meeting dates would commence March 10, 2026.

BUDGET IMPACT

None.

LEGAL REVIEW

The City Attorney has reviewed and approved the attached ordinance.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Ordinance Change of Meeting Day

ORDINANCE NO. 1223

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, AMENDING SECTION 2-1 OF THE CYPRESS MUNICIPAL CODE RELATING TO THE TIME OF REGULAR CITY COUNCIL MEETINGS

WHEREAS, the City Council ("City Council") of the City of Cypress ("City") is authorized to establish rules of conduct for its proceedings pursuant to Government Code section 36813; and

WHEREAS, the conduct of City Council meetings is governed by Article I of the City's Municipal Code ("CMC") and Robert's Rules of Order; and

WHEREAS, the City wishes to change the days of the month on which City Council meetings are regularly held; and

WHEREAS, by adoption of this Ordinance, the City Council wishes to amend CMC Section 2-1 to replace the days of the month when regular City Council meetings take place from the second and fourth Mondays to the second and fourth Tuesdays of each month.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS HEREBY ORDAINS AS FOLLOWS:

Section 1. Recitals Incorporated. The City Council finds the foregoing Recitals are true and correct and are incorporated herein by this reference.

Section 2. Amendment to CMC Section 2-1. Section 2-1 of the City of Cypress Municipal Code is hereby amended and restated in its entirety to read as follows:

"§ 2-1 City Council meetings – Time of Regular Meetings.

The city council shall hold regular meetings at 5:30pm, on the second and fourth Tuesdays of each month. Said meetings shall be adjourned no later than 11:30pm, unless the majority of the council waives said adjournment time."

Section 3. Severability. If any section, subsection, sentence, clause, paragraph, or phrase of this Ordinance or any part thereof is for any reason held to be invalid or otherwise unenforceable by any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this

Ordinance or any part thereof. The City Council hereby declares that it would have enacted each and every section, subsection, sentence, clause, paragraph, or phrase thereof, irrespective of any determination of validity.

Section 5. Effective Date. This Ordinance shall take effect 30 days after its adoption.

Section 6. Certification. The City Clerk shall certify as to the passage and adoption of this Ordinance and shall cause the same to be published and posted at the designated locations in the City of Cypress.

ADOPTED, SIGNED*, and *APPROVED this ___ day of _____, 2026.

_____
Leo Medrano, Mayor

ATTEST:

_____
Lisa A. Berglund, CMC, City Clerk

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

I, LISA BERGLUND, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Ordinance No. _____ was duly adopted at a regular meeting of the City Council of the City of Cypress held on the _____ day of _____, 2026, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

_____

Lisa Berglund, City Clerk

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **5.**

FROM: Ruthie Marroquin, Deputy City Clerk

DATE: 01/26/2026

SUBJECT: **Recognize the 75th Anniversary of the Kiwanis Club of Cypress**

RECOMMENDATION

Recognize the 75th Anniversary of the Kiwanis Club of Cypress.

DISCUSSION

Periodically the Mayor receives requests, on behalf of the entire City Council, to publicly declare, recognize, observe, or promote awareness of a special event. Whenever the timing of such requests permit, routine and/or internal proclamation requests are placed on the agenda by the City Manager and City Clerk for consideration by the City Council. The City Manager received a request from Mayor Medrano for the City Council to officially proclaim January 2026 as the 75th Anniversary of the Kiwanis Club of Cypress. A proclamation has been prepared and is attached for the City Council's consideration.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Proclamation

CITY OF CYPRESS PROCLAIMS JANUARY 2026 AS THE 75TH ANNIVERSARY OF THE KIWANIS CLUB OF CYPRESS

~ ~ ~

WHEREAS, Kiwanis International is a global organization of volunteers dedicated to improving the world one child and one community at a time; and

WHEREAS, the Kiwanis Club of Cypress was chartered in 1950 and has faithfully served the Cypress community for 75 years through leadership, fellowship, and service; and

WHEREAS, members of the Kiwanis Club of Cypress have devoted countless hours to supporting youth programs, community service projects, scholarships, fundraising efforts, and initiatives that strengthen families and enrich the lives of children; and

WHEREAS, through dedication and commitment, the Kiwanis Club of Cypress has made a positive impact on the quality of life in our community and has exemplified the highest standards of civic engagement and generosity; and

WHEREAS, the City of City of Cypress recognizes the significant contributions made by the Kiwanis Club of Cypress and honors its anniversary of service to the citizens of our community; and

NOW, THEREFORE, **BE IT PROCLAIMED, that I, LEO MEDRANO,** Mayor of the City of Cypress, along with my fellow Council Members, urge all citizens to join in recognizing the 75TH anniversary of the Kiwanis Club of Cypress for its ongoing service and commitment to improving our community.

_____

LEO MEDRANO
Mayor of City of Cypress
January 26, 2026

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **6.**

FROM: Sean Joyce, Interim City Manager

DATE: 01/26/2026

SUBJECT: **Adoption of Policy Establishing Procedures for Responding to Disruption of Airing Meetings of the City Council and Other Legislative Bodies Subject to SB 707**

RECOMMENDATION

Approve the attached policy concerning disruption of service procedures associated with the airing and/or streaming of the meetings of the city's legislative bodies as defined by applicable state statute, as may be amended.

SUMMARY

SB 707 (Durazo) amends and restructures the Brown Act (open meeting laws) that are applicable to the State's legislative bodies (as may be defined within the legislation). In sum, the purpose(s) of the 2025 legislation is to Modernize the Brown Act to reflect recent technological changes to promote greater public access and promote greater public participation in meetings. Some of the changes took effect January 1, 2026, and others are effective July 1, 2026.

One of the new requirements of the new legislation is that cities have in place policies prescribing how the City Council intends to respond to disruption of the airing/streaming of its meetings. The deadline for compliance is July 1, 2026.

DISCUSSION

If, for whatever reason, the airing of City Council meetings is disrupted, the proposed policy outlines the procedures for the Mayor to preside over such circumstances in accordance with the following procedures:

The legislative body must take a recess and try to restore service for at least one hour. Afterward, if the disruption has not been resolved, the body must either:

1. Adopt a finding by roll- call vote confirming that A) good- faith efforts were made to resolve the issue and B) that resuming the meeting serves the public interest more than further delay; or
2. Adjourn the meeting to another date, at which time the unresolved agenda items are taken up anew.

BUDGET IMPACT

There is no budget impact associated with adoption of this policy.

LEGAL REVIEW

This item has been prepared in collaboration with the City Attorney's office.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Policy - Disruption of Service

City Council Policy/Procedure

Procedures for Disruption of Airing and/or Streaming of Meetings of the City's Legislative Body/Bodies

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Reference: Minute Action of XXXXXXXX

Disruption of Service Procedures

1. Purpose

Pursuant to SB 707 (Durazo) and by July 1, 2026, California cities are required to adopt a policy on disruption of service of the airing/streaming of legislative meetings, including good faith attempts to restore service for at least an hour.

2. Policy

As required by Senate Bill 707, each eligible legislative body of the City of Cypress shall provide two-way remote participation, ensuring public participation, not only in person but also through a two-way phone or video platform that includes, but is not limited to, Zoom or Microsoft Teams for applicable meetings.

In the event of a disruption that makes two-way remote participation not possible during a meeting, the legislative body shall recess for no less than one (1) hour to make good faith efforts to restore service. The legislative body may meet in closed session during this period of time, but shall not reconvene the open session of the meeting until at least one (1) hour following the disruption, or until telephonic or internet service is restored, whichever is earlier.

If telephonic or internet service providing for two-way remote participation has not been restored following such efforts, the legislative body shall adopt, by rollcall vote, a formal finding affirming that good faith efforts were taken to resolve the disruption and that resuming the meeting serves the public interest more than further delaying it to find a resolution to the disrupted service.

The City Council adopted this policy to comply with SB 707 and, consistent with such legislation, shall be effective as of July 1, 2026.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **7.**

FROM: Steve Charelian, Interim Director of Finance and Administrative Services

DATE: 01/26/2026

SUBJECT: **Adopt the FY 2026-2027 Budget Calendar**

RECOMMENDATION

Adopt the Fiscal Year 2026-2027 budget calendar.

DISCUSSION

The City Council is required to adopt a budget for both the City and the Recreation and Park District prior to July 1 of each year. The process of creating and adopting the budget involves all departments and encompasses nearly six months from start to finish. Ongoing budget monitoring, year-end audits and financial statement preparation make budget-related matters a year-round cycle. The annual budget calendar provides a schedule of events and target dates to ensure the City Council adopts the budget before the start of the upcoming fiscal year.

The recommended budget calendar is a transparent document informing all parties involved in the budget process of the upcoming schedule. In addition to establishing when the City Council will discuss budget matters, the calendar provides a timeline and overview of the major tasks involved with the creation, monitoring and reporting of the budget.

BUDGET IMPACT

None.

LEGAL REVIEW

None required.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

FY 26/27 Budget Calendar

City Council - January 26, 2026
Budget Calendar
Fiscal Year 2026-2027

Date	Key Activities
January 2026	• Budget Calendar is prepared and presented to City Council • Annual Comprehensive Financial Report (ACFR) and Audit Results for FY ending June 30, 2025 - presented to City Council • The Annual 2026-2027 Budget Process begins
Monday, February 23, 2026	• FY 2025-2026 Mid-Year Budget Review – presented to City Council • FY 2025-2026 Capital Improvement Program Update - presented to City Council
Tuesday, March 24, 2026	• City Council Workshop (Presentation): Overview and Review of Fiscal Strategies, City Reserves, Pension Liabilities, and Pension Trust Assets
March and April 2026	• City Manager and Finance Director meet with Departments to review budget requests and performance measures • Proposed FY 2026-2027 budget compiled
Thursday, May 7, 2026	• Proposed budget and Decision Packages submitted to City Council prior to Budget workshop
Tuesday, May 12, 2026	• City Council budget workshop on FY 2026-2027 proposed budget • Introduction of Seven Year Capital Improvement Program • Additional meetings/workshops may be scheduled (*as necessary*)
Tuesday, May 26, 2026	• City Council considers Technology Master Plan for FY 2026-2027 through FY 2030-2031
Tuesday, June 9, 2026	• City Council considers FY 2026-2027 City and Park District Budgets with City Council directed changes. • City Council considers Seven Year Capital Improvement Plan
Wednesday, July 1, 2026	• Beginning of New Fiscal Year 2026-2027

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **8.**

FROM: Steve Charelian, Interim Director of Finance and Administrative Services

DATE: 01/26/2026

SUBJECT: **Receive and File the Investment Reports for the Months Ended November 30, 2025, and December 31, 2025.**

RECOMMENDATION

Receive and file the attached investment reports.

DISCUSSION

California Government Code Section 53607 and Cypress Municipal Code Section 2-18(f) requires submission of a monthly investment report to the City Council. Due to the cancellation of City Council meetings in November and December, two reports are being presented for the months ending November 30, 2025, and December 31, 2025.

Total cash and investments and the investment yields for the two months were as follows:

	Nov. 30, 2025	Dec. 31, 2025
Total Cash and Investments	$181.7 million	$186.9 million
Yield on Investments	4.11%	4.17%

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 Summaries of Cash and Investments present the investments held by the City of Cypress as of November 30, 2025, and December 31, 2025. 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 - Indicates outstanding loans between City funds. There are currently two loans due to the City's Infrastructure Reserve Fund from the Cypress Recreation and Park District General Fund related to the construction of Lexington Park and the rehabilitation of Arnold Cypress Park.
5. Summary of Cash and Investments Held In Trust - Presents investments held in trust by the Public Agency Retirement Services (PARS) for offsetting unfunded pension liabilities. The pension trust assets can only be used to pay 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 over the long-term on investments held in the pension trust.

For each of the two months, the City's portfolio consisted of the following:

	Nov. 30, 2025	Dec. 31, 2025
Federal Agency Securities	$105.1 million	$103.1 million
Investment Pools	$74.1 million	$83.2 million

Bank Accounts	$2.5 million	$0.6 million
Total	**$181.7 million**	**$186.9 million**

A portion of the investment portfolio is invested in the State Investment Pool (Local Agency Investment Fund or LAIF) which is managed by investment professionals and provides 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 a competitive yield, liquidity and investment knowledge that otherwise would not be available to a single entity.

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: Sean Joyce, Interim City Manager

Attachments

Investment Report for the Month Ended November 30, 2025

Investment Report for the Month Ended December 31, 2025

City of Cypress

Summary of Cash and Investments

As of November 30, 2025

	Type	Description	Bank/Agent	Investment Date	Maturity Date	Interest Rate	Carrying Value	Current Market Value (2)
(1)	Ckg	General Operating Account	BMO		12/1/2025	-	$ 2,393,888.29	$ 2,393,888.29
	Pool	Local Agency Investment Fund	State Treasurer		12/1/2025	4.096	39,000,000.00	39,075,253.66
	Pool	Local Agency Investment Fund	State Treasurer		12/1/2025	4.096	35,000,000.00	35,067,535.34
	FFCB	Federal Farm Credit Bank	BMO	1/13/2023	1/13/2026	4.000	2,000,000.00	1,999,860.00
	FFCB	Federal Farm Credit Bank	BMO	3/2/2023	3/2/2026	4.478	5,000,500.00	5,009,050.00
	FFCB	Federal Farm Credit Bank	BMO	9/29/2023	4/20/2026	5.000	4,997,138.54	5,018,300.00
	FHLB	Federal Home Loan Bank	BMO	11/30/2023	11/17/2026	4.420	5,009,350.00	5,045,500.00
	FHLB	Federal Home Loan Bank	BMO	12/19/2024	11/17/2026	4.310	4,725,000.00	4,724,858.25
	FHLB	Federal Home Loan Bank	BMO	4/18/2024	4/16/2027	5.000	3,015,000.00	3,022,296.30
	FFCB	Federal Farm Credit Bank	BMO	11/21/2024	11/12/2027	4.210	9,984,069.06	10,106,700.00
	FHLMC	Federal Home Loan Mortgage Corp	BMO	12/19/2024	12/17/2027	4.243	4,971,808.11	5,001,200.00
	FNMA	Federal National Mortgage Association	BMO	11/4/2024	7/21/2028	4.152	6,990,091.52	7,013,020.00
	TSY	US Treasury Bill	BMO	6/24/2024	7/31/2028	4.288	5,010,926.95	5,081,600.00
	FHLB	Federal Home Loan Bank	BMO	2/14/2025	8/14/2028	4.500	5,000,000.00	5,016,900.00
	FHLB	Federal Home Loan Bank	BMO	5/27/2025	11/27/2028	4.300	3,140,210.70	3,167,876.25
	FHLB	Federal Home Loan Bank	BMO	2/15/2024	2/12/2029	4.411	4,648,372.50	4,676,412.00
	FFCB	Federal Farm Credit Bank	BMO	4/18/2024	4/10/2029	4.375	4,954,640.00	5,135,200.00
	TSY	US Treasury Bill	BMO	6/24/2024	5/31/2029	4.241	4,700,114.89	4,874,200.00
	TSY	US Treasury Bill	BMO	12/6/2024	9/30/2029	4.032	4,971,448.62	5,058,550.00
	FFCB	Federal Farm Credit Bank	BMO	2/19/2025	2/19/2030	4.820	5,000,000.00	5,055,100.00
	FHLB	Federal Home Loan Bank	BMO	7/3/2025	7/2/2030	4.000	5,000,000.00	5,028,300.00
	FHLB	Federal Home Loan Bank	BMO	9/12/2025	9/3/2030	4.000	5,000,000.00	4,987,100.00
	FFCB	Federal Farm Credit Bank	BMO	10/1/2025	10/1/2030	3.750	5,000,000.00	5,033,650.00
	FHLB	Federal Home Loan Bank	BMO	11/20/2025	11/20/2030	4.000	5,000,000.00	4,999,950.00
	Ckg	Worker's Comp Account	BMO		12/1/2025	-	50,000.00	50,000.00
	Ckg	Liability Account	California Bank & Trust		12/1/2025	-	8,500.00	8,500.00
	Cash	Petty Cash	City		12/1/2025	-	8,350.00	8,350.00
							$ 180,579,409.18	$ 181,659,150.09

Average Weighted Yield to Maturity: 4.11%
Average Weighted Days to Maturity: 577.34

(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 on the City's website.
The Investment Program herein shown provides sufficient cash flow liquidity to meet six months estimated expenditures.

Signed: _____
Finance Director

City of Cypress

Changes in Cash/Investments

		9/30/2025	+RECEIPTS	(DISBURSEMENTS)	10/31/2025	+RECEIPTS	(DISBURSEMENTS)	11/30/2025
GENERAL								
111/114	GENERAL FUND/GENERAL FUND-GRANTS	$ 32,976,531	$ 2,982,263	$ (4,347,861)	$ 31,610,933	$ 4,765,205	$ (3,923,997)	$ 32,452,141
SPECIAL REVENUE								
115	PANDEMIC RELIEF	-	-	-	-	-	-	-
212	CRPD-GENERAL FUND	11,654,262	244,104	(451,072)	11,447,294	1,423,827	(308,751)	12,562,370
213	CRPD-PARK DEVELOPMENT	58	-	-	58	-	-	58
221	TRAFFIC SAFETY	3,489	5,663	-	9,152	6,598	-	15,750
230	STREETS	7,856,566	303,399	(43,037)	8,116,928	456,070	(5,384)	8,567,614
251	LIGHTING DISTRICT #2	4,566,588	35,431	(103,080)	4,498,939	308,608	(99,496)	4,708,051
261	STORM DRAIN	2,298,449	48,197	(22,464)	2,324,182	34,518	(145,233)	2,213,467
262	PLANNED LOCAL DRAINAGE FACILITY	1,175,357	7,168	-	1,182,525	-	-	1,182,525
271	CORP CNTR MAINT DISTRICT #1	206,710	-	(3,685)	203,025	-	(3,690)	199,335
280	ASSET SEIZURE	846,797	9,167	(8,720)	847,244	14,889	(18,004)	844,129
291	CABLE TV FRANCHISE AGREEMENT	889,535	804	-	890,339	13,143	-	903,482
301	SUPPLEMENTAL LAW ENFORCEMENT	(29,506)	114,849	(14,095)	71,248	25,257	(8,084)	88,421
311	AB 2766 TRIP REDUCTION	34,752	142	-	34,894	-	-	34,894
321	SEWER FUND	10,520,827	228,836	(48,756)	10,700,907	153,387	(26,506)	10,827,788
471	LOW AND MODERATE HSG ASSET	43,097	264	(1,908)	41,453	298	(307)	41,444
CAPITAL PROJECTS								
415	CITY CAPITAL PROJECTS	15,446,221	9,307	(148,745)	15,306,783	-	(251,746)	15,055,037
416	INFRASTRUCTURE RESERVE	51,437,462	411,942	-	51,849,404	-	-	51,849,404
TRUST AND AGENCY								
600	TRUST AND AGENCY	1,997,183	33,699	(53,587)	1,977,295	28,994	(164,950)	1,841,339
611	BUSINESS ASSESSMENT DISTRICT	-	-	-	-	-	-	-
612	CFD #1 ASSESSMENT DISTRICT	153,575	-	-	153,575	-	-	153,575
620	REC & COMM SERVICES FOUNDATION	45,805	3,388	(1,888)	47,305	1,000	(425)	47,880
INTERNAL SERVICE								
710	CENTRAL SERVICES	4,170,233	245,872	(314,516)	4,101,589	244,801	(180,460)	4,165,930
720	CAPITAL REPLACEMENT	16,068,600	109,025	(85,110)	16,092,515	80,336	(15,816)	16,157,035
730	TECHNOLOGY IMPROVEMENT	2,235,841	-	-	2,235,841	-	-	2,235,841
750	EMPLOYEE BENEFITS	3,474,653	1,857,740	(1,056,122)	4,276,271	1,294,821	(928,902)	4,642,190
760	LIABILITY SELF INSURANCE	1,798,723	69,331	(4,189)	1,863,865	69,331	-	1,933,196
770	WORKERS COMP SELF INSURANCE	3,464,948	96,620	(113,901)	3,447,667	63,432	(46,645)	3,464,454
OTHER								
811/812	WESTCOMM JPA	5,255,351	957,304	(431,289)	5,781,366	75,231	(384,797)	5,471,800
		$ 178,592,107	$ 7,774,515	$ (7,254,025)	$ 179,112,597	$ 9,059,746	$ (6,513,193)	$ 181,659,150

City of Cypress

INVESTMENTS AT MARKET VALUE BY MATURITY DATE

As of November 30, 2025

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	Totals	Percent
CASH	$ 2,460,738	$ -	$ -	$ -	$ -	$ -	$ 2,460,738	1.35%
FFCB	12,027,210	-	10,106,700	-	5,135,200	10,088,750	37,357,860	20.56%
FHLB	-	9,770,358	3,022,296	8,184,776	4,676,412	15,015,350	40,669,193	22.39%
FHLMC	-	-	-	5,001,200	-	-	5,001,200	2.75%
FNMA		-	-	7,013,020	-	-	7,013,020	3.86%
STATE POOL	74,142,789	-	-	-	-	-	74,142,789	40.81%
TSY	-	-	-	5,081,600	9,932,750	-	15,014,350	8.27%
Totals	$ 88,630,737	$ 9,770,358	$ 13,128,996	$ 25,280,596	$ 19,744,362	$ 25,104,100	$ 181,659,150	100.00%
Percent	48.79%	5.38%	7.23%	13.92%	10.87%	13.82%	100.00%	

CITY OF CYPRESS
INTERFUND INVESTMENTS

As of November 30, 2025

Note No.	To/From	Purpose	Issue Date	Scheduled Maturity Date	Interest Rate	Authorized Amount	Total Advances	Repayments To Date	Note Principal Outstanding*
1	CRPD/ City	Lexington Park Construction	02/08/21	06/30/30	2.00%	$ 12,800,000	$ 12,293,975	$ 9,109,308	$ 3,184,667
2	CRPD/ City	Arnold Cypress Park Construction	11/13/23	06/30/45	2.00%	$ 33,500,000	$ 32,335,599	$ 1,548,801	$ 30,786,798
									$ 33,971,465

1 The Lexington Park note is being repaid with park development fees as they become available. Effective July 1, 2025, the maturity date of the note was extended to June 30, 2030 with an interest rate of 2%.

2 Beginning June 30, 2025, the CRPD will repay $2 million annually (including principal and interest) from available CRPD property taxes over the next 20 years.

* Unaudited; amounts subject to change as part of finalizing the recording of actual FY 2024-25 transactions.

City of Cypress
Summary of Cash and Investments Held In Trust

As of November 30, 2025

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	9.93%	$ 28,890,000.00	$ 39,340,841.71
			Total		$ 28,890,000.00	$ 39,340,841.71

* 12-month period ending with the current month.

City of Cypress

Summary of Cash and Investments

As of December 31, 2025

	Type	Description	Bank/Agent	Investment Date	Maturity Date	Interest Rate	Carrying Value	Current Market Value (2)
(1)	Ckg	General Operating Account	BMO		1/1/2026	-	$ 508,328.49	$ 508,328.49
	Pool	Local Agency Investment Fund	State Treasurer		1/1/2026	4.025	42,000,000.00	42,081,042.40
	Pool	Local Agency Investment Fund	State Treasurer		1/1/2026	4.025	41,000,000.00	41,079,112.82
	FFCB	Federal Farm Credit Bank	BMO	1/13/2023	1/13/2026	4.000	2,000,000.00	2,000,200.00
	FFCB	Federal Farm Credit Bank	BMO	3/2/2023	3/2/2026	4.478	5,000,500.00	5,007,650.00
	FFCB	Federal Farm Credit Bank	BMO	9/29/2023	4/20/2026	5.000	4,997,138.54	5,017,650.00
	FHLB	Federal Home Loan Bank	BMO	11/30/2023	11/17/2026	4.420	5,009,350.00	5,043,550.00
	FHLB	Federal Home Loan Bank	BMO	4/18/2024	4/16/2027	5.000	3,015,000.00	3,021,090.30
	FFCB	Federal Farm Credit Bank	BMO	11/21/2024	11/12/2027	4.210	9,984,069.06	10,105,800.00
	FNMA	Federal National Mortgage Association	BMO	11/4/2024	7/21/2028	4.152	6,990,091.52	7,016,590.00
	TSY	US Treasury Bill	BMO	6/24/2024	7/31/2028	4.288	5,010,926.95	5,075,750.00
	FHLB	Federal Home Loan Bank	BMO	2/14/2025	8/14/2028	4.500	5,000,000.00	5,018,800.00
	FHLB	Federal Home Loan Bank	BMO	5/27/2025	11/27/2028	4.300	3,135,149.16	3,170,049.75
	FHLB	Federal Home Loan Bank	BMO	2/15/2024	2/12/2029	4.411	4,648,372.50	4,679,341.50
	FFCB	Federal Farm Credit Bank	BMO	4/18/2024	4/10/2029	4.375	4,954,640.00	5,123,650.00
	TSY	US Treasury Bill	BMO	6/24/2024	5/31/2029	4.241	4,733,516.58	4,867,350.00
	FHLMC	Federal Home Loan Mortgage Corp	BMO	12/19/2025	6/8/2029	3.995	7,860,000.00	7,856,148.60
	TSY	US Treasury Bill	BMO	12/6/2024	9/30/2029	4.032	4,971,448.62	5,044,500.00
	FFCB	Federal Farm Credit Bank	BMO	2/19/2025	2/19/2030	4.820	5,000,000.00	5,056,100.00
	FHLB	Federal Home Loan Bank	BMO	7/3/2025	7/2/2030	4.000	5,000,000.00	5,021,600.00
	FHLB	Federal Home Loan Bank	BMO	9/12/2025	9/3/2030	4.000	5,000,000.00	4,986,050.00
	FFCB	Federal Farm Credit Bank	BMO	10/1/2025	10/1/2030	3.750	5,000,000.00	5,008,850.00
	FHLB	Federal Home Loan Bank	BMO	11/20/2025	11/20/2030	4.000	5,000,000.00	5,002,350.00
	Ckg	Worker's Comp Account	BMO		1/1/2026	-	50,000.00	50,000.00
	Ckg	Liability Account	California Bank & Trust		1/1/2026	-	8,500.00	8,500.00
	Cash	Petty Cash	City		1/1/2026	-	8,350.00	8,350.00
							$ 185,885,381.42	$ 186,858,403.86

Average Weighted Yield to Maturity: 4.17%
Average Weighted Days to Maturity: 569.46

(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 on the City's website.
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

		10/31/2025	+RECEIPTS	(DISBURSEMENTS)	11/30/2025	+RECEIPTS	(DISBURSEMENTS)	12/31/2025
GENERAL								
111/114	GENERAL FUND/GENERAL FUND-GRANTS	$ 31,610,933	$ 4,765,205	$ (3,923,997)	$ 32,452,141	$ 5,626,557	$ (3,453,933)	$ 34,624,765
SPECIAL REVENUE								
115	PANDEMIC RELIEF	-	-	-	-	-	-	-
212	CRPD-GENERAL FUND	11,447,294	1,423,827	(308,751)	12,562,370	2,746,777	(846,736)	14,462,411
213	CRPD-PARK DEVELOPMENT	58	-	-	58	-	-	58
221	TRAFFIC SAFETY	9,152	6,598	-	15,750	-	-	15,750
230	STREETS	8,116,928	456,070	(5,384)	8,567,614	414,652	(140,362)	8,841,904
251	LIGHTING DISTRICT #2	4,498,939	308,608	(99,496)	4,708,051	612,853	(163,456)	5,157,448
261	STORM DRAIN	2,324,182	34,518	(145,233)	2,213,467	33,794	(44,465)	2,202,796
262	PLANNED LOCAL DRAINAGE FACILITY	1,182,525	-	-	1,182,525	-	-	1,182,525
271	CORP CNTR MAINT DISTRICT #1	203,025	-	(3,690)	199,335	52,934	(18,307)	233,962
280	ASSET SEIZURE	847,244	14,889	(18,004)	844,129	10,570	(2,709)	851,990
291	CABLE TV FRANCHISE AGREEMENT	890,339	13,143	-	903,482	-	-	903,482
301	SUPPLEMENTAL LAW ENFORCEMENT	71,248	25,257	(8,084)	88,421	26,513	(14,775)	100,159
311	AB 2766 TRIP REDUCTION	34,894	-	-	34,894	16,855	-	51,749
321	SEWER FUND	10,700,907	153,387	(26,506)	10,827,788	155,072	(49,601)	10,933,259
471	LOW AND MODERATE HSG ASSET	41,453	298	(307)	41,444	-	(1,391)	40,053
CAPITAL PROJECTS								
415	CITY CAPITAL PROJECTS	15,306,783	-	(251,746)	15,055,037	-	(248,355)	14,806,682
416	INFRASTRUCTURE RESERVE	51,849,404	-	-	51,849,404	-	-	51,849,404
TRUST AND AGENCY								
600	TRUST AND AGENCY	1,977,295	28,994	(164,950)	1,841,339	54,700	(62,180)	1,833,859
611	BUSINESS ASSESSMENT DISTRICT	-	-	-	-	-	-	-
612	CFD #1 ASSESSMENT DISTRICT	153,575	-	-	153,575	-	-	153,575
620	REC & COMM SERVICES FOUNDATION	47,305	1,000	(425)	47,880	800	-	48,680
INTERNAL SERVICE								
710	CENTRAL SERVICES	4,101,589	244,801	(180,460)	4,165,930	254,180	(171,097)	4,249,013
720	CAPITAL REPLACEMENT	16,092,515	80,336	(15,816)	16,157,035	99,675	(1,576)	16,255,134
730	TECHNOLOGY IMPROVEMENT	2,235,841	-	-	2,235,841	-	-	2,235,841
750	EMPLOYEE BENEFITS	4,276,271	1,294,821	(928,902)	4,642,190	1,472,199	(969,428)	5,144,961
760	LIABILITY SELF INSURANCE	1,863,865	69,331	-	1,933,196	69,330	(3,506)	1,999,020
770	WORKERS COMP SELF INSURANCE	3,447,667	63,432	(46,645)	3,464,454	64,837	(72,528)	3,456,763
OTHER								
811/812	WESTCOMM JPA	5,781,366	75,231	(384,797)	5,471,800	100,954	(349,593)	5,223,161
		$ 179,112,597	$ 9,059,746	$ (6,513,193)	$ 181,659,150	$ 11,813,252	$ (6,613,998)	$ 186,858,404

City of Cypress

INVESTMENTS AT MARKET VALUE BY MATURITY DATE

As of December 31, 2025

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	Totals	Percent
CASH	$ 575,178	$ -	$ -	$ -	$ -	$ -	$ 575,178	0.31%
FFCB	12,025,500	-	10,105,800	-	5,123,650	10,064,950	37,319,900	19.97%
FHLB	-	5,043,550	3,021,090	8,188,850	4,679,342	15,010,000	35,942,832	19.24%
FHLMC	-	-	-	-	7,856,149	-	7,856,149	4.20%
FNMA		-	-	7,016,590	-	-	7,016,590	3.76%
STATE POOL	83,160,155	-	-	-	-	-	83,160,155	44.50%
TSY	-	-	-	5,075,750	9,911,850	-	14,987,600	8.02%
Totals	$ 95,760,834	$ 5,043,550	$ 13,126,890	$ 20,281,190	$ 27,570,990	$ 25,074,950	$ 186,858,404	100.00%
Percent	51.25%	2.70%	7.03%	10.85%	14.76%	13.42%	100.00%	

CITY OF CYPRESS
INTERFUND INVESTMENTS

As of December 31, 2025

Note No.	To/From	Purpose	Issue Date	Scheduled Maturity Date	Interest Rate	Authorized Amount	Total Advances	Repayments To Date	Note Principal Outstanding*
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1 The Lexington Park note is being repaid with park development fees as they become available. Effective July 1, 2025, the maturity date of the note was extended to June 30, 2030 with an interest rate of 2%.

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City of Cypress
Summary of Cash and Investments Held In Trust

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Fund	Type	Issuer	Maturity Date	One Year Return *	Cost Amount	Current Market Value
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Trustee: Public Agency Retirement Services (PARS)						
Section 115 Trust	Pension Trust	Various	Open	12.96%	$ 28,890,000.00	$ 39,400,648.35
			Total		$ 28,890,000.00	$ 39,400,648.35

* 12-month period ending with the current month.

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **9.**

FROM: Mark Lauderback, Chief of Police

DATE: 01/26/2026

SUBJECT: **Approve the Urban Area Security Initiative Sub-Recipient Agreement**

RECOMMENDATION

1. Approve the Fiscal Year 2024 Urban Area Security Initiative (UASI) grant for calendar years 2025-2027 through the UASI Sub-Recipient Agreement with the City of Anaheim; and

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

DISCUSSION

The Urban Area Security Initiative provides federal funding to cities to prevent, respond to, and recover from threats or acts of terrorism. In Orange County, the cities of Anaheim and Santa Ana, in their capacity as a "Core City" for the Anaheim/Santa Ana Urban Area, received and accepted a FY 2024 (2025-2027) Urban Area Security Initiative grant. Anaheim and Santa Ana have the responsibility to enhance the preparedness and response capabilities of the entire urban area of Orange County by administering grant-supported training and funding. In even years the City of Anaheim acts as the lead fiscal agent. Each city in Orange County, including Cypress, as a sub-recipient, may receive UASI funding for projects, services, and training based on availability.

Several years ago, Cypress received UASI funding for personal protective equipment for first responders, security technology for critical asset protection, and terrorism-related training. However, in recent years Cypress has not received any UASI funding for equipment purchases but has attended a variety of training sessions in which UASI participation is required. The FY 2024, the UASI agreement provides the Police Department with the opportunity to attend regional training exercises and request equipment purchases. In approving this agreement, the City is agreeing to the following grant assurances:

- To provide all matching funds required for the grant project and that any cash match

will be appropriated as required; (this would be brought back to City Council for consideration and approval if an opportunity arises)
- Any liability arising out of the performance of this agreement shall be the responsibility of the Applicant and the City Council;
- Grant funds shall not be used to supplant expenditures controlled by the City Council;
- The Applicant is authorized by the City Council to apply for federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-federal share of project cost, if any) to ensure proper planning, management and completion of the project described in this application; and
- The official executing this agreement is authorized by the City Council.

The current performance period for the FY 2024 UASI Grant runs through March 31, 2027 and sub-recipient packets are due by February 9, 2026.

BUDGET IMPACT

If Cypress is allocated UASI funding for equipment, a recommendation to approve the grant will be presented for City Council consideration.

LEGAL REVIEW

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

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Sub-Recipient Agreement 2024

AGREEMENT

SUB-RECIPIENT: CITY OF CYPRESS

City Contract Number _____

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EXHIBITS

Exhibit A	CalOES FY2024 Standard Grant Assurances
Exhibit A-1	Standard Assurances Addendum
Exhibit B	Certification Regarding Debarment, Suspension and Other Responsibility Matters
Exhibit C	Certification Regarding Lobbying
Exhibit D	Supplemental Grant Subaward Information

Agreement Number:_____

AGREEMENT FOR TRANSFER OR PURCHASE OF EQUIPMENT/SERVICES OR FOR REIMBURSEMENT OF TRAINING COSTS FOR FY2024 URBAN AREAS SECURITY INITIATIVE (UASI)

BETWEEN
THE CITY OF ANAHEIM
AND CITY OF CYPRESS

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

W I T N E S S E T H

WHEREAS, CITY, acting through the Anaheim Police Department in its capacity as a Core City for the Anaheim/Santa Ana Urban Area under the FY2024 Urban Areas Security Initiative, has applied for, received and accepted a grant entitled "FY 2024 Urban Areas Security Initiative" FAIN # EMW-2024-SS-05088 under the Homeland Security Grant Program from the federal Department Of Homeland Security (DHS), Federal Emergency Management Agency (FEMA), through the State of California Governor's Office of Emergency Services (CalOES), to support state and local efforts to prevent terrorism and other catastrophic events and to prepare the Nation for the threats and hazards that pose the greatest risk to the security of the United States (the "grant"), as set forth in the grant guidelines and assurances that are incorporated to this Agreement by reference and located at:

U.S. Department of Homeland Security "Fiscal Year 2024 Homeland Security Grant Program (HSGP) Notice of Funding Opportunity (NOFO)"
https://www.fema.gov/grants/preparedness/homeland-security/fy-24-nofo

California Office of Emergency Services "FY2024 Homeland Security Grant Program: California Supplement to Federal Program Guidance and Application Kit"
https://www.caloes.ca.gov/wp-content/uploads/Grants/Documents/FY2024-HSGP-State-Supplement-updated-12.18.24.pdf

Copies of the grant guidelines shall be retained in the Anaheim/Santa Ana Grant Office.

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

WHEREAS, this financial assistance is being provided to address the unique equipment, training, planning, and exercise needs of large urban areas, and to assist

them in building an enhanced and sustainable capacity to prevent, prepare for, protect against, and respond to threats or acts of terrorism; and

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

WHEREAS, the Office of Grants Management ("OGM") awarded a FY2024 UASI Grant of $4,731,981 ("Grant Funds") to the CITY OF ANAHEIM, as a Core City, for use in the ASAUA; and

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

WHEREAS, the UASI Grant Office now wishes to distribute FY2024 UASI Grant Funds throughout the ASAUA, as further detailed in this Agreement ("Agreement") to CITY OF CYPRESS ("SUB-RECIPIENT") and others;

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

NOW, THEREFORE, IT IS MUTUALLY AGREED AS FOLLOWS:

I
INTRODUCTION

§101. Parties to the Agreement

The parties to this Agreement are:

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

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

§102. Representatives of the Parties and Service of Notices

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

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

Kerrstyn Vega, Police Support Services Administrator
Anaheim Police Department
425 South Harbor Boulevard
Anaheim, CA 92805
Phone: (714) 765-1931
kvega@anaheim.net

2. The representative of CITY OF CYPRESS shall be:

Name:_____

Title: _____

Sub Recipient Name: _____

Sub Recipient Address: _____

City_____ State: _____ Zip:_____

Phone: _____

E-mail: _____

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

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

§103. Independent Party

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

§104. Conditions Precedent to Execution of This Agreement

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

A. Grant Assurances in accordance with section §412A of this Agreement attached hereto as Exhibit A and Exhibit A-1 and made part hereof.

B. Certifications Regarding Ineligibility, Suspension and Debarment as required by Executive Order 12549 in accordance with section §412 of this Agreement and attached hereto as Exhibit B and made a part hereof.

C. Certifications and Disclosures Regarding Lobbying in accordance with section §412C1 of this Agreement and attached hereto as Exhibit C and made a part hereof. SUB-RECIPIENT shall also file a Disclosure Form at the end of each calendar quarter in which there occurs any event requiring disclosure or which materially affects the accuracy of the information contained in any Disclosure Form previously filed by SUB-RECIPIENT.

II

TERM AND SERVICES TO BE PROVIDED

§201. Time of Performance

The term of this Agreement shall commence on 11/12/2025 and end on 3/31/2027 or upon the final disbursement of all of the Grant Amount (as defined in Section 301) and any additional period of time as is required to complete any necessary close out activities. Said term is subject to the provisions herein.

§202. Use of Grant Funds

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

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

C. SUB-RECIPIENT shall provide the CITY a copy of its most current procurement guidelines and follow its own procurement requirements as long as they meet the minimum federal requirements. Federal procurement requirements for the FY2024 UASI Grant can be found at 2 Code of Federal Regulations (CFR) Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards."

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

Any equipment acquired or obtained with Grant Funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

E. Any training paid pursuant to this Agreement shall conform to the guidelines as listed in FY2024 Homeland Security Grant Program, as set forth above. All training expenses must be pre-authorized by CalOES. A catalogue of Grantor approved and sponsored training courses is available at https://cdp.dhs.gov/.

F. Any exercise paid pursuant to this Agreement shall conform to the guidelines as listed in FY2024 Homeland Security Grant Program, as set forth above. Detailed Homeland Security Exercise and Evaluation Program Guidance is available at https://www.fema.gov/media-library/assets/documents/32326.

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

as listed in FY2024 Homeland Security Grant Program, as set forth above.

H. Any organizational activities paid pursuant to this Agreement shall conform to the guidelines as listed in FY2024 Homeland Security Grant Program, as set forth above.

III
PAYMENT

§301. Payment of Grant Funds and Method of Payment

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

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

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

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

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

IV
STANDARD PROVISIONS

§401. Construction of Provisions and Titles Herein

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

§402. Applicable Law, Interpretation and Enforcement

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

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

§403. Integrated Agreement

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

§404. Excusable Delays

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

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

§405. Breach

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

Contractual / Legal Remedies for Breach of Contract--Should SUB-RECIPIENT fail for any reason to comply with the contractual obligations of this Agreement and/or willfully, knowingly, or negligently breach any term, condition or requirement of the Agreement, City may impose sanctions including but not limited to damages (liquidated damages and or penalties) and/or any other remedy available pursuant to the Agreement or the laws then in effect.

§406. Prohibition Against Assignment or Delegation

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

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

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

§407. Permits

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

§408. Bonds

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

§409. Indemnification

To the fullest extent of the law, SUB-RECIPIENT agrees to indemnify, defend, and hold harmless the City of Anaheim, its officers, agents, employees,

representatives and designated volunteers from and against any and all claims, demands, defense costs, or liability of any kind or nature arising out of or resulting from, or any way connected with SUB-RECIPIENT'S acts, errors or omissions in the performance of SUB-RECIPIENT'S services or use of grant funds under the terms of this Agreement.

§410. Conflict of Interest

A. SUB-RECIPIENT covenants that it will comply with 2 CFR 200.318(c)(1) and that none of its directors, officers, employees, or agents shall participate in selecting, or administrating any subcontract supported (in whole or in part) by Federal funds where such person is a director, officer, employee or agent of the subcontractor; or where the selection of subcontractors is or has the appearance of being motivated by a desire for personal gain for themselves or others such as family business, etc.; or where such person knows or should have known that:

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

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

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

B. Definitions:

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

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

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

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

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

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

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

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

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

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

I. SUB-RECIPIENT agrees that no individual shall participate in any procurement activity if a real or apparent conflict of interest exists, including, but not limited to, financial or personal relationships with any entity considered for a contract.

J. SUB-RECIPIENT shall maintain a written standards of conduct and shall take appropriate disciplinary action against any employee, officer, or agent who violates these standards. Disciplinary actions may include, but are not limited to, formal reprimand, suspension, or termination, depending on the severity of the violation.

K. SUB-RECIPIENT shall report any violations of this agreement to the awarding agency within 5 business days of discovery and shall cooperate fully with any investigation or audit related to the incident.

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

§411. Restriction on Disclosures

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

§412. Statutes and Regulations Applicable To All Grant Contracts

A. Compliance With Grant Assurances

To obtain the Grant Funds, the Grantor required an authorized representative of the CITY to sign certain promises regarding the way the Grant Funds would be spent ("Grant Assurances"), attached hereto as Exhibit A and Exhibit A-1. By signing these Grant Assurances, the CITY became liable to the Grantor for any funds that are used in violation of the grant requirements. SUB-RECIPIENT shall be liable to the Grantor for any funds the Grantor determines SUB-RECIPIENT used in violation of these Grant Assurances. SUB-RECIPIENT shall indemnify and hold harmless the CITY for any sums the Grantor determines SUB-RECIPIENT used in violation of the Grant Assurances.

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

1. Office of Management and Budget (OMB) Circulars

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

2. Single Audit Act

If Federal funds are used in the performance of this Agreement, SUB-RECIPIENT shall adhere to the rules and regulations of the Single Audit Act, 31 USC Sec. 7501 et seq.; Title 2 Code of Federal Regulations, Part 200, Subpart F Audit Requirements; and any administrative regulation or field memos implementing the Act. When reporting on the FY2024 UASI Grant Program under the Single Audit Act, SUB-RECIPIENT shall use Catalog of Federal Domestic Assistance (CFDA) Program Number 97.067 "Homeland Security Grant Program"; Grant Identification Number 2024-0088; and identify the City of Anaheim as the Pass-Through.

3. Records Maintenance

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

4. Subcontracts and Procurement

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

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

5. Civil Rights

SUB-RECIPIENT shall comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681- 1683, and 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps; (d) The Age Discrimination act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation act of 1970

(P.L. 91-616) as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) §§523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§3601, et seq.), as amended, relating to non-discrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; (j) the requirements of any other nondiscrimination statute(s) which may apply to the application; and (k) P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.

6. Telecommunications

SUB-RECIPIENT will comply with 2 CFR 200.216 and FEMA Policy 405-143-1, Prohibitions on Expending FEMA Award Funds on Covered Telecommunication Equipment or Services (Interim), which prohibits grant recipients and subrecipients from obligating or expending loan or grant funds to procure or obtain, extend or renew a contract to procure or obtain, or to enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system.

7. Lobbying Prohibited

SUB-RECIPIENT will comply with all applicable lobbying prohibitions and laws, including those found in the Byrd Anti-Lobbying Amendment (31 U.S.C. 1352, et seq.), and agrees that none of the funds provided under this award may be expended by SUB-RECIPIENT to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any federal action concerning the award or renewal of any federal contract, grant, loan, or cooperative agreement.

8. Clean Air Act

SUB-RECIPIENT agrees to comply with all applicable standards, orders or regulations issued pursuant to the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq. SUB-RECIPIENT agrees to report any violation of the Clean Air Act to the CITY and understands and agrees that the CITY will, in turn report each violation as required to assure notification to the Federal Emergency Management Agency, and the appropriate

Environmental Protection Agency Regional Office. SUB-RECIPIENT further agrees to include these requirements in each subcontract exceeding $150,000 in value financed in whole or in part with Federal assistance provided by FEMA.

C. Statutes and Regulations Applicable To This Particular Grant

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

1. Title 2 Code of Federal Regulations (CFR) Part 200; EO 12372; Department of Justice (DOJ) Office of Judicial Programs (OJP) Office of the Comptroller, U.S. Department of Homeland Security, Preparedness Directorate Financial Management Guide; U.S. Department of Homeland Security, Office of Grants and Training, FY 2024 Homeland Security Grant Program –Notice of Funding Opportunity; ODP WMD Training Course Catalogue; and DOJ Office for Civil Rights.

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

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

2. Travel Expenses

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

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

3. Noncompliance

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

§413. Federal, State and Local Taxes

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

§414. Inventions, Patents and Copyrights

A. Reporting Procedure for Inventions

If any project produces any invention or discovery (Invention) patentable or otherwise under title 35 of the U.S. Code, including, without limitation, processes and business methods made in the course of work under this Agreement, SUB-RECIPIENT shall report the fact and disclose the Invention promptly and fully to the CITY. The CITY shall report the fact and disclose the Invention to the Grantor. Unless there is a prior agreement between the CITY and the Grantor, the Grantor shall determine whether to seek protection on the Invention. The Grantor shall determine how the rights in the Invention, including rights under any patent issued thereon, will be allocated and administered in order to protect the public interest consistent with the policy ("Policy") embodied in the Federal Acquisition Regulations System, which is based on Ch. 18 of title 35 U.S.C. Sections 200, et seq. (Pub. L. 95-517, Pub. L. 98-620, 37 CFR part 401); Presidential Memorandum on Government Patent Policy to the Heads of the Executive Departments and Agencies, dated 2/18/1983); and Executive Order 12591, 4/10/87, 52 FR 13414, 3 CFR, 1987

Comp., p. 220 (as amended by Executive Order 12618, 12/22/87, 52 FR 48661, 3 CFR, 1987 Comp., p. 262). SUB-RECIPIENT hereby agrees to be bound by the Policy, and will contractually require its personnel to be bound by the Policy.

B. Rights to Use Inventions

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

C. Copyright Policy

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

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

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

D. Rights to Data

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

E. Obligations Binding on Subcontractors

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

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

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

V
DEFAULTS, SUSPENSION, TERMINATION, AND AMENDMENTS

§501. Defaults

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

§502. Amendments

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

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

VI
ENTIRE AGREEMENT

§601. Complete Agreement

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

§602. Number of Pages and Attachments

This Agreement is executed as one original. This Agreement includes twenty-three (23) pages and five (5) Exhibits which constitute the entire understanding and agreement of the parties.

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

ATTEST:

By:_____
Theresa Bass
Clerk of the Council

APPROVED AS TO FORM:

By:_____
Kristin Pelletier
Chief Assistant City Attorney

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

By:_____
Rick Armendariz
Interim Chief of Police

SUB-RECIPIENT
CITY OF CYPRESS
UEI No. NSLVQKY77AG4

By: _____

Printed Name _____

Title
_____

APPROVED AS TO FORM

By:_____

Printed Name _____

Title
_____

EXHIBIT A

California Governor's Office of Emergency Services
FY2024 Grant Assurances
(All HSGP Applicants)

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

The requirements outlined in these assurances apply to Applicant and any of its subrecipients.

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

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

Federal Regulations
Government cost principles, uniform administrative requirements, and audit requirements for federal grant programs are set forth in Title 2, Part 200 of the Code of Federal Regulations (C.F.R.) and adopted by the Department of Homeland Security (DHS) at 2 C.F.R. Part 3002.10. Updates are issued by the Office of Management and Budget (OMB) and can be found at http://www.whitehouse.gov/omb/.

In the event Cal OES determines that changes are necessary to the subaward after a subaward has been made, including changes to period of performance or terms and conditions, Applicants will be notified of the changes in writing. Once notification has been made, any subsequent request for funds will indicate Applicant acceptance of the changes to the subaward.

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

1. Proof of Authority
The Applicant will obtain proof of authority from the city council, governing board, or authorized body in support of this project. This written authorization

must specify that the Applicant and the city council, governing board, or authorized body agree:

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

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

2. Period of Performance

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

3. Lobbying and Political Activities

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

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

connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

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

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

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

4. Debarment and Suspension

As required by Executive Orders 12549 and 12689, and 2 C.F.R. § 200.214 and codified in 2 C.F.R. Part 180, Debarment and Suspension, the Applicant will provide protection against waste, fraud, and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the federal government. The Applicant certifies that it and its subrecipients:

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

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

(c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state, or local) with commission of any of the offenses enumerated in paragraph (4)(b) of this certification; and

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

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

Initials _____

5. Non-Discrimination and Equal Employment Opportunity

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

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

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

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

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

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

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

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

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

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

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

(k) DHS policy to ensure the equal treatment of faith-based organizations, under which the Applicant must comply with equal treatment policies and requirements contained in 6 C.F.R. Part 19;

Initials _____

(l) The California's Fair Employment and Housing Act (FEHA) (California Government Code §§12940-12957), as applicable. FEHA prohibits harassment and discrimination in employment because of ancestry, familial status, race, color, religious creed (including religious dress and grooming practices), sex (which includes pregnancy, childbirth, breastfeeding and medical conditions related to pregnancy, childbirth or breastfeeding), gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, genetic information, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave, military and veteran status, and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions;

(m) Any other nondiscrimination provisions in the specific statute(s) under which application for federal assistance is being made; and

(n) The requirements of any other nondiscrimination statute(s) that may apply to this application.

Civil Rights Policies for Program Beneficiaries and Subrecipients of DHS funding, pertaining to the following are available on the Cal OES website (https://www.caloes.ca.gov/office-of-the-director/policy-administration/civil-rights-eeo/):

- Non-discrimination in Programs & Services
- Reasonable Accommodation for Program Beneficiaries
- Language Access Policy

6. Drug-Free Workplace

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

7. Environmental Standards

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

(a) The California Environmental Quality Act (CEQA) (California Public Resources Code §§ 21000-21177), to include coordination with the city or county planning agency;

(b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§ 15000-15387);

(c) The Federal Clean Water Act (CWA) (33 U.S.C. § 1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters;

(d) The Federal Clean Air Act of 1955 (42 U.S.C. § 7401) which regulates air emissions from stationary and mobile sources;

(e) Institution of environmental quality control measures under the National Environmental Policy Act (NEPA) of 1969 (P.L. 91-190); the Council on Environmental Quality Regulations for Implementing the Procedural Provisions of NEPA; and Executive Order 12898 which focuses on the environmental and human health effects of federal actions on minority and low-income populations with the goal of achieving environmental protection for all communities;
(f) Evaluation of flood hazards in floodplains in accordance with Executive Order 11988;
(g) Executive Order 11514 which sets forth national environmental standards;
(h) Executive Order 11738 instituted to assure that each federal agency empowered to enter into contracts for the procurement of goods, materials, or services and each federal agency empowered to extend federal assistance by way of grant, loan, or contract shall undertake such procurement and assistance activities in a manner that will result in effective enforcement of the Clean Air Act and the Federal Water Pollution Control Act Executive Order 11990 which requires preservation of wetlands;
(i) The Safe Drinking Water Act of 1974, (P.L. 93-523);
(j) The Endangered Species Act of 1973, (P.L. 93-205);
(k) Assurance of project consistency with the approved state management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §§1451 et seq.);
(l) Conformity of Federal Actions to State (Clear Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §§7401 et seq.); and
(m)The Wild and Scenic Rivers Act of 1968 (16 U.S.C. § 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

The Applicant shall not be: 1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease-and-desist order pursuant to section 13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) determined to be in violation of federal law relating to air or water pollution.**8. Audits**

For subrecipients expending $1,000,000 or more in federal grant funds annually, the Applicant will perform the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and C.F.R., Part 200, Subpart F Audit Requirements.

9. Cooperation and Access to Records

The Applicant must cooperate with any compliance reviews or investigations conducted by DHS. In accordance with 2 C.F.R. § 200.337, the Applicant will give the awarding agency, the Comptroller General of the United States and, if appropriate, the state, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award.

Initials _____

The Applicant will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

10. Conflict of Interest

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

11. Financial Management

False Claims for Payment -The Applicant will comply with 31 U.S.C §§ 3729-3733 which provides that Applicant shall not submit a false claim for payment, reimbursement, or advance.

12. Reporting -Accountability

The Applicant agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (P.L. 109-282), including but not limited to (a) the reporting of subawards obligating $30,000 or more in federal funds, and (b) executive compensation data for first-tier subawards as set forth in 2 C.F.R. Part 170, Appendix A. The Applicant also agrees to comply with the requirements set forth in the government-wide financial assistance award term regarding the System for Award Management and Universal Identifier Requirements located at 2 C.F.R. Part 25, Appendix A.

13. Whistleblower Protections

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

14. Human Trafficking

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

15. Labor Standards

The Applicant will comply with the following federal labor standards:

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

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

Initials _____

16. Worker's Compensation

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

17. Property-Related

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

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

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

(c) Assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. § 470), Executive Order 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. § 469a-1 et seq.); and

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

18. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, the Applicant will:

(a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with federal assistance funds to assure nondiscrimination during the useful life of the project;

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

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

Initials _____

19. Use of Cellular Device While Driving is Prohibited

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

20. California Public Records Act and Freedom of Information Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program, or provided in the course of an entity's grant management activities that are under Federal control, is subject to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the California Public Records Act, California Government Code §7920.000 et seq. The Applicant should consider these laws and consult its own State and local laws and regulations regarding the release of information when reporting sensitive matters in the grant application, needs assessment, and strategic planning process.

21. Acknowledgment of Federal Funding from DHS

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

22. Activities Conducted Abroad

The Applicant must coordinate with appropriate government authorities when performing project activities outside the United States and obtain all appropriate licenses, permits, or approvals.

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

DHS defines PII as any information that permits the identity of an individual to be directly or indirectly inferred, including any information that is linked or linkable to that individual. If the Applicant collects PII, the Applicant is required to have a publicly-available privacy policy that describes standards on the usage and maintenance of the PII they collect. The Applicant may refer to the DHS Privacy Impact Assessments: Privacy Guidance and Privacy Template as a useful resource.

24. Copyright

Recipients must affix the applicable copyright notices of 17 U.S.C. §§ 401 or 402 to any work first produced under federal awards and also include an acknowledgement that the work was produced under a federal award (including the federal award number and federal awarding agency). As detailed in 2 C.F.R. § 200.315, a federal awarding agency reserves a royalty-free, nonexclusive, and irrevocable right to reproduce, publish, or otherwise use the work for federal purposes and to authorize others to do so.

Initials _____

25. Duplicative Costs

Applicants are prohibited from charging any cost to this federal award that will be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior budget period. (See 2 C.F.R. § 200.403(f)). However, recipients may shift costs that are allowable under two or more federal awards where otherwise permitted by federal statutes, regulations, or the federal financial assistance award terms and conditions.

26. Energy Policy and Conservation Act

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

27. Federal Debt Status

The Applicant is required to be non-delinquent in its repayment of any federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129.

28. Fly America Act of 1974

The Applicant must comply with Preference for United States Flag Air Carriers: (a list of certified air carriers can be found at: Certificated Air Carriers List | US Department of Transportation, https://www.transportation.gov/policy/aviation-policy/certificated-air-carriers-list) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B-138942.

29. Hotel and Motel Fire Safety Act of 1990

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

30. Non-supplanting Requirement

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

31. Patents and Intellectual Property Rights

Recipients are subject to the Bayh-Dole Act, 35 U.S.C. § 200 et seq. and applicable regulations governing inventions and patents, including the regulations issued by the Department of Commerce at 37 C.F.R. Part 401 (Rights to Inventions Made by Nonprofit Organizations and Small Business Firms under Government Awards, Contracts, and Cooperative Agreements) and the standard patent rights clause set forth at 37 C.F.R. § 401.14.

32. SAFECOM

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

33. Terrorist Financing

The Applicant must comply with Executive Order 13224 and United States law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. The Applicant is legally responsible for ensuring compliance with the Order and laws.

34. Reporting of Matters Related to Recipient Integrity and Performance

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

35. USA Patriot Act of 2001

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

36. Use of DHS Seal, Logo, and Flags

The Applicant must obtain written permission from DHS prior to using the DHS seals, logos, crests, or reproductions of flags, or likenesses of DHS agency officials. This includes use of DHS component (e.g., FEMA, CISA, etc.) seals, logos, crests, or reproductions of flags, or likenesses of component officials.

37. Performance Goals (HSGP and NSGP)

In addition to the Biannual Strategy Implementation Report submission requirements outlined in the Preparedness Grants Manual, the Applicant must

demonstrate how the grant-funded project addresses the core capability gap associated with each project. The capability gap reduction must be addressed in the Project Description of the BSIR for each project.

38. Applicability of DHS Standard Terms and Conditions to Tribes

The DHS Standard Terms and Conditions are a restatement of general requirements imposed upon the Applicant and flow down to any of its subrecipients as a matter of law, regulation, or executive order. If the requirement does not apply to Indian tribes or there is a federal law or regulation exempting its application to Indian tribes, then the acceptance by Tribes of, or acquiescence to, DHS Standard Terms and Conditions does not change or alter its inapplicability to an Indian tribe. The execution of grant documents is not intended to change, alter, amend, or impose additional liability or responsibility upon the Tribe where it does not already exist.

39. Required Use of American Iron, Steel, Manufactured Products, and Construction Materials

The Applicant must comply with the "Build America, Buy America" Act (BABAA), enacted as part of the Infrastructure Investment and Jobs Act and Executive Order 14005. Applicants receiving a federal award subject to BABAA requirements may not use federal financial assistance funds for infrastructure projects unless:

(a) All iron and steel used in the project are produced in the United States – this means all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States;
(b) All manufactured products used in the project are produced in the United States – this means the manufactured product was manufactured in the United States; and the cost of the components of the manufactured product that are mined, produced, or manufactured in the United States is greater than 55 percent of the total cost of all components of the manufactured product, unless another standard for determining the minimum amount of domestic content of the manufactured product has been established under applicable law or regulation; and
(c) All construction materials are manufactured in the United States – this means that all manufacturing processes for the construction material occurred in the United States.

The "Buy America" preference only applies to articles, materials, and supplies that are consumed in, incorporated into, or affixed to an infrastructure project. It does not apply to tools, equipment, and supplies, such as temporary scaffolding, brought to the construction site and removed at or before the completion of the infrastructure project. Nor does a Buy America preference apply to equipment and furnishings, such as movable chairs, desks, and portable computer equipment, that are used at or within the finished infrastructure project but are not an integral part of the structure or permanently affixed to the infrastructure project.

Initials _____

Per section 70914(c) of BABAA, FEMA may waive the application of a Buy America preference under an infrastructure program in certain cases.

40. **E.O. 14074 – Advancing Effective, Accountable Policing and Criminal Justice Practices to Enhance Public Trust and Public Safety**
Recipient State, Tribal, local, or territorial law enforcement agencies must comply with the requirements of section 12(c) of E.O. 14074. Recipient State, Tribal, local, or territorial law enforcement agencies are also encouraged to adopt and enforce policies consistent with E.O. 14074 to support safe and effective policing.

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

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

All of the language contained within this document must be included in the award documents for all subawards at all tiers. Applicants are bound by the DHS Standard Terms and Conditions 2024, Version 2, hereby incorporated by reference, which can be found at: https://www.dhs.gov/publication/fy15-dhs-standard-terms-and-conditions.

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

Applicant/Subrecipient:_____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

EXHIBIT A-1

Program Standard Assurances Addendum

As the duly authorized representative of the Applicant/Subrecipient, I hereby certify that the Applicant/Subrecipient, and any of its second-tier subrecipients or representatives, will comply with all applicable local, state, and federal statutes, including but not limited to the following state and federal statutes prohibiting hate-based conduct:

(a) California Penal Code section 422.6(a);
(b) California Penal Code section 404.6;
(c) California Penal Code section 422(a);
(d) California Civil Code section 52.1;
(e) 18 U.S.C. § 249;
(f) 42 U.S.C. § 3631;
(g) 18 U.S.C. § 247; and
(h) 18 U.S.C. § 241, 245.

Additionally, Applicant/Subrecipient will not engage, and certifies that it will take steps to ensure that its second-tier subrecipients and representatives do not engage, in conduct contrary to the purposes of the grant program and/or that threatens the safety and security of Californians, including, but not limited to, acts of violence or unlawful intimidation on the basis of race, gender, religion, national origin, sexual orientation, or other protected classifications. Prohibited conduct includes, but is not limited to, violation of the federal and state laws identified herein.

The undersigned represents that he/she is authorized to enter into this Addendum for and on behalf of the Applicant/Subrecipient. Applicant/Subrecipient understands that failure to comply with this Addendum or any of the assurances may result in suspension, termination, reduction, or de-obligation of funding.

Applicant/Subrecipient agrees to repay funds in the event there is a violation of grant assurances.

Applicant/Subrecipient:_____

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: _____ Date: _____

EXHIBIT B

CERTIFICATION REGARDING DEBARMENT, SUSPENSION AND OTHER RESPONSIBILITY MATTERS

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

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

A. The applicant certifies that it and its principals:

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

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

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

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

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

_____ Address: _____

Authorized Agent Signature

_____ _____

Printed or Typed Name

_____ _____

Title

INSTRUCTIONS FOR CERTIFICATION

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

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

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

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

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

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

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

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

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

EXHIBIT C

CERTIFICATION REGARDING LOBBYING

Certification for Contracts, Grants, Loans and Cooperative Agreements

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

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

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

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

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

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

AGREEMENT NUMBER: _____

_____
AGENCY

_____
NAME AND TITLE OF AUTHORIZED REPRESENTATIVE

_____
SIGNATURE DATE

EXHIBIT D

SUPPLEMENTAL GRANT SUBAWARD INFORMATION

1. **Anaheim UASI Grant Office Contact Information Section:**

   Anaheim Police Department
   Kerrstyn Vega, Police Support Services Administrator
   425 S. Harbor Blvd.
   Anaheim, CA 92805

2. **FAIN#:** EMW-2024-SS-05088

3. **FUND:** Federal Trust

4. **Program:** Homeland Security Grant Program

5. **Match Requirement:** None

6. **Federal Awarding Agency Section:**

Federal Program Fund / AL #	Federal Awarding Agency	Federal Award Date	Total Federal Award Amount	Total Local Assistance Amount
Homeland Security Grant Program / 97.067	US Department of Homeland Security	09/01/2024	$182,068,773	$172,965,335

7. **Project Description Section:**

   - Project Acronym:
     Homeland Security Grant Program (HSGP)

   - Project Description:

     Support state and local efforts to prevent terrorism and other catastrophic events and to prepare the Nation for the threats and hazards that pose the greatest risk to the security of the United States.

8. **Research & Development Section:**

   - Is this Subaward a Research & Development grant? Yes ☐ No ☒

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **10.**

FROM: Sean Joyce, Interim City Manager

DATE: 01/26/2026

SUBJECT: **Adopt the 2026 Federal and State Legislative Platform**

RECOMMENDATION

Adopt the 2026 Federal and State Legislative Platform.

DISCUSSION

The legislative platform is a tool to protect and promote the City's interests concerning priority policy initiatives, legislative, and regulatory matters that may impact Cypress. Annually updating such a platform allows for timely responses to legislative and regulatory issues important to the City and region. As an example, the legislative platform includes language supporting measures that provide increased funding for disaster preparedness, prevention, recovery and responses to all hazardous threats such as the local fires which continue to threaten our region.

The platform 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 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 Cypress' 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: Sean Joyce, Interim City Manager

Attachments

2026 Legislative Platform

CITY OF CYPRESS
2026 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.

- Support measures to clarify the California Voting Rights Act or permit alternative voting systems (e.g. ranked choice or cumulative voting).

- 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 **11.**

FROM: Christopher Wong, Business Development Manager

DATE: 01/26/2026

SUBJECT: **Approve Conditional Use Permit No. 2025-02 for an Adult Day Health Care Facility at 6269 Ball Road**

RECOMMENDATION

Adopt a Resolution approving Conditional Use Permit No. 2025-02, subject to the attached conditions, and confirm the project is exempt from the California Environmental Quality Act (CEQA).

SUMMARY

Two Wings Health Services, Inc. requests approval of Conditional Use Permit No. 2025-02 to establish an adult day health care facility within an existing church building located at 6269 Ball Road. As conditioned, the proposed use meets all development standards and required findings and is recommended for approval.

DISCUSSION

Background

In 1995, the City Council approved Conditional Use Permit No. 95-20 to establish a church at 6269 Ball Road; the site has continuously operated as a church since then. New Praise Church purchased the property in 2012 and operates the facility, which includes a 2,200-square-foot sanctuary with 144 seats, seven classrooms, office space, a conference room, a kitchen, a playroom, and a banquet room. Conditional Use Permit No. 95-20 limits church operations to 15 hours per week, and the church currently operates only on weekends.

Project Description

The applicant proposes operating an adult day health care facility within the existing church building, occupying approximately 9,916 square feet of interior space. No new construction is proposed.

If approved, the proposed use of the facility will provide daytime health, therapeutic,

recreational, and supportive services to seniors and adults with chronic conditions or disabilities and will operate Monday through Friday from 8:00 am to 1:30 pm, with no evening or weekend hours. The program will serve up to 150 participants and employ up to nine staff members, including licensed medical and therapy professionals, program aides, drivers, and a director.

Participants will arrive via program-operated vans or caregiver drop-off and pick-up using existing on-site parking and designated loading areas. Arrivals and departures will occur on staggered schedules, with most arrivals occurring between 8:00 a.m. and 9:00 a.m. and departures occurring by 1:30 p.m. Attendance varies based on individual care plans, and not all enrolled participants attend the facility every day.

The adult day care program would operate independent of church activities, will not overlap in hours of operation, and will remain primarily indoors. The operator will maintain required State licensure and certification through the California Department of Public Health and will comply with all applicable operational regulations.

Subject Property and Surrounding Uses

The property is located at the northeast corner of Ball Road and Juanita Street. Surrounding land uses and zoning are identified below, and a vicinity map is attached for reference.

Direction	Land Use	Zoning
North	Multiple-Family Residential	RM-20 (Multiple Family)
South	Single-Family Residential	City of Buena Park
East	Commercial	CG (Commercial General)
West	Single-Family Residential	PC (Planned Community)

Regulatory Control

The property is zoned CG (Commercial General), and the General Plan designation is Commercial Neighborhood. The CG zone allows community care facilities, including adult day health care facilities, subject to approval of a conditional use permit.

ANALYSIS

The proposed adult day health care facility was evaluated for compatibility with the church and surrounding neighborhood, with a focus on design, operating hours, parking, and circulation. The church building is designed and improved for assembly and group activities. While the proposed hours do not overlap with typical church services, unregulated future changes could create conflicts. Accordingly, the conditions of approval prohibit concurrent operation of the adult day health care facility and the church, require the operator to maintain an approved operating schedule, and mandate operational adjustments as needed to prevent overlap.

Participants will arrive via program-operated vans or caregiver drop-off and pick-up using existing on-site parking and designated loading areas. The conditions of approval require all arrivals and departures to occur entirely on site, prohibit queuing, double-parking, or spillover into the public right-of-way, and require additional operational measures including a parking management plan, if circulation impacts occur. The conditions of approval also limit the program to a maximum of 150 participants, establishing a clear cap on the scope

and intensity of the land use. Collectively, these operational controls ensure compatibility with the church and the surrounding neighborhood and support the required findings for conditional use permits in Cypress Zoning Ordinance (CZO) Section 4.19.070(E).

Development Standards

The proposed adult day health care facility is subject to development standards specifically applicable to large community care facilities in CZO Section 3.17.060(D), including standards governing separation requirements, walls, landscaping, lighting, signage, fire safety, noise, and compliance with State health and safety regulations. The facility will operate in a zoning district that allows the use, meets the required 300-foot separation standard from another similar facility, and does not propose changes to site walls or lighting that currently meet applicable standards. Operations will occur primarily indoors, and any outdoor activity will remain limited and subject to applicable noise restrictions.

Parking for day care centers is required at a rate of one space per employee on the largest shift, plus one space for every 10 persons under care. Based on the proposed operation, 24 parking spaces are required; the site provides 43 on-site spaces, exceeding the minimum requirement.

The operator is required to comply with all applicable fire department standards and must obtain all required State and local licenses to ensure that operations remain consistent with applicable regulatory requirements. While the site generally complies with applicable development standards, on-site landscaping requires improvement to fully align with neighborhood conditions. As a condition of approval, the operator is required to upgrade and maintain on-site landscaping, including replacement of deteriorated plant materials and irrigation, to support consistency with applicable landscaping standards and the prevailing character of the surrounding area prior to operation.

Recommendation

The proposed conditional use permit is consistent with the requirements and intent of the CZO and applicable standards for a community care facility. It is recommended that the City Council approve Conditional Use Permit No. 2025-02, subject to the conditions set forth in Exhibit A to the attached resolution and determine that the project is exempt from CEQA.

Public Hearing

Notices of the public hearing were posted and mailed to all property owners within 500 feet of the project site. No comments have been received to date.

Alternative Action

If the City Council determines that additional concerns must be addressed before taking action, it may continue the item and direct staff to work with the applicant to resolve those concerns. Alternatively, the City Council may make the required findings and deny the project.

BUDGET IMPACT

None.

LEGAL REVIEW

The City Attorney has reviewed this report.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Draft Resolution
Project Conditions of Approval
Vicinity Map
Plans
Notice of Exemption

RESOLUTION NO. ____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, APPROVING CONDITIONAL USE PERMIT NO. 2025-02 TO ALLOW AN ADULT DAY CARE FACILITY IN AN EXISTING CHURCH BUILDING AT 6269 BALL ROAD, LOCATED IN THE CG (COMMERCIAL GENERAL) ZONE WITH A GENERAL PLAN LAND USE DESIGNATION OF COMMERCIAL NEIGHBORHOOD, AND DETERMINING THAT THE PROJECT IS EXEMPT FROM THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the City Council of the City of Cypress considered an application for a conditional use permit in accordance with the provisions of Cypress Zoning Ordinance (CZO) Section 4.19.070 to allow the operation of an adult day care facility in an existing church building at 6269 Ball Road; and

WHEREAS, the subject property is zoned CG (Commercial General) and designated Commercial Neighborhood in the City's General Plan, which allows community care facilities, including adult day care facilities, subject to approval of a conditional use permit; and

WHEREAS, the City Council, after proper notice thereof, on January 26, 2026, held a duly noticed public hearing on the application and took public testimony; and

WHEREAS, the proposed project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 (Existing Facilities), which applies to the permitting of existing private or public structures involving negligible or no expansion of use, and there is no substantial evidence that the project may have a significant effect on the environment; and

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 community in particular.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS DOES RESOLVE AS FOLLOWS BASED UPON SUBSTANTIAL EVIDENCE TAKEN FROM THE ADMINISTRATIVE RECORD AND PUBLIC HEARING:

SECTION 1. Findings. Pursuant to CZO Section 4.19.070(E), the City Council finds, after due study and deliberation that the following circumstances exist:

DRAFT

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 CG (Commercial General) zoning district is applied to areas appropriate to serve the daily needs of the community. The CG zoning district is consistent with the general and neighborhood commercial land use designations of the General Plan and permits community care facilities, including adult day care facilities, subject to a conditional use permit. The community care facility will complement the existing church use and surrounding uses.

2. *The proposed location of the conditional use and the conditions under which it would be operated or maintained would not be detrimental to the public health, safety, or general welfare, nor would be materially injurious to properties or improvements in the vicinity; and*

   The location of the adult day care facility and the conditions under which it will operate will not be detrimental to the public health, safety or welfare, nor materially injurious to properties or improvements in the vicinity. The use will occupy an existing church building that is already designed and improved for assembly and group activities. No expansion of the building footprint or intensification of site development is proposed. Conditions of approval limit the program to a maximum of 150 participants, establishing a clear cap on the scope and intensity of the land use. Conditions of approval also prohibit concurrent operation with church activities, require all drop-off and pick-up to occur on site, restrict parking lot use to vehicular parking only, and provide for City review and implementation of parking management measures if parking or circulation impacts arise. The project is further conditioned to require active management of arrivals and departures to prevent congestion, queuing, or spillover into the public right-of-way, and to maintain all required state and local licenses to ensure ongoing compliance with health and safety regulations. As conditioned, the use will operate in an orderly manner that protects public health and safety and will not be materially injurious to surrounding properties or improvements.

3. *The proposed conditional use would comply with all applicable provisions of this zoning ordinance.*

   The proposed adult day care facility complies with all applicable provisions of the CZO for large community care facilities. It will operate within an existing church building and meets the required 300-foot separation from another similar facility. The project also complies with applicable standards for lighting, noise, fire and life safety, and state health and safety regulations. As a condition of approval, the operator shall upgrade and maintain on-site landscaping and irrigation in accordance with CZO standards specifically applicable to community care facilities, to ensure compatibility with the surrounding neighborhood. As conditioned, the project meets all applicable development, operational, and licensing requirements of the CZO.

DRAFT

SECTION 2. CEQA. The City Council finds the project is categorically exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Section 15301 (Existing Facilities), as the project involves the use of an existing building with no expansion of the structure and no significant change in intensity of use.

SECTION 3. Approval. The City Council of the City of Cypress hereby approves Conditional Use Permit No. 2025-02 to allow an adult day care facility at 6269 Ball Road, subject to the conditions of approval attached hereto as Exhibit "A" and incorporated herein by reference. 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 26th day of January, 2026.

_____
MAYOR OF THE CITY OF CYPRESS

ATTEST:

_____
CITY CLERK OF THE CITY OF CYPRESS

DRAFT

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS

I, LISA BERGLUND, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Resolution was duly adopted at a regular meeting of said City Council held on the 26th day of January, 2026, by the following roll call vote:

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

_____
CITY CLERK OF THE CITY OF CYPRESS

DRAFT

EXHIBIT A

CONDITIONAL USE PERMIT NO. 2025-02
ADULT DAY CARE FACILITY
6269 BALL ROAD

CONDITIONS OF APPROVAL

Conditions in bold text represent those specific to this project.

1. General Conditions

1.1. Prior to issuance of building permits or commencement of the use, the project applicant shall sign and return a City-approved 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. This permit is granted for the plans dated December 22, 2025 on file with the Planning Division. The project shall conform to the plans, except as otherwise specified in these conditions, or unless a minor modification to the plans is approved by the Planning Director. A minor modification may be granted for minimal changes or increases in the extent of use or size of structures. (Planning)

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

1.5. The applicant shall obtain a Cypress business license prior to commencement of the business operation. *(Finance)*

1.6. The applicant may request minor modifications of conditions of approval consistent with the intent of the project approval. The Planning Director, City Engineer, Orange County Fire Authority, and/or the Police Chief, depending on the requested modification, shall approve the modification in writing. For numerical standards, the Planning Director may approve deviations up to 10% provided that city code requirements are met.

2. Planning

2.1. 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 do not comply with the Cypress Zoning Ordinance and have not been approved in writing by the Community Development Department. *(Planning)*

4. Landscaping

4.1. **Prior to operation of the adult day health care facility, the operator shall upgrade on-site landscaping to be consistent with the prevailing landscaping in the surrounding neighborhood, including replacement of missing or deteriorated plant materials and restoration of irrigation. The operator shall submit a landscape and irrigation plan to the Planning Division for review and approval demonstrating compliance with applicable City landscaping and water efficiency requirements. All irrigation shall utilize drip or microspray irrigation. The operator shall maintain all landscaping in a healthy, well-kept condition at all times.** *(Planning)*

4.2. Unless otherwise specified, all required trees shall be a minimum 15-gallon in size and of a variety approved by the Director of Community Development. *(Planning)*

4.3. Landscape irrigation pipes and sprinkler heads shall be maintained in good working order so as to cover all landscaped areas. *(Planning)*

5. Operational

5.1. The facility shall operate in substantial conformance with the approved plans, the project description, and applicable State and federal ADHC regulations, unless modified by these conditions or as approved by the Director of Community Development. *(Planning)*

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

5.3. The City Council shall maintain the right to review the business hours of operation and may, subject to a public hearing, limit the hours should substantiated complaints be received that the business hours are creating an adverse impact upon neighboring properties. *(Planning)*

5.4. **The facility shall not exceed 150 enrolled participants.** *(Planning)*

5.5. **The adult day care facility and the church shall not operate concurrently, and any simultaneous use of the site by both is prohibited. The operator shall not conduct program activities, client drop-off or pick-up, or related operations during church services, events, or other church activities. The operator shall maintain an operating schedule approved by the Community Development Department and shall adjust operations as necessary and with approval of the City to prevent overlap or conflicts.** *(Planning)*

5.6. **The operator shall only use the parking lot for vehicular parking. Outdoor vehicle repair or servicing is prohibited at all times. Any other use of the parking lot requires prior written approval from the Director of Community Development.** *(Planning)*

5.7. **If the City determines that parking demand or circulation conflicts create impacts on the site or surrounding area, the operator shall submit a parking management plan for review and approval by the Community Development Department and shall implement all approved measures.** *(Planning)*

5.8. **All participant drop-off and pick-up activity shall occur entirely on site in designated loading areas. The operator shall manage arrivals and departures to ensure that vehicles do not queue, double-park, block drive aisles, or spill into the public right-of-way, and that on-site circulation remains clear and unobstructed at all times. If drop-off or pick-up operations generate congestion or circulation conflicts, the operator shall implement operational measures (such as scheduled arrival windows, staff monitoring, or parking management) to eliminate the impact and maintain safe on-site circulation.** *(Planning)*

5.9. **The operator shall obtain and maintain all required state and local licenses for adult day care operations at all times and shall immediately notify the City of any change in licensing status.** *(Planning)*

6. Property Maintenance

6.1. Parking lot surfaces and pedestrian walkways shall be maintained in a safe condition such that any concrete, asphalt, or other driving or walking surfaces are free of potholes, buckled or cracked surfaces, or raised areas. *(Planning)*

6.2. The property shall be maintained free of the accumulation of trash and debris. Trash and debris associated with the permitted uses are to be stored solely in designated trash enclosures. *(Planning)*

6.3. The property owner shall maintain the site, the publicly accessible interior, and publicly viewable exterior of the building(s) clear of all graffiti. All graffiti shall be removed within 24 to 48 hours once notified in writing by the City. *(Planning)*

7. Fees

7.1. 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 Fish and Game Code §711.4 and California Code of Regulations, Title 14, section 753.5. If, within such 48 hour period, the applicant/developer has not delivered to the Community Development Department the check required above, the approval for the project granted herein shall be void. *(Planning)*

8. Engineering

8.1. If applicable, the applicant shall make all submittals, including engineering, building, grading, water quality, and inquiries through the department’s online plan check and permit application at https://cypressca.viewpointcloud.com or as determined by the City Engineer. *(Engineering)*

9. Traffic

9.1. **The applicant shall develop a traffic/circulation management plan to address vehicle stacking in the event that traffic backs up onto Ball Road during drop-offs and pick-ups.** *(Engineering)*

10. Security

10.1. The property address shall be posted in a visible location on the building and shall be illuminated during the hours of darkness so that it shall be easily visible from the street. *(Police Department)*

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

10.3. Open parking lots, and access thereto, providing more than ten parking spaces and for use by the general public, shall be provided with a maintained minimum of one footcandle of light on the parking surface from dusk until the termination of business every operating day. *(Police Department)*

10.4. The landscaping and lighting plans for the project shall also be subject to review by the Cypress Police Department. *(Police Department)*

11. Solid Waste

11.1. The applicant shall subscribe to solid waste services from the City’s disposal services contractor with no less than one time per week service for trash, recycling, and organics recycling and require employees implement source separated recycling practices. Sufficient trash, recycling, and organics recycling receptacles shall be placed outside to collect solid waste generated by its operation/patrons. No less than one receptacle per solid waste category shall be provided. These shall be properly maintained and not allowed to overflow. *(Engineering, Water Quality)*

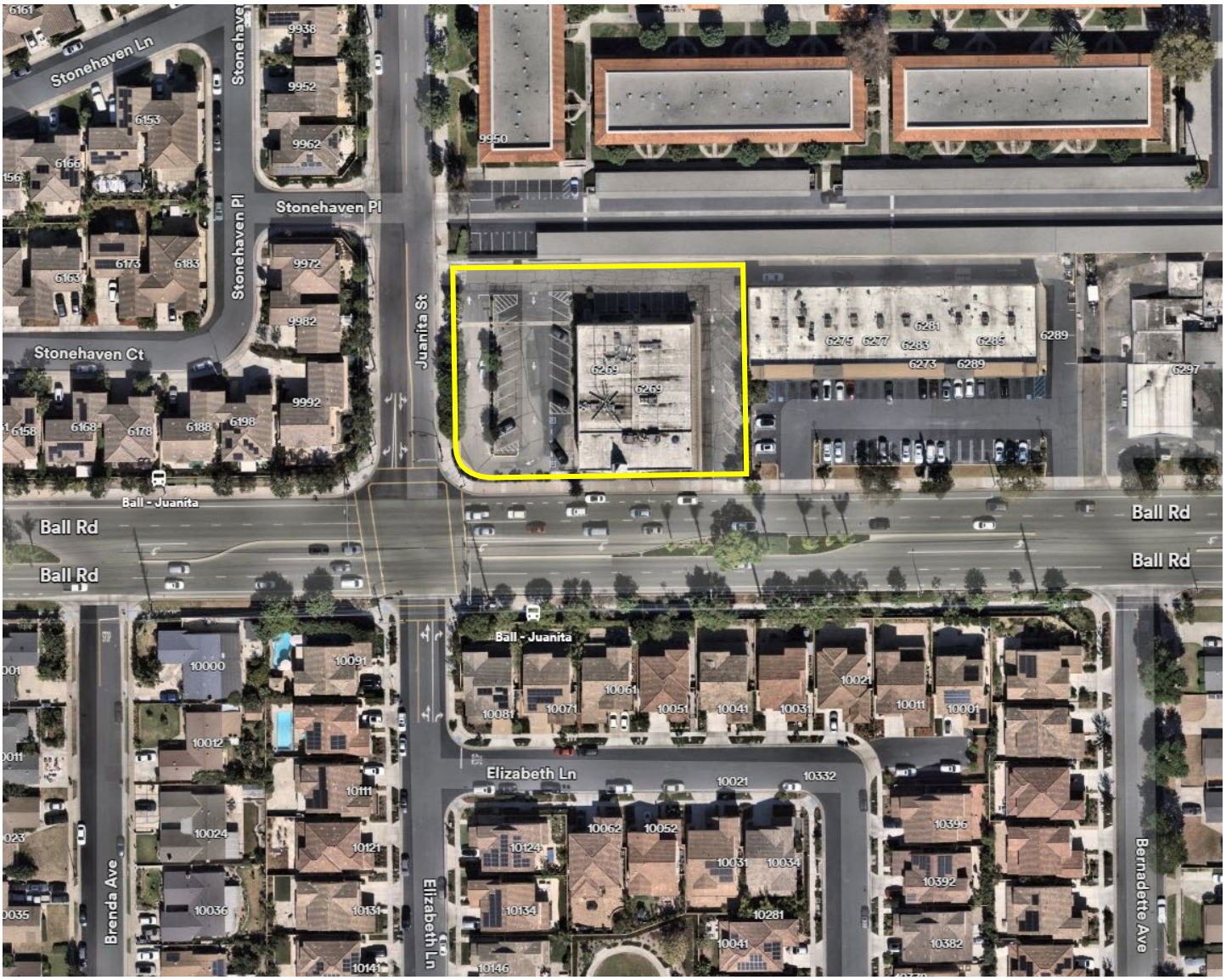
Effective: January 26, 2026 (Date of CC Mtg.)

ATTACHMENT 3

CONDITIONAL USE PERMIT NO. 2025-02

VICINITY MAP

6269 BALL RD

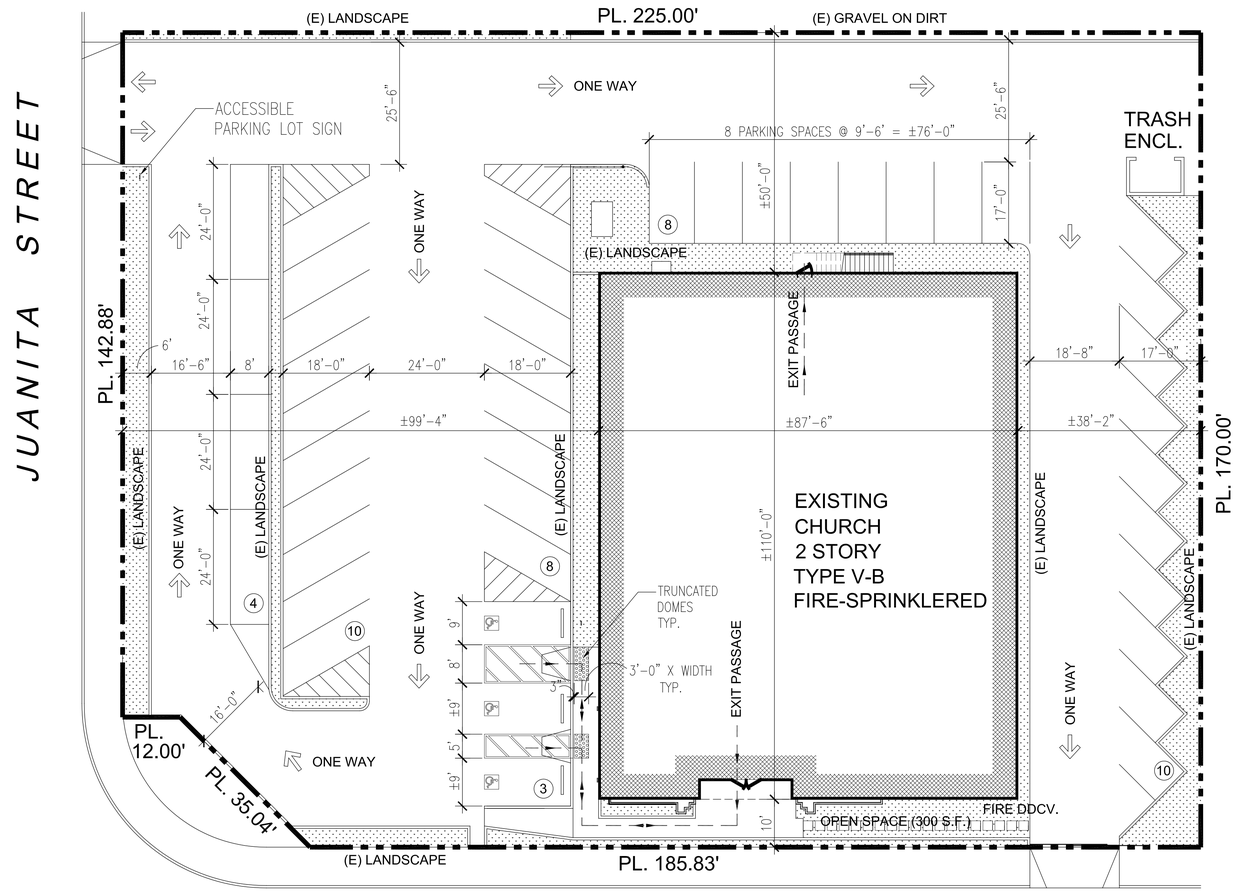


PROJECT DATA

OCCUPANCY CLASSIFICATION:	I–4 (PROPOSED)
APN:	134–531–18
PROJECT ADDRESS:	6269 BALL RD., CYPRESS, CA 90630
ZONING:	CG
CURRENT LAND USE:	CHURCH (A–3)
PARKING SPACES:	EXISTING 43 SPACES
	(INCLUDE 3 ACCESSIBLE SPACES)
REQUIRED SPACES FOR PROPOSED ADULT DAYCARE = 25 SPACES	
1 SPACE /10 PATRONS = 150/10 = 15 SPACES	
1 SPACE /1 STAFF = 10 SPACES	
TYPE OF CONSTRUCTION:	TYPE V–B (FIRE SPRINKLERS)
CODE YEAR / TYPE:	CBC 2022, CEC 2022, CGBC 2022
	CMC 2022, CPC 2022, CFC 2022
	CITY OF CYPRESS MUNICIPAL CODE
TOTAL BUILDING AREA :	2 STORY BUILDING, ±14,673 SF.
	GROUND FLOOR : ±9,550 SF.
	SECOND FLOOR : ±5,123 SF.
LOT AREA:	±37,540 SF.
LANDSCAPE AREA:	EXISTING TO REMAIN

SHEET INDEX

A – 1	PROJECT DATA, NOTES & INFORMATION, EXISTING SITE PLAN
A – 2	FLOOR PLANS
A – 3	EXTERIOR ELEVATIONS – PHOTOS



SITE PLAN

SCALE: 1/16" = 1'-0"

NORTH

CODE JUSTIFICATIONS

AREA JUSTIFICATION
ACCORDING TO CBC 2022, TABLE 506.2, I–4 OCUPANCY
TYPE VB,, FIRE SPRINKLERED BLDG.
(2) STORIES ALLOWED
36,000 SF. ALLOWED
EXISTING (2) STORY BUILDING, ±14,673 SF.,
THEREFORE, I–4 (2) STORY BUILDING IS COMPLIED.

PLUMBING FIXTURE JUSTIFICATION

PER CPC 2022, TABLE 4–1 & 422.1, A

I–4 OCCUPANCY – BUSINESS AREA = 5,020 SF.

5,918 SF. / 35 OCCUPANCY FACTOR ≒ 169 OCCUP.

B OCCUPANCY – BUSINESS AREA = 1,595 SF.

1,595 SF. / 150 OCCUPANCY FACTOR ≒ 11 OCCUP.

OCCUPANCY TOTAL : 180 OCCUP. (MALE : 90, FEMALE : 90)

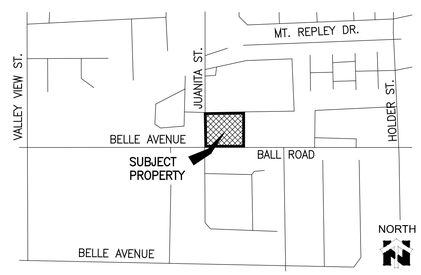
MALE : 90	REQ'D	PRO'D	FEMALE : 90	REQ'D	PRO'D
WATER CLOSET	4	6	WATER CLOSET	5	8
URINAL	0	3			
LAVATORIES	2	3	LAVATORIES	2	5
DRINKING FOUNTAIN	1				2
SERVICE SINK	1		–		1

SCOPE OF WORKS

PROPOSED 150 PATRONS FOR ADULT DAYCARE FACILITY

NO EXTERIOR RENOVATIONS PROPOSED.
SIGNAGE TO BE DEFERRED SUBMITTAL BY OTHERS

VICINITY MAP



Issuance / Revisions

No.	Date	Description
	10–27–2025	CUP APPLICATION
	12–20–2025	FIRE DEPT. CORRECTION

Project Name :

CUP APPLICATION FOR

Hope ADHC CBAS

ADULT DAYCARE

6269 BALL RD.,
CYPRESS, CA 90630

Consultants

CLIENT / DEVELOPER

HOPE ADHC, CBAS
6269 BALL RD., CYPRESS, CA
CYPRESS, CA 90630
MR. HAN, JOO BONG
(510) 390–5456

ARCHITECT FOR T.I.

AREAN PARK, ARCHITECT
36542 GERANIUM DR.
LAKE ELSINORE, CA 92532
(714) 990–1200

Seal

LICENSED ARCHITECT AREAN HONWUM PARK C29662 RENEWAL:1/31/2027 STATE OF CALIFORNIA

SIGNED DATE : 12/20/2025

Architect

AREAN architect
ALABAMA
ARIZONA
CALIFORNIA
GUAM
HAWAII
NCARB CERTIFIED
36542 GERANIUM DR.
LAKE ELSINORE, CA 92532
Tel.: 714–990–1200
areanplusinc@gmail.com

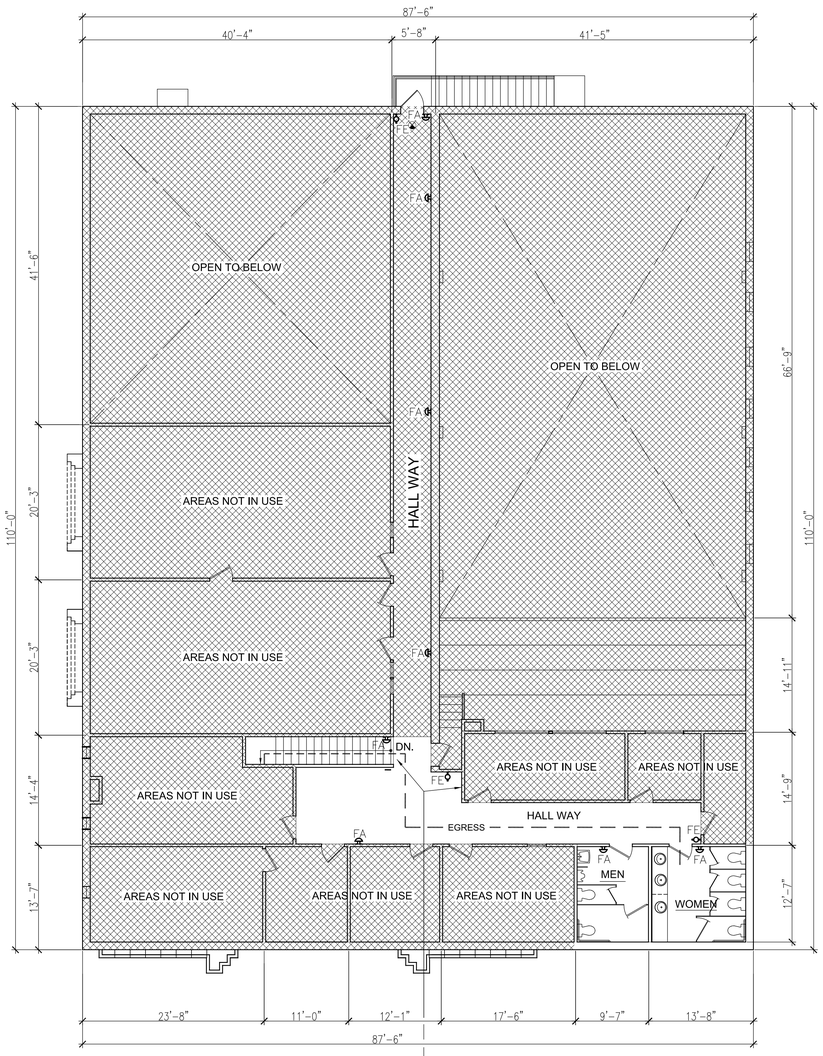
Drawing Description

SITE PLAN

Project No. 2025–1014

Sheet No. A 1

THE ABOVE DRAWINGS, SPECIFICATIONS, IDEAS, DESIGNS, AND ARRANGEMENTS REPRESENTED THEREBY ARE AND SHALL REMAIN THE PROPERTY OF THE ARCHITECT. NO PART THEREOF SHALL BE REPRODUCED, COPIED, ADAPTED, DISCLOSED, DISTRIBUTED, SOLD, PUBLISHED, OR USED WITHOUT THE PRIOR WRITTEN CONSENT OF AND APPROPRIATE COMPENSATION TO THE ARCHITECT. VISUAL CONTACT WITH THE ABOVE DRAWINGS OR SPECIFICATIONS SHALL CONSTITUTE CONCLUSIVE EVIDENCE OF ACCEPTANCE OF THESE RESTRICTIONS.



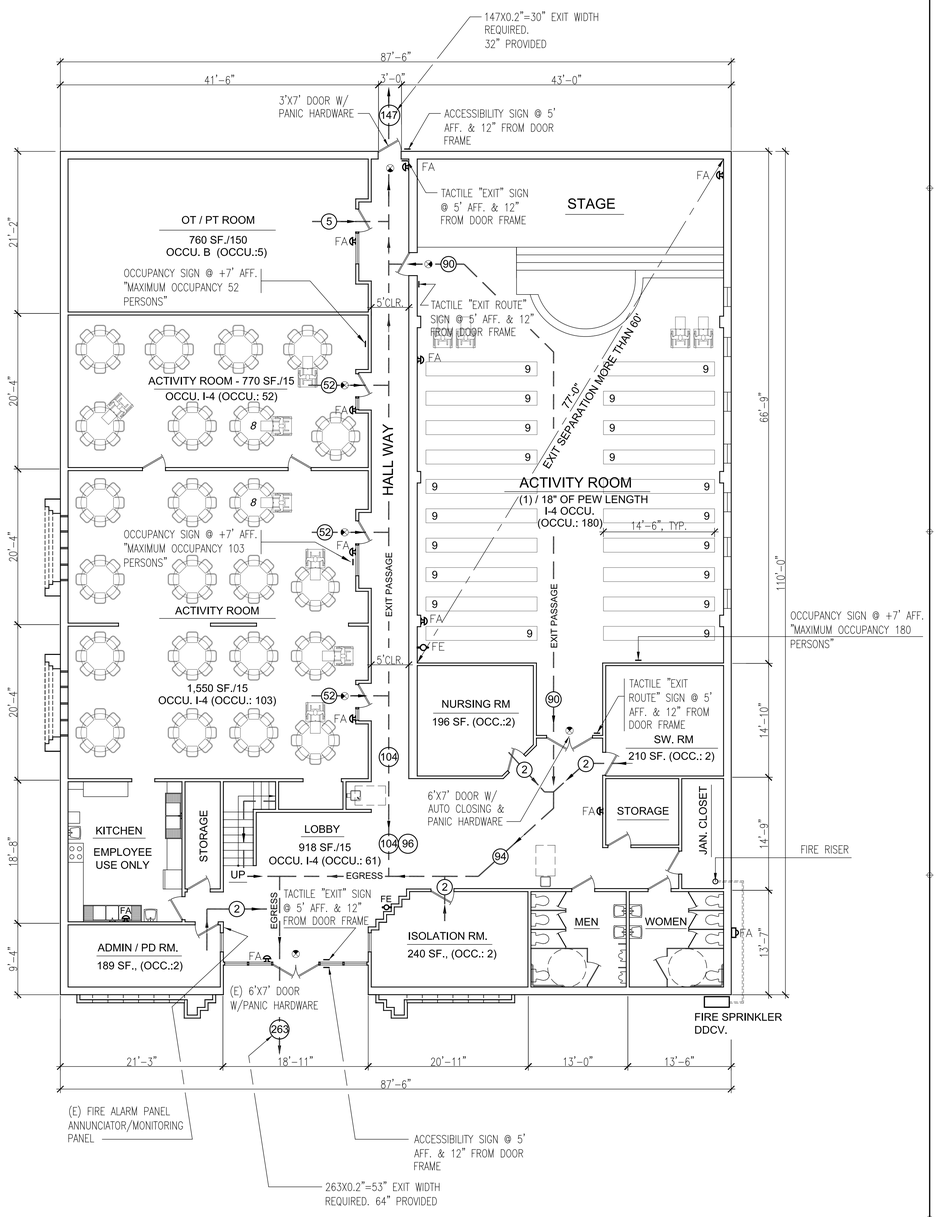
GC TO PROVIDE A SIGNAGE – 1" H. BLACK LETTER ON WHITE BACKGROUND
"RESTROOM USE ONLY FOR ADULT DAYCARE PARTICIPANTS"
INSTALL ON WALL AT 6'-0" H. ABOVE FLOOR AT THE ENTRANCE OF THE STARWAY
AND TOP OF THE STAIRWAY AS WELL.

FIRE DEPT. REQUIRED NOTE:
AUTOMATIC SMOKE DETECTION THROUGHOUT OR CODE PATH FOR OMISSION TO BE PROVIDED AND SUBJECT TO AN INSPECTION BY FIRE DEPT.

NORTH

SECOND FLOOR PLAN

SCALE 1/8" = 1'-0" | 2



FIRE DEPT. REQUIRED NOTE:
AUTOMATIC SMOKE DETECTION THROUGHOUT OR CODE PATH FOR OMISSION TO BE PROVIDED AND SUBJECT TO AN INSPECTION BY FIRE DEPT.

GC TO PROVIDE A SIGNAGE – 1" H. BLACK LETTER ON WHITE BACKGROUND
"RESTROOM USE ONLY FOR ADULT DAYCARE PARTICIPANTS"
INSTALL ON WALL AT 6'-0" H. ABOVE FLOOR AT THE ENTRANCE OF THE STARWAY
AND TOP OF THE STAIRWAY AS WELL.

NORTH

FIRST FLOOR PLAN

SCALE 1/8" = 1'-0" | 1

Issuance / Revisions

No.	Date	Description
	10-27-2025	CUP APPLICATION
	12-20-2025	FIRE DEPT. CORRECTION

Project Name :

CUP APPLICATION FOR

Hope
ADHC CBAS
ADULT DAYCARE

6269 BALL RD.,
CYPRESS, CA 90630

Consultants

LEGEND

- EXIST. WALL TO REMAIN
- AREAS NOT IN USE FOR ADULT DAYCARE
- EXIT PASSAGE
- EXIT SIGN
- FA FIRE ALARM ON WALL
- FE FIRE EXTINGUISHER
- FIRE WATER PIPING
- (44) NUMBER OF PERSON & EGRESS DIRECTION

CBC 2022, TABLE 1004.5

DAYCARE OCCUPANT FACTOR :
1/35 SF.

BUSINESS USE OCCUPANT FACTOR :
1/150 SF.

Seal

LICENSED ARCHITECT
AREAN MOONHWAN PARK
C 29682
REN:1/31/2027
STATE OF CALIFORNIA

SIGNED DATE :
12/20/2025

Architect

AREAN architect
ALABAMA
ARIZONA
CALIFORNIA
GUAM
HAWAII
36542
GERANIUM DR.
LAKE ELSINORE, CA 92532
Tel.: 714-990-1200
NCARB CERTIFIED
areanplusinc@gmail.com

Drawing Description

FLOOR PLANS

Project No. 2025-1014

Sheet No. A 2

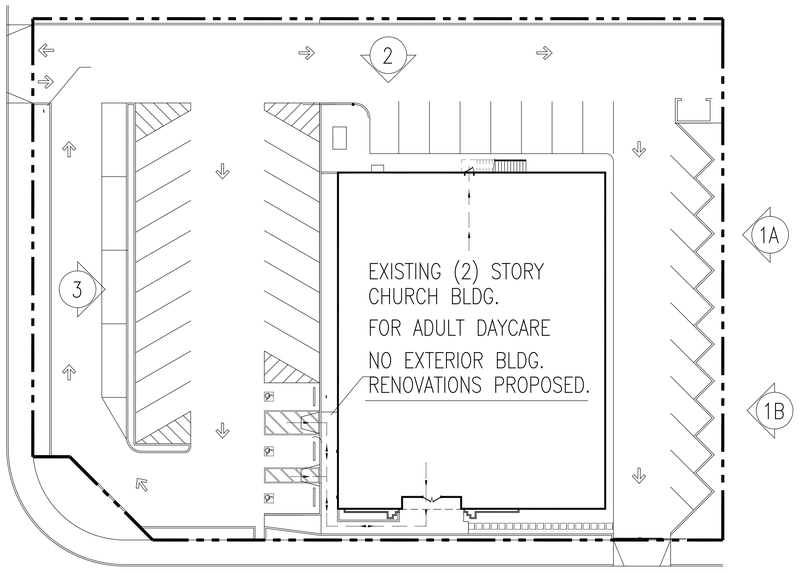
THE ABOVE DRAWINGS, SPECIFICATIONS, IDEAS, DESIGNS, AND ARRANGEMENTS REPRESENTED THEREBY ARE AND SHALL REMAIN THE PROPERTY OF THE ARCHITECT. NO PART THEREOF SHALL BE REPRODUCED, COPIED, ADAPTED, DISCLOSED, DISTRIBUTED, SOLD, PUBLISHED, OR USED WITHOUT THE PRIOR WRITTEN CONSENT OF AND APPROPRIATE COMPENSATION TO THE ARCHITECT. VISUAL CONTACT WITH THE ABOVE DRAWINGS OR SPECIFICATIONS SHALL CONSTITUTE CONCLUSIVE EVIDENCE OF ACCEPTANCE OF THESE RESTRICTIONS.



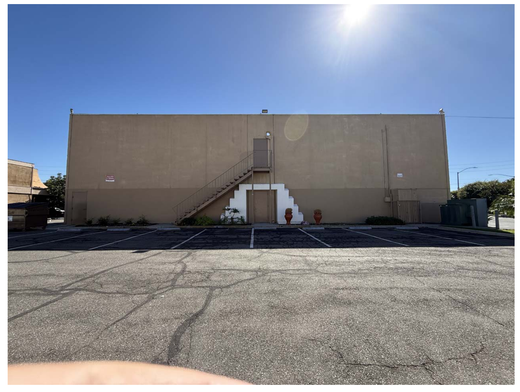
4 SOUTH ELEVATION



3 WEST ELEVATION



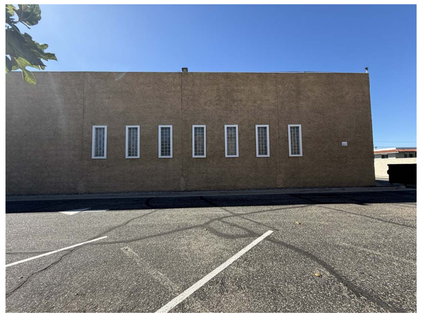
SITE PHOTO REFERENCE PLAN
NO SCALE



2 NORTH ELEVATION



1B EAST ELEVATION



1A EAST ELEVATION

Issuance / Revisions

No.	Date	Description
	10-27-2025	CUP APPLICATION
	12-20-2025	FIRE DEPT. CORRECTION

Project Name :

CUP APPLICATION FOR

Hope
ADHC CBAS
ADULT DAYCARE

6269 BALL RD.,
CYPRESS, CA 90630

Consultants

Seal



SIGNED DATE :
12/20/2025

Architect

AREAN architects
ALABAMA
ARIZONA
CALIFORNIA
GUAM
HAWAII
NCARB CERTIFIED
36542
GERANIUM DR.
LAKE ELSINORE, CA 92532
Tel.: 714-990-1200
areanplusinc@gmail.com

Drawing Description

SITE PHOTO AND
REFERENCE PLAN

Project No. 2025-1014

Sheet No. A 3

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NOTICE OF EXEMPTION

To: ☐ Office of Planning and Research
1400 Tenth Street, Room 121
Sacramento, CA 95814

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

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

Project Title Conditional Use Permit No. 2025-02		
Project Location - Specific 6269 Ball Road		
Project Location - City Cypress	**Project Location - County** Orange	
Description of Nature, Purpose, and Beneficiaries of Project Proposal for a conditional use permit to operate an adult day health care facility in an existing church building.		
Name of Public Agency Approving Project City of Cypress		
Name of Person or Agency Carrying Out Project (Applicant's Name and Address) Two Wings Health Services, Inc., dba HOPE ADHC CBAS		
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)) ☒ Categorical Exemption, Class 1. (Sec. 15301)		
Reasons why project is exempt: The project involves the use of an existing building with no expansion of the structure, and no significant change in intensity of use.		
Lead Agency Contact Person Christopher Wong, Business Development Manager	**Area Code** 714	**Telephone Number** 229-6753

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 ☐ No

Date Received for Filing at OPR

Signature

Business Development Manager
Title

☒ Signed by Lead Agency
☐ Signed by Applicant

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **12.**

FROM: Lisa Berglund, City Clerk

DATE: 01/26/2026

SUBJECT: **Adopt an Ordinance on Campaign Finance Reform**

RECOMMENDATION

Introduce an Ordinance of the City Council of the City of Cypress, California, Amending Chapter 2, Article X of the Cypress Municipal Code by Adding New Sections 2-128.1 and 2-128.2 Establishing a Local Campaign Contribution Limit and Disclosure of Top Contributors, to be read by title only and waive further reading.

DISCUSSION

The City of Cypress currently does not have any established local campaign contribution limits for candidates in City elections.

On October 8, 2019, the California legislature enacted Assembly Bill 571 (AB 571). Effective January 1, 2021, AB 571 amended Government Code Section 85301(a) and established default campaign contribution limits for local elections in cities that do not already have their own local limits in place. AB 571 does the following with respect to campaign contribution limits: (a) imposes State campaign contribution limits upon cities that do not currently have them; (b) allows cities to set different campaign contribution limits based on their local circumstances; and (c) allows cities to enforce these limits through standard enforcement methods, such as criminal, civil, or administrative citations. The current default campaign contribution limit set by the Fair Political Practices Commission (FPPC) is $5,900 for the calendar years 2025 and 2026. The FPPC makes adjustments to this amount in January of every odd-numbered year to reflect any increase or decrease in the Consumer Price Index.

Effective January 1, 2021, AB 571 imposed additional requirements for candidates for elective city office in cities that do not have local campaign contribution limits (i.e., cities that default to State limits). These requirements are generally summarized as follows:

1. Candidates cannot make a campaign contribution to another candidate subject to AB 571 in excess of the State contribution limit.

2. A candidate must establish a separate controlled committee and campaign bank account for each specific office, and may not redesignate a committee for one election to a different election for another office.

3. Candidates may transfer campaign funds from one controlled committee to another controlled committee of the same candidate using the “last in, first out” or “first in, first out” accounting method. Attributed contributions, when combined with all contributions from the same contributor, cannot exceed the limit imposed by Government Code 85301.

4. Candidates cannot personally loan money to his or her campaign an amount which exceeds $100,000.

5. An elected city official subject to AB 571 may establish a committee to oppose a recall measure and election as soon as the official receives a notice of intent against them and can accept contributions without regard to State contribution limits.

6. Candidates may accept contributions after the date of the election only to the extent that the contributions do not exceed net debts outstanding from the election and the contributions do not otherwise exceed the State’s contribution limits.

7. Candidates may carry over surplus contributions raised with one election to pay campaign expenditures incurred in connection with a subsequent election for the same office.

8. A candidate for elective city office may raise contributions for general election (or special general election) contributions before the primary (or special primary) election so long as those funds are properly designated and segregated for the later election and remain within contribution limits.

California cities are authorized by AB 571 to set local campaign contribution limits at amounts that may be higher or lower than the State limit. If the City imposes its own local campaign contribution limits pursuant to AB 571, then none of the rules above will apply to the City (even though some do not relate to a limit on contributions). The FPPC is not responsible for the administration or enforcement of a local campaign contribution limit adopted by a city that is different than the default limit.

Initially requested by then Mayor Burke, the Council considered and, on November 10, 2025, directed staff and the City Attorney to prepare and present an ordinance establishing a local campaign contribution limit for election to City offices.

The proposed Ordinance was prepared by the City Attorney with revisions and additions provided by Council Member Burke to include the following key changes:

1. The Ordinance adds a new “advertisement” definition that specifies which campaign communications are covered, including print and written materials (such as mailers, flyers, newspaper ads, and email “mass mailings”), and clarifies that small promotional items and audio/video ads are excluded because disclosures are impracticable there.

2. The definition of “contribution” is revised to clarify volunteer personal or professional

services are not treated as contributions so long as there is no understanding of reimbursement.

3. New definitions for “cumulative contribution” and “top contributors” are added so that the top-funder disclosure rules can operate, including rules for aggregating contributions over a defined period, identifying when money is passed through intermediaries, and determining which contributors must be named in an advertisement.

4. There is a new section on limitations on campaign contributions. It sets a $500 per-election cap on contributions to City candidates from any person or entity, while expressly exempting a candidate’s own personal funds contributed to the candidate’s campaign. It clarifies when a contribution is “accepted,” by providing that a contribution is not considered accepted if it is not negotiated, deposited, or used and is returned to the donor within 14 days of receipt.

5. There is a new section related to top contributor disclosures on independent expenditures. It requires any covered advertisement paid for by a committee to disclose its top contributors, using a standardized “Major funding by _” disclosure that lists the name, occupation or business interest, and city of residence or principal place of business of each top contributor.

If a top contributor is itself a committee, the Ordinance requires disclosure of that committee’s top three funders at or above the $2,500 cumulative threshold, and includes an exception that allows committees to comply by following the comparable California Government Code 84505 top-contributor rules.

Committees must file with the City Clerk, on the same day as the relevant FPPC forms, a copy of the advertisement and basic information about where supporting FPPC forms are filed, and the Ordinance establishes a rebuttable presumption about when an advertisement is sent to the printer tied to the expenditure date. For print advertisements, the Ordinance prescribes the format, placement, and size of the disclosure, and sets proportional-size requirements for larger items like yard signs and billboards.

If the committee paying for an ad has at least one top contributor that also qualifies as a top contributor under California Government Code section 84501(c), it must disclose its five highest cumulative contributors of $2,500+ following the state’s print/electronic media disclosure rules, but never more than five names.

6. There is a new section on enforcement provisions. The Ordinance adds explicit criminal, civil, and injunctive enforcement tools, making knowing, willful, or negligent violations a misdemeanor, authorizing civil penalties up to $10,000 per violation, and allowing the City Attorney, or in some circumstances, private residents to bring actions to enjoin or remedy violations. It provides for joint and several liability where multiple persons are responsible and establishes a two-year limitations period tied to the election for which the funds were contributed or spent.

BUDGET IMPACT

None.

LEGAL REVIEW

The City Attorney's office prepared the report.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Campaign Reform

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, AMENDING CHAPTER 2 (ADMINISTRATION), ARTICLE X (CAMPAIGN FINANCE REPORTING) OF THE CYPRESS MUNICIPAL CODE BY ADDING NEW SECTIONS 2-128.1 AND 2-128.2 ESTABLISHING A LOCAL CAMPAIGN CONTRIBUTION LIMIT AND DISCLOSURE OF TOP CONTRIBUTORS

WHEREAS, the California Political Reform Act of 1974 ("Political Reform Act"), Government Code Section 81000, et seq., was amended by the voters in 1988 to impose contribution limitations for statewide offices, and authorized local jurisdictions to enact their own contribution limits or other prohibitions; and

WHEREAS, effective January 1, 2021, AB 571 establishes a default campaign contribution limit and other campaign regulations for cities and counties without local campaign contribution limits, while continuing to authorize counties and cities to establish their own contribution limits for their elective offices; and

WHEREAS, in enacting this Ordinance, the City Council finds and declares that moderate monetary contributions to political campaigns are a legitimate form of participation in the American political process. It is the policy of this City to protect the integrity of the electoral process, and to serve the best interests of the citizens of this City by regulating campaign finance; and

WHEREAS, inherent in the high cost of election campaigning is the problem of improper influence, real or potential, exercised by campaign contributors over elected officials. It is the purpose and intent of the City Council in enacting this Ordinance:

To place realistic and enforceable limits on the amounts of money that may be contributed to political campaigns in city elections.

To preserve an orderly political forum in which individuals may express themselves effectively.

To prevent the exercise by campaign contributors of potential undue or improper influence over elected officials.

To promote participation in government and foster trust that the democratic process is not subverted by affluent special interest groups.

To inform the public of the sources and objects of campaign contributions and expenditures; and

WHEREAS, Cypress Municipal Code Chapter 2, Article X provides for Campaign Finance Reporting, and new Sections 2-128.1 (Limitation on Campaign Contributions) and 2-128.2 (Disclosure of Top Contributors on Independent Expenditure Advertisements) will be added to address campaign contribution amounts and disclosure requirements as well as renaming the Article X to "Campaign Finance Reporting and Contribution Limits"; and

WHEREAS, the City Council (the "City Council") of the City of Cypress (the "City") now desires to adopt local campaign contribution limits and other campaign regulations as Sections 2-128.1 and 2-128.2 in Chapter 2, Article X of the Cypress Municipal Code.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS DOES ORDAIN AS FOLLOWS:

SECTION 1. Recitals Incorporated. The City Council hereby specifically finds that all of the facts set forth in the above Recitals are true and correct and incorporated herein as findings of the City Council.

SECTION 2. Amendment. Chapter 2, Article X of the Cypress Municipal Code is hereby revised to rename the title from "CAMPAIGN FINANCE REPORTING" to read "CAMPAIGN FINANCE REPORTING AND CONTRIBUTION LIMITS".

SECTION 3. Amendment. Chapter 2, Article X of the Cypress Municipal Code is hereby amended to revise Subsection 2-127 entitled "Definitions" and to add two new subsections, Subsection 2-128.1 entitled, "Limitations on Campaign Contributions" and Subsection 2-128.2 entitled "Disclosure of Top Contributors on Independent Expenditure Advertisements:" to read as follows, with all other Subsections of Chapter 2, Article X remaining unmodified and in full force and effect (deleted text shown in ~~strikethrough~~, added text shown in ***bold italics***):

"2-127 **Definitions**

The definitions set forth in the Political Reform Act of 1974 as amended (Government Code Section 82000 et seq.) shall govern the interpretation of this article, unless otherwise specified herein.

Whenever the following words are used in this article, they shall be construed as follows:

"Advertisement" means any general or public communication which is authorized and paid for by a committee for the purpose of supporting or opposing a candidate(s) for municipal elective office or a municipal ballot measure(s). A communication that expressly advocates for or against a clearly identified municipal candidate(s) or measure(s), as defined in Government Code Section 82025, supports or opposes a candidate(s) for municipal elective office or a municipal ballot measure(s). Advertisement excludes communications paid for by a candidate or candidate-controlled committee established for elective office for the controlling candidate and communications from an organization to its members other than a communication from a political party to its members. Advertisement includes print and written advertisements, including mass mailings (as defined in Government Code Section 82041.5 and includes email),

newspaper ads, and flyers. This article does not apply to small promotional items such as pens, pencils, mugs, clothing, skywriting or other items where the required disclosures are impracticable or cannot be reasonably printed or displayed in an easily legible typeface. This article does not apply to video or audio advertisements.

"Candidate" means any individual who is listed on the ballot, or who has begun to circulate nominating petitions or authorized others to circulate petitions on his or her behalf, for nomination for or election to a city office, or who receives a contribution or makes an expenditure or gives his or her consent for any other person to receive a contribution or make an expenditure with a view to bringing about his or her nomination or election to a city office, whether or not the specific intent to seek nomination or election to the city office is known at the time the contribution is received or the expenditure is made, and whether or not he or she has announced his or her candidacy or filed a declaration of candidacy at that time. "Candidate" also includes any person holding a city office.

"City office" means an elected office of the city, including the city council, or any other office which shall become elective in the future.

"City measure" means a measure or proposition, initiated pursuant to Elections Code §§ 9200 et seq., 9235 et seq., or 9255 et seq., which is intended to be or is being voted on in a city election.

"Committee" means any person or combination of persons who, for political purposes relating to a city election, directly or indirectly receive contributions in any forty-eight-month period, or who directly or indirectly makes expenditures in any forty-eight-month period. "Committee" includes controlled committees.

"Contribution" means a (i) payment, a forgiveness of a loan, a payment of a loan or pledge of security for a loan or an enforceable promise to make a payment, by anyone other than a candidate, his or her spouse, or the candidate's parents except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes; (ii) forgiveness of a debt or other obligation to pay for goods or services rendered, or reduction of the amount of a debt or other obligation to pay for goods or services rendered resulting from a settlement of a claim disputed by the candidate or committee, unless it is clear from the circumstances that the amount of the reduction was reasonably based on a good faith dispute and not for political purposes; and (iii) any expenditure made at the behest of a candidate or controlled committee, unless full and adequate consideration is received by the maker of the expenditure.

> (1) The term "contribution" shall also include the purchase of tickets for events such as dinners, luncheons, rallies and similar fund-raising events; a candidate's own money or property used on behalf of his or her candidacy; the granting of discounts or rebates not extended to the public generally; the granting of discounts or rebates by television or radio stations or newspapers which are not extended on an equal basis to all candidates for the same office; and the payment of compensation by any person for the rendition of personal services or expenses of any other person, or the rendition of personal services or the payment of expenses by any person, if such services are rendered or expenses incurred on

behalf of a candidate or committee without payment of full and adequate consideration by the candidate or committee.

(2) The term "contribution" shall also include:

(a) The cost of any meeting or fund-raising event held in public or private facilities in honor or on behalf of a candidate or committee having a value of $100 or greater, and

(b) ***Anything of value provided to or for the benefit of a candidate or committee, but not including volunteer personal or professional services as long as there is no understanding of reimbursement.*** ~~Volunteer personal services or payments made by a person for his or her own travel expenses even if such payments are made voluntarily without any understanding or agreement that they shall be, directly or indirectly, repaid to him or her having a value of $100 or greater.~~

(3) A contribution is made on the date the payment, forgiveness of debt or loan, expense or donation is actually received or the date when an irrevocable pledge to make a payment, forgive a debt or loan, or incur an expense or make a donation is actually made, whichever is earlier.

"Controlled committee" means a committee which is controlled directly or indirectly by a candidate, or which acts jointly with a candidate in connection with his or her campaign. A candidate controls a committee if he or she, his or her agent, or any other committee he or she controls has a significant influence on the actions or decisions of the committee.

"Cumulative contribution" means the cumulative amount of contributions received by a committee beginning twelve (12) months before the date of the expenditure and ending seven (7) days before the time the advertisement is sent to the printer.

"Earmarked funds" means any of the following:

(1) The contributor solicited and received the funds from donors for the purpose of making a contribution to the committee paying for the advertisement.

(2) The funds were given to the contributor subject to a condition, agreement or understanding with the donor that all or a portion would be used to make a contribution to the committee paying for the advertisement, including the identification of the committee as a potential recipient.

(3) The contributor had existing funds from a donor and a subsequent agreement or understanding was reached with the donor that all or a portion of the funds would be used to contribute to the committee paying for the advertisement, including the identification of the committee as a potential recipient.

(4) The funds were promised, subject to an enforceable promise, to the contributor subject

to a condition, agreement or understanding with the donor that all or a portion would be used to make a contribution to the committee paying for the advertisement, including the identification of the committee as a potential recipient.

"Election" means any primary, general or special election held in the city, and includes any recall election.

"Expenditure" means a payment, a forgiveness of a loan, pledge of security for a loan, or a payment of a loan by anyone other than a candidate or his or her spouse, or an enforceable promise to make any of the above, unless it is clear from the surrounding circumstances that it is not made for political purposes. An expenditure is made on the date the payment is made or on the date consideration, if any, is received, whichever is earlier.

"Independent expenditure" means any expenditure or donation of anything of value, including the gratuitous rendition of services having a value of $100 or greater, made by any person in connection with a communication which expressly supports or opposes the nomination, election, defeat, or recall of a candidate(s) for city office, city measure(s), or otherwise unambiguously urges a particular result in a city election. An independent expenditure is made on the date the payment is made, services are rendered, or consideration, if any, is received, whichever is earlier.

"Payment" means a payment, reimbursement, distribution, transfer, loan, advance, deposit, gift or other rendering of money, property services or anything else of value, whether tangible or intangible.

"Person" means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, association, committee, labor union, and any other organized group of persons acting in concert.

"Political Reform Act" shall mean the Political Reform Act of 1974, as amended, Government Code §§ 81000 et seq., as it may be amended from time to time.
(Ord. No. 978, § 1, 8-24-98)

"Top contributors" means the persons from whom the committee paying for an advertisement has received its five (5) highest cumulative contributions, provided that each person's cumulative contributions total at least two thousand five hundred dollars ($2,500.00). If fewer than five (5) persons have made cumulative contributions of two thousand five hundred dollars ($2,500.00) or more, 'top contributors' means all such persons.

(1) If two (2) or more contributors of identical cumulative amounts qualify as top contributors, the most recent contributor shall be listed before any other top contributor of the same amount in any disclosure required by this article.

(2) If a contributor appears to qualify as a top contributor but received earmarked funds to make all or part of the contribution, the person, entity or committee that earmarked the funds and provided the funds to the contributor shall instead be disclosed as the top contributor. The person, entity or committee that transferred earmarked funds shall disclose

the true source of the funds to the committee receiving the earmarked funds at the time the funds are promised or transferred."

"§ ***2-128.1 Limitations on campaign contributions.***

(a) No individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, limited liability company, association, committee (including both controlled and independent committees), labor union, or any other organization or group of persons acting in concert shall make to a candidate for elective city office, and no candidate for elective city office shall accept from any such person or entity, campaign contributions totaling more than five hundred dollars ($500.00) per election.

(b) A contribution shall not be considered accepted if it is not negotiated, deposited, or utilized and, in addition, is returned to the donor within fourteen (14) days of receipt.

(c) The provisions of this section do not apply to a candidate's contributions of the candidate's personal funds to the candidate's own campaign.

§ ***2-128.2 Disclosure of Top Contributors on Independent Expenditure Advertisements***

(a) In addition to required disclosures under the Political Reform Act, any advertisement paid for by a committee shall disclose the names of the top contributors to the committee paying for the advertisement. Following the identification of the committee as required under the Political Reform Act, the advertisement shall disclose the names of the top contributors. If fewer than five (5) contributors qualify as top contributors, only those contributors that qualify shall be disclosed. If no contributors qualify as top contributors, no top contributor disclosure is required. The disclosure shall read: "Major funding by (name and occupation or business interest, and city of residence or principal place of business)," identifying the top contributors to the committee paying for the advertisement.

(b) Notwithstanding Government Code Section 84505, if a top contributor is a committee, the top three (3) contributors who have each made cumulative contributions of at least two thousand five hundred dollars ($2,500.00) to that committee shall also be disclosed.

(c) Documentation. The following items shall be submitted to the city clerk on the same day the required Fair Political Practices Commission (FPPC) forms in support of the expenditures for the advertisement are filed:

1. ***A copy of the advertisement subject to this section.***

2. ***If the FPPC forms supporting the disclosures listed on the advertisement are not FPPC forms filed with the city, identification of the jurisdictions with which the forms are filed and a list of forms filed in support of the disclosures.***

3. A rebuttable presumption shall apply that the advertisement was sent to the printer on the same date as the expenditure listed on the FPPC form filed for the advertisement. This presumption may be overcome by documentation submitted to the city clerk that the advertisement was sent to the printer on a different date.

(d) Disclosures on Print Advertisements.

1. For the purposes of this section, print advertisement shall mean print and written advertisements, including but not limited to, mailers, flyers, door hangers, yard signs, and billboards.

2. A print advertisement designed to be individually distributed, including, but not limited to, mailers, flyers, and door hangers, shall include the disclosures required in this article, displayed as follows:

(i) The disclosure area shall have a solid white background and shall be in a printed or drawn box on the bottom of at least one (1) page that is set apart from any other printed matter. All text in the disclosure area shall be in a contrasting color.

(ii) The text shall be in an Arial or Arial-equivalent typeface that is easily legible to an average reader or viewer, with a type size of at least ten (10) points.

(iii) The top contributors, if any, shall each be disclosed on a separate horizontal line, in descending order, beginning with the top contributor who made the largest cumulative contributions on the first line. The name of each top contributor shall be centered horizontally in the disclosure area.

3. Notwithstanding subsection (d)(2)(ii), a print advertisement that is larger than those designed to be individually distributed, including, but not limited to, yard signs or billboards, shall include disclosures in Arial or Arial-equivalent typeface with a type size of at least five percent (5%) of the height of the advertisement The disclosure shall appear on a solid background with sufficient contrast to be easily readable by the average person. Each top contributor shall be disclosed either on a separate horizontal line as set forth in subsection (d)(2)(iii) or separated by commas.

4. Exception. If a committee paying for an advertisement has at least one (1) top contributor, as defined by this article, that also qualifies as a top contributor as defined by California Government Code Section 84501(c), as amended, replaced or renumbered from time to time, the committee shall disclose the contributors from whom it has received its five (5) highest cumulative contributions of two thousand five hundred dollars ($2,500.00) or more in the manner required for print and electronic media as set forth in California Government Code Sections 84501, et seq., as amended, replaced or renumbered from time to time. This exception shall not be construed to require disclosure of more than five (5) top contributors.

(e) Enforcement

1. Criminal Enforcement. Any person who knowingly, willfully or negligently violates any provision of Sections 2-128.1 or 2-128.2 is guilty of a misdemeanor. Any person who causes any other person to violate any provision of said Sections 2-128.1 or 2-128.2, or who aids and abets any other person in the violation of any provision of said Sections 2-128.1 or 2-128.2, shall be liable under this Subsection (e). Any monetary penalty for such a violation shall be the maximum amount permitted by law.

2. Civil Enforcement. Any person who intentionally or negligently violates any provision of this article shall be liable in a civil action brought by the city attorney. Where no specific civil penalty is provided, a person may be liable for an amount up to ten thousand dollars ($10,000) for each violation. Upon collection, any such sum shall be deposited into the city's general fund.

3. Injunctive Relief. The city attorney, or a person residing within the city, may bring an action for injunction relief to enjoin violation of, or to compel compliance with, any provision of this division if the city attorney declines to file such an action. A person other than the city attorney may bring a civil action for violations of this division if the city attorney declines to file a civil action. If a judgment is entered against a defendant in such an action, the private plaintiff shall receive fifty percent (50%) of the amount recovered, and the remaining fifty percent (50%) shall be deposited into the city's general fund. If two (2) or more persons are responsible for any violation of this article, they shall be jointly and severally liable. In determining the amount of liability under this subsection, the court may take into account any mitigating and aggravating factors. No civil action alleging a violation of this article shall be commenced more than two (2) years after the date of the election for which the funds at issue were contributed or expended."

SECTION 4. Severability. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance, or the application thereof is for any reason held to be invalid or otherwise unenforceable by any court of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance or any part thereof. The City Council hereby declares that it would have enacted each and every section, subsection, sentence, clause, paragraph, or phrase thereof, irrespective of any determination of validity.

SECTION 5. Effective Date. This Ordinance shall take effect thirty (30) days after its adoption.

SECTION 6. Certification. The City Clerk shall certify as to the passage and adoption of this Ordinance and shall cause the same to be published and posted at the designated locations in the City of Cypress.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Cypress at a regular meeting held on the ____ day of February, 2026.

_____
David Burke, Mayor

ATTEST:

_____

Lisa Berglund, City Clerk

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS

I, LISA BERGLUND, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Ordinance was duly adopted at a regular meeting of said City Council held on the _____ day of January, 2026, by the following roll call vote:

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

_____
Lisa Berglund, City Clerk

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **13.**

FROM: Sean Joyce, Interim City Manager

DATE: 01/26/2026

SUBJECT: **Introduce an Ordinance of the City Council of the City of Cypress, California, Amending Cypress Municipal Code Section 1-13 and Adding Subsections 1-13.1 and 1-13.2 to Regulate Use of the City Seal and Logo**

RECOMMENDATION

Introduce an Ordinance of the City Council of the City of Cypress, California, Amending Section 1-13 and Adding Subsections 1-13.1 and 1-13.2 of the Cypress Municipal Code to Regulate Use of the City Seal and Logo, to be read by title only and waive further reading.

SUMMARY

The City Council has adopted a slightly revised City seal following a public outreach effort. Corresponding revisions to the Cypress Municipal Code are now in order to codify the new Seal and logo and protect against their unauthorized use. The attached proposed ordinance would achieve both of these objectives.

DISCUSSION

The City has previously adopted section 1-13 to designate the size and form of the official seal of the City and City logo. The City Seal was recently the subject of a rebranding that led to minor modifications that should now be adopted by ordinance. Simultaneously, the City's consultant led an effort to design a City logo for use in marketing and promotional use. Heretofore the Seal has not been protected from unauthorized use by ordinance. The item before you would address this outstanding matter prohibiting unauthorized use of the City Seal and logo that could otherwise lead to the unscrupulous use of the Seal by parties wishing to misappropriate the well-earned credibility of the City of Cypress for nefarious purposes.

The ordinance would further establish a range of possible penalties associated with unauthorized use of the City Seal and logo. Consistent with other violations of the Cypress Municipal Code possible penalties include those authorized under § 1-7 of CMC as follows:

§ 1-7General penalty; continuing violations.

(a)

Whenever in this Code or in any other ordinance of the city or in any order, rule, or regulation issued or promulgated by any duly authorized officer or agent of the city, any act is prohibited or is made or declared to be unlawful or the doing of any act is required and the failure to do that act is declared to be unlawful, and no specific penalty is provided therefor, violation of said provision shall be a misdemeanor and shall be punished by a fine not exceeding $1,000 or imprisonment for a term not exceeding six months, or by both such fine and imprisonment.

For the purposes of this section **1-7**, any violation of the Cypress Municipal Code ("Municipal Code Violation") may be processed through the administrative citation provisions established within this section **1-7** and section **1-12** providing, however, when processed as administrative citations, all such municipal code violations shall be subject to the maximum amounts established in subsection **1-7(c)**.

Nothing in this chapter shall prevent the city from exercising its discretion to select between criminal enforcement for a municipal code violation and enforcement through the administrative citation process established herein.

(b)

Each and every day during any portion of which any violation of this Code or any other ordinance, order, rule, or regulation of the city continues shall constitute a separate offense, and may be punished accordingly.

(c)

When specifically designated as such, violations of any provision of this Code or any other city ordinance, rule, order, or regulation shall be an infraction, which shall be punished as follows:

First violation: $100.00 fine

Second violation: $200.00 fine

Third violation, and each subsequent violation of the same ordinance or permit within one year from the date of the first violation, may at the city's discretion be treated as an infraction and fined in the amount of five hundred ($500.00) per occurrence, or may be deemed a misdemeanor and as such, shall be punishable as set forth in subsection **(a)**.

Notwithstanding anything to the contrary designating an offense a misdemeanor, when the city attorney, or the district attorney files in a court having jurisdiction over misdemeanor offenses a complaint specifying that an offense otherwise a misdemeanor is an infraction, the violation shall be deemed an infraction for all purposes.

(d)

Citation power shall be delegated by resolution of the city council.

(e)

Unless otherwise specifically provided herein, the Orange County Courts' Countywide Uniform Bail Schedule is hereby adopted by this reference, as if set forth in full, for violations of the Code of the City of Cypress.

(Ord. No. 15; Ord. No. 833, § 1, 12-11-89; Ord. No. 998, §§ 1, 2, 2-14-00)

BUDGET IMPACT

There is no fiscal impact associated with adoption and regulation of authorized use of the proposed ordinance adopting the revised City Seal and City logo.

LEGAL REVIEW

The prposed ordinance has been prepared by the City Attorney's office.

APPROVED BY: Sean Joyce, Interim City Manager

Attachments

Ordinance - City Seal and Logo

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, AMENDING CYPRESS MUNICIPAL CODE SECTION 1-13 AND ADDING SUBSECTIONS 1-13.1 AND 1-13.2 TO REGULATE USE OF THE CITY SEAL AND CITY LOGO

WHEREAS, the City Council (the "City Council") of the City of Cypress (the "City") has previously adopted section 1-13 to designate the size and form of the official seal of the City;

WHEREAS, the City of Cypress has a City Seal and City logo that are not protected from unauthorized use by ordinance or copyright law;

WHEREAS, California Government Code § 34501.5 and Elections Code § 18304 solely protect city seals by prohibiting the use of a city seal in campaign literature or mass mailing with the intent to deceive voters; and

WHEREAS, the unauthorized use, reproduction or facsimile of a city seal or logo for any purpose may create a misleading, erroneous or false impression that the document, item, statement, event, and/or organization is authorized, supported, and/or sponsored by the City or a public official; and

WHEREAS, the City desires to protect its official Seal, logo and related marks from all unauthorized uses to prevent fraud, deception, misrepresentation, and/or abuse; and

WHEREAS, the City additionally desires to update the design of its official Seal; and

WHEREAS, the City Council seeks to ensure that the City Seal, the City logo, and other City insignia are used only for purposes directly related to the official business of the City of Cypress, or as expressly authorized.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CYPRESS, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Recitals Incorporated. The City Council hereby specifically finds that all of the facts set forth in the above Recitals are true and correct and incorporated herein as findings of the City Council.

SECTION 2. Amendment. Section 1-13 of the Cypress Municipal Code is hereby amended as to the design of the City Seal and City logo and further amended to add Subsection 1 -13.1 entitled "Use of City Seal and City Logo" and Subsection 1-13.2 entitled "Penalties" to read as follows:

§1-13 **Official Seal**
(a) The official seal of the city shall be of the size and form and shall bear the figures and inscriptions set out as follows:



(b) The official logo of the city shall be of the size and form and shall bear the figures and inscriptions set out as follows:



§ 1-13.1 **Use of City Seal and City Logo**
(a) Use of the City Seal and City logo shall be in accordance with City Council policy, to be approved separately.
(b) It is unlawful for any person or entity to make use of the City logo, City Seal, prior iterations of the City Seal, or any portion, facsimile, mock-up, or reproduction thereof that is an imitation of the City Seal, or that may be mistaken therefor, that is designed, intended or likely to confuse, deceive or mislead the public, for private or commercial purposes or for any other purpose than the official business of the City without the express written consent of the City Clerk or City Manager or their designees under the authority granted by the City Council.

§ 1-13.2 **Penalties**

SECTION 3. Any person who engages in unauthorized or unlawful use of the City Seal or City logo under § 1-13.1 is subject to penalties pursuant to Cypress Municipal Code § 1-7. Nothing herein prevents the City from using any other available civil and/or criminal remedies allowed by law to protect the City Seal from improper or illegal use.

SECTION 4. If any section, subsection, sentence, clause, phrase, or portion of this Ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Cypress hereby declares that it would have adopted this Ordinance and each section, subsection, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions thereof may be declared invalid or unconstitutional.

SECTION 5. This Ordinance shall be in full force and effect thirty (30) days after its passage.

SECTION 6. The City clerk shall certify to the passage and adoption of this Ordinance by the City council of the City of Cypress and shall cause a summary of this ordinance to be published in accordance with Government Code § 36933.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Cypress at a regular meeting held on the ____ day of February 2026.

_____

Leo Medrano, Mayor

ATTEST:

_____

Lisa Berglund, City Clerk

STATE OF CALIFORNIA }
COUNTY OF ORANGE } SS

I, LISA BERGLUND, City Clerk of the City of Cypress, DO HEREBY CERTIFY that the foregoing Ordinance was duly adopted at a regular meeting of said City Council held on the _____ day of January 2026, by the following roll call vote:

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

_____

Lisa Berglund, City Clerk

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **14.**

FROM: Lisa Berglund, City Clerk

DATE: 01/26/2026

SUBJECT: **Timing for Transition of City Attorney Representative In Light of Change of Council Meeting Dates**

RECOMMENDATION

Provide direction on the timing of transitioning City Attorney representative in light of the change of Council meeting dates.

SUMMARY

In light of the change of City Council meeting dates, Fred Galante will be unavailable to cover City Council meetings beginning upon the effectiveness of the ordinance in March, 2026. Aleshire & Wynder's name partner Bill Wynder is available to step in as soon as the City Council desires to have him assume duties as City Attorney. Once direction is provided on timing of the change, an amendment to the agreement with Aleshire & Wynder will be presented to the Council documenting the change.

BUDGET IMPACT

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LEGAL REVIEW

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APPROVED BY: Sean Joyce, Interim City Manager

CITY OF CYPRESS

CITY COUNCIL REPORT

City Council Regular **15.**

FROM: Sean Joyce, Interim City Manager

DATE: 01/26/2026

SUBJECT: **Consideration of a Council Member Request to Discuss City Council Declaration of a Commitment to Protection of Public Safety and Civil Rights with Regard to ICE Enforcement**

RECOMMENDATION

Consider Council Member Strong Carnahan's request (seconded by Mayor Pro Tem Chang) and provide direction concerning adopting a resolution of the City Council affirming "the protection of our constituents' civil rights and to condemn the use of excessive force by federal and immigration authorities."

SUMMARY

Consistent with City Council policy (January 2025), on January 12, 2026, Council Member Strong-Carnahan (seconded by Mayor Pro Tem Chang) asked her colleagues to agendize the matter for future City Council consideration to adopt a resolution expressing a commitment to protecting community safety and civil rights in relation to ICE enforcement and with respect to the City's "resources, policies, and values." Specifically, Council Member Strong-Carnahan requests her colleagues consider adoption of a resolution of the City Council affirming "the protection of our constituents' civil rights and to condemn the use of excessive force by federal and immigration authorities."

Such an item would be agendized for future City Council consideration if a majority of the City Council give direction to that effect.

BUDGET IMPACT

There is no fiscal impact associated with City Council adoption of a position identical or similar to that proposed by Council Member Strong-Carnahan.

LEGAL REVIEW

The City Attorney has reviewed this item.

APPROVED BY: Sean Joyce, Interim City Manager