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CYPRESS RECEREATION AND PARK DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

BASIC FINANCIAL STATEMENTS AND INDEPENDENT ADITORS' REPORT

Focused on YOU

CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CYPRESS RECREATION AND PARK DISTRICT

BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cypress Recreation and Park District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Lance, Soll & Lunghard, LLP 203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the State Controller's Minimum Audit Standards for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Responsibilities

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the General Fund and the required pension and other post-employment benefits schedules as listed in the table of contents, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

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

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022 on our consideration of the District's internal control over the financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over the financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over the financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
December 21, 2022

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The discussion and analysis of the Cypress Recreation and Park District's (District's) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the basic financial statements, as well as the prior year's report ending June 30, 2021, to enhance their understanding of the District's financial performance.

The financial section of this report has been prepared to show the results of the financial administration, financial condition, and operations of the District. The combined financial statements in this report have been audited by the firm of Lance, Soll and Lunghard LLP, whose opinion is included.

BASIS OF ACCOUNTING AND FUND GROUPINGS

The government-wide financial statements are presented on an "*economic resources*" measurement focus and, accordingly, all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term liabilities, are reflected in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. The government-wide financial statements also are structured to reflect the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The governmental fund financial statements are presented on a spending or "current financial resources" measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in fund balances. The governmental fund statements are also presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to pay for expenditures of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to other long-term liabilities, are recorded only when payment is due. The District maintains funds in accordance with generally accepted accounting principles set forth by the GASB and other rule-making entities.

The District maintains two internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for its central services and employee benefits. Because these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of the two internal service funds are provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found immediately following the basic governmental fund financial statements.

FINANCIAL DISCUSSION

In the governmental fund financial statements, the District reported an excess of revenues and other financing sources over expenditures and other financing uses of $584,535. At the end of the current fiscal year, the nonspendable fund balance of the District was $26,917, the restricted fund balance was $119,028 (compared to $268,240 at the beginning of the year), the committed fund balance was $3,220,210 (compared to $2,684,680 at the beginning of the year), the assigned fund balance was $9,281,371 (compared to $8,955,928 at the beginning of the year), while total fund balance was

$12,771,777 (compared to $12,187,242 at the beginning of the year). The total fund balance that is not restricted, committed or nonspendable (comprised of assigned and unassigned fund balance amounts) represents 172.5 percent (compared with 183.0 percent from the previous year) of the fund's total current expenditures. Since the bulk of the District's operations are funded with annual property tax revenues, a portion of the assigned fund balance is needed to meet cash flow shortages between property tax receipts. The majority of the remaining assigned fund balance amounts are available to cover potential contingency needs of the District, offset retiree pension liabilities and pay for future facility and park infrastructure improvement projects.

For the fiscal year ended June 30, 2022, the District's balance of cash and cash equivalents was $13,769,670, a decrease of $1,053,886 from the prior fiscal year. Total receivables at the end of the fiscal year were $127,738, which is a decrease of $19,309 from the prior year total of $147,047.

Summary of Changes in Fund Balances
General Fund
For the fiscal year ended June 30, 2022 and 2021

	2022	2021	Change
Revenues			
Taxes	$ 6,222,355	$ 5,958,451	$ 263,904
From other agencies	53,076	32,300	20,776
Charges for services	6,831,409	468,056	6,363,353
From use of property	190,760	101,042	89,718
Other revenue	27,105	4,938	22,167
Total Revenues	13,324,705	6,564,787	6,759,918
Expenditures			
Parks and recreation	4,532,508	4,181,888	350,620
Contribution to City for infrastructure set-aside	919,757	845,780	73,977
Capital outlay	7,648,236	6,894,042	754,194
Total Expenditures	13,100,501	11,921,710	1,178,791
Other Financing Uses			
Note proceeds from the City of Cypress	6,839,779	5,421,299	1,418,480
Note repayments to the City of Cypress	(6,319,214)	-	(6,319,214)
Transfers out	(160,234)	(249,148)	88,914
Total Other Financing Uses	360,331	5,172,151	(4,811,820)
Increase (decrease) in fund balance	$ 584,535	$ (184,772)	$ 769,307

Total Recreation and Park District revenues for the fiscal year ended June 30, 2022 more than doubled from the prior year. Individual changes during the past year to the District's major revenues are highlighted as follows:

- Property tax revenues, the District's largest recurring revenue source, grew 4.4 percent over the prior year. The District continues to benefit from the positive impacts to property tax revenues resulting from rising assessed values.
- The extremely large increase to charges for services is two-fold. First, traditional recreation programming, which had been significantly curtailed while dealing with a variety of pandemic-related challenges that caused sharp declines in fee revenues, largely returned to

normal during the fiscal year ended June 30, 2022. The second, more significant factor, relates to park development fee receipts. These receipts are difficult to predict due to uncertainties associated with development activity and economic conditions, and can fluctuate drastically from year to year. Three major developments, consisting of over 340 new units, generated park development fees totaling nearly $6.2 million in the most recent fiscal year while prior year fee receipts were just under $100,000.

- Revenues from the use of property increased due to a higher volume of facility rentals directly tied to the easing of COVID-19 pandemic restrictions which had severely limited facility rentals throughout the prior fiscal year.

Notable changes in expenditures and other financing sources during the year ended June 30, 2022 follow:

- Recreation expenditures increased just over $350,000 (8.4 percent) due to the rebound from pandemic-related declines in recreation activities which yielded lower costs for part-time personnel and contract class instructors. Also contributing to the increase are cost of living salary and benefit increases for all full-time employees.
- Contributions to the City for infrastructure set-asides were higher due to fluctuations in residual property tax revenue receipts. The District annually contributes all residual property tax amounts that were previously apportioned to the former Redevelopment Agency. This repayment was established when the State disallowed loans from the City to the former Redevelopment Agency which had been used to pay for several recreation capital projects (including the construction of the Senior Center and the remodel of the Community Center).
- Capital outlay expenditures rose $754,194, largely due to the completion of construction on Lexington Park. This multi-year project created two, new large sports fields and other amenities with a total cost of approximately $13 million. In addition to the investment in Lexington Park, amounts were expended for the initial redesign of Arnold Cypress Park ADA and a variety of enhancements at six other parks.
- Note proceeds loaned to the District from the City and expended on the design and construction of Lexington Park increased $1,418,480 from the prior year. The majority of the $13.7 million authorized for this project had been incurred through June 30, 2022, with total loan proceeds totaling nearly $12.3 million since the start of the project. These notes will be repaid using available park development revenues, most of which are expected to be generated in conjunction with the eventual development of the Los Alamitos Race Course property.
- Park development fees of $6.3 million were available to repay a portion of the notes due to the City. As of the end of the fiscal year ended June 30, 2022, nearly $6.4 million remains outstanding on the notes due to the City.
- Transfers out were $88,914 less than the prior year and are comprised of two recurring transfers, including a $150,000 annual transfer to the employees' benefits internal service fund to help offset any unfunded pension liability owed to the Orange County Employees Retirement System (OCERS). This liability represents monies owed on behalf of vested District employees who earned OCERS pension benefits prior to 2000 when all employees were transitioned to the CalPERS pension system. Additionally, the balance of the annual transfers pay for new capital outlay items purchased in the District's Central Services Internal Service Fund.

<u>District General Fund Budgetary Highlights</u>

Net increases between the original appropriations budget and the final amended budget totaled $8,031,055. Nearly all of these budget increases are related to the annual carryover of appropriations to the new fiscal year for encumbrances and purchases not completed in the prior fiscal year on a variety of capital projects, with the vast majority of these carryovers ($7.5 million) related to the construction of Lexington Park.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the District's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Cypress, Finance Department, 5275 Orange Avenue, Cypress, California 90630.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government
	Governmental Activities
Assets	
Current Assets:	
Cash and cash equivalents	$ 15,770,616
Receivables:	
Accounts	79,067
Taxes	79,568
Accrued interest	27,843
Prepaid costs	27,635
Inventories	159
Net pension asset	103,379
Total Current Assets	**16,088,267**
Noncurrent Assets:	
Capital assets:	
Non-depreciable assets	23,576,380
Depreciable assets, net	13,646,886
Total Capital Assets	**37,223,266**
Total Assets	**53,311,533**
Deferred Outflows of Resources	
Deferred amounts from pension plans	1,545,417
Deferred amounts from OPEB	75,971
Total Deferred Outflows of Resources	**1,621,388**
Liabilities	
Current Liabilities:	
Accounts payable and accrued liabilities	919,127
Unearned revenue	220,028
Accrued leave payable	30,000
Deposits payable	16,900
Total Current Liabilities	**1,186,055**
Noncurrent Liabilities:	
Notes payable to the City of Cypress	6,365,260
Accrued leave payable	90,130
Total OPEB liability	542,648
Net pension liability	1,783,019
Total Noncurrent Liabilities	**8,781,057**
Total Liabilities	**9,967,112**
Deferred Inflows of Resources	
Deferred amounts from pension plans	2,254,582
Deferred amounts from OPEB	124,954
Total Deferred Inflows of Resources	**2,379,536**
Net Position	
Net investment in capital assets	30,858,006
Restricted	119,028
Unrestricted	11,609,239
Total Net Position	**$ 42,586,273**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Governmental Activities
Primary government:				
Governmental activities:				
Recreation	$ 6,247,796	$ 6,831,409	$ 53,076	$ 636,689
Total governmental activities	**$ 6,247,796**	**$ 6,831,409**	**$ 53,076**	**636,689**
General revenues:				
Property taxes				6,222,355
Investment income				190,760
Other revenue				27,105
Total general revenues				**6,440,220**
Change in net position				7,076,909
Net position at beginning of year				35,509,364
Net position at end of year				**$ 42,586,273**

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

CYPRESS RECREATION AND PARK DISTRICT

BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2022

	General Fund
Assets	
Cash and cash equivalents	$ 13,769,670
Receivables:	
Accounts	20,327
Taxes	79,568
Interest	27,843
Prepaid costs	26,758
Inventories	159
Total Assets	**$ 13,924,325**
Liabilities and Fund Balance	
Liabilities	
Accounts payable and accrued liabilities	$ 915,620
Unearned revenues	220,028
Deposits payable	16,900
Total Liabilities	**1,152,548**
Fund Balance	
Nonspendable	26,917
Restricted	119,028
Committed	3,220,210
Assigned	9,281,371
Unassigned	124,251
Total Fund Balance	**12,771,777**
Total Liabilities and Fund Balance	**$ 13,924,325**

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Fund balance - total governmental fund		$ 12,771,777
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental funds are not current financial resources and therefore are not reported in the Governmenal Fund Balance Sheet. This amount does not inlcude the internal service funds amounts of $284,237:		
Non-depreciable	$ 23,576,380	
Depreciable, net	13,362,649	36,939,029
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Government-Wide Statement of Net Position.		(759,273)
Long-term liabilities are not due and payable in the current period, and therefore not reported in the Governmental Fund Balance Sheet		
Notes payable to the City of Cypress		(6,365,260)
Net Position of Governmental Activities		**$ 42,586,273**

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Fund
Revenues	
Taxes	$ 6,222,355
From other agencies	53,076
Charges for services	6,831,409
From use of property	190,760
Other revenue	27,105
Total Revenues	**13,324,705**
Expenditures	
Current:	
Parks and recreation	4,532,508
Contribution to City for infrastucture set-aside	919,757
Capital outlay	7,648,236
Debt service (See Note 13)	6,319,214
Total Expenditures	**19,419,715**
Excess (Deficiency) of Revenues Over Expenditures	(6,095,010)
Other Financing Uses	
Issuance of Notes Payable (See Note 13)	6,839,779
Transfers out	(160,234)
Total Other Financing Uses	**6,679,545**
Net Change in Fund Balance	**584,535**
Fund Balance - Beginning of Year	12,187,242
Fund Balance - End of Year	**$ 12,771,777**

See Notes to Financial Statements.

CYPRESS RECREATION AND PARK DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES TO FUND BALANCE OF THE GOVERNMENTAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balance - total governmental fund		$ 584,535
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Capital outlay		7,648,236
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current finacial resources. Therefore, depreciation expense is not reported as expenditures in the Governmental Fund. This amount does not include the depreciation expense for internal service funds in the amount of $48,679.		(686,339)
Internal service funds are used by management to charge the costs of certain activities such as insurance and fleet management, to individual funds. The change in net position of the internal service fund is reported with governmental activities.		51,042
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position,		
Payment of Notes Payable	6,319,214	
Issuance of Notes Payable	(6,839,779)	(520,565)
Change in Net Position of Governmental Activities		**$ 7,076,909**

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PROPRIETARY FUND FINANCIAL STATEMENTS

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Governmental Activities- Internal Service Funds
Assets	
Current:	
Cash and cash equivalents	$ 2,000,946
Other receivables	
Accounts	58,740
Prepaid costs	877
Net pension asset	103,379
Total Current Assets	**2,163,942**
Noncurrent:	
Capital assets - net of accumulated depreciation	284,237
Total Noncurrent Assets	**284,237**
Total Assets	**2,448,179**
Deferred amounts from pension plans	1,545,417
Deferred amounts from OPEB	75,971
Total Deferred Outflows of Resources	**1,621,388**
Liabilities:	
Current:	
Accounts payable	3,507
Accrued compensated absences	30,000
Total Current Liabilities	**33,507**
Noncurrent:	
Accrued compensated absences	90,130
Total OPEB liability	542,648
Net pension liability	1,783,019
Total Noncurrent Liabilities	**2,415,797**
Total Liabilities	**2,449,304**
Deferred Inflows of Resources:	
Deferred amounts from pension plans	2,254,582
Deferred amounts from OPEB	124,954
Total Deferred Inflows of Resources	**2,379,536**
Net Position:	
Net investment in capital assets	284,237
Unrestricted	(1,043,510)
Total Net Position	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Governmental Activities- Internal Service Funds
Operating Revenues:	
Charges for services	$ 949,688
Total Operating Revenues	**949,688**
Operating Expenses:	
Contractual services	785,650
Supplies and other services	253,657
Depreciation expense	48,679
Total Operating Expenses	**1,087,986**
Operating Income (Loss)	(138,298)
Nonoperating Revenues (Expenses):	
Intergovernmental	29,965
Gain (loss) on disposal of capital assets	(859)
Total Nonoperating Revenues (Expenses)	**29,106**
Income Before Transfers	(109,192)
Transfers in	160,234
Changes in Net Position	51,042
Net Position:	
Beginning of Year	(810,315)
End of Fiscal Year	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
JUNE 30, 2022

	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:	
Receipts from user departments	$ 928,954
Payments to suppliers for goods and services	(1,004,749)
Net Cash Provided (Used) by Operating Activities	**(75,795)**
Cash Flows from Non-Capital Financing Activities:	
Cash transfers in	160,234
Intergovernmental	29,965
Net Cash Provided (Used) by Non-Capital Financing Activities	**190,199**
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(49,261)
Cash and Cash Equivalents at Beginning of Year	1,935,803
Cash and Cash Equivalents at End of Year	**$ 2,000,946**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ (138,298)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:	
Depreciation	48,679
(Increase) decrease in accounts receivable	(20,416)
(Increase) decrease in prepaid expense	3,938
(Increase) decrease in deferred outflows amounts from OPEB	28,062
(Increase) decrease in deferred outflows amounts from pension plans	783,980
Increase (decrease) in accounts payable and accrued liabilities	(145,722)
Increase (decrease) in accrued leave payable	(1,109)
Increase (decrease) in total OPEB liability	(132,008)
Increase (decrease) in deferred inflows amounts from OPEB	77,970
Increase (decrease) in net pension liability	(1,591,186)
Increase (decrease) in deferred inflows amounts from pension plans	1,010,315
Total Adjustments	**62,503**
Net Cash Provided (Used) by Operating Activities	**$ (75,795)**
Non-Cash Investing, Capital, and Financing Activities:	
Gain/(Loss) on disposition of capital assets	$ (859)
Capital asset acquisitions in accounts payable	-

NOTES TO BASIC FINANCIAL STATEMENTS

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Note 1: Summary of Significant Accounting Policies

a. Description of Reporting Entity

The Cypress Recreation and Park District (the "District") was formed in 1949 to provide park and recreational facilities for the area now known as the Cities of Cypress and La Palma and adjacent unincorporated areas plus small portions of the adjacent Cities of Los Alamitos, Buena Park and Anaheim. The District was under the control of the Orange County Board of Supervisors until 1971, when the Cities of Cypress and La Palma withdrew from the District. On June 29, 1971, the District was reestablished as a subsidiary district of the City of Cypress ("City"), effective July 1, 1971.

The Cypress Recreation and Community Services Foundation (the “Foundation”) was created in 2019 to support and enhance safe, attractive, and high quality recreation facilities, programs, and services in the City of Cypress. The Foundation is organized and operates under section 501(c)(3) of the Internal Revenue Code as a charitable organization. The members of the Cypress City Council act as the Board of Directors for the Foundation. The Foundation is managed by employees of the City and operates under the District, and the Foundation’s financial activities are included in the District’s basic financial statements. The City, District and Foundation all have a fiscal year-end of June 30.

The Governmental Accounting Standards Board ("GASB") defines the reporting entity as the primary government and those component units for which the primary government is, or has the potential to be, financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's Board and either (a) the primary government has the ability to impose its will or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government. Since the City Council of the City also serves as the Board of Directors of the District, the City, in effect, has the ability to influence and control operations. Therefore, the City has oversight responsibility for the District. Accordingly, in applying the criteria of GASB, the financial statements of the District are included in the City's Annual Comprehensive Financial Report. The District has the same fiscal year as the City. The Annual Comprehensive Financial Report of the City can be obtained from the Finance Department of the City.

b. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

<u>Government-Wide Financial Statements</u>

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the District. Fiduciary Activities of the District are not included in these statements.

Note 1: Summary of Significant Accounting Policies (Continued)

The government-wide financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets, deferred outflows of resources, capital assets, long-term liabilities, and deferred inflows of resources, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the District are reported in two categories:

Charges for services
Operating grants and contributions

Certain eliminations have been made in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated. The following interfund activities have been eliminated:

Transfers in/out

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balance. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property taxes, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related liability is incurred.

The reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Internal service funds are used to account for the financing of goods or services provided by one department of the District to other departments or agencies of the District on a cost-reimbursement basis. The District uses internal service funds for employees' benefits and central services (which includes print shop, information systems, phone and equipment maintenance, building and grounds maintenance, fleet maintenance, and for accumulating and expending monies for capital equipment acquisition and replacement).

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary funds are accounted for using the "economic resources" measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets, deferred outflows of resources, all liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activity are included on the statement of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges to departments in the governmental funds of the District for services. Operating expenses for the internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column, within the recreation function, when presented in the government-wide financial statements.

c. New Accounting Pronouncements

GASB Current Year Standards

- GASB Statement No. 87, Leases
- GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans.*

Pending Accounting Pronouncements

GASB has issued the following statements which may impact the District's financial reporting requirements in the future:

- GASB Statement No. 91, Conduit Debt Obligations
- GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangement.
- GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

Fiscal year 2024:

- GASB Statement No. 99, Omnibus 2022.

Note 1: Summary of Significant Accounting Policies (Continued)

- GASB Statement No. 100, Accounting Changes and Error Corrections.

Fiscal year 2025:

- GASB Statement No. 101, Compensated Absences

d. Capital Assets

Capital assets, which include land, machinery and equipment (vehicles, computers, etc.), and buildings and improvements, are reported in the Government-Wide Financial Statements. Capital assets are defined by the District as all land and buildings, vehicles, computers, and equipment with an initial individual cost of more than $1,000; and improvements with costs of more than $10,000 with a useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-Wide Financial Statements on a straight-line basis over the estimated useful life of the assets as follows:

Building and improvements	10 to 40 years
Vehicles, computers, and equipment	3 to 10 years

e. Cash, Cash Equivalents, and Investments

The District's cash and investments are pooled with the City to maximize the yield.

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

Investments are reported in the accompanying balance sheet at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value represented by the external pool.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

f. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position and the Governmental Fund Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has the following items that qualify for reporting in this category:

Deferred outflow related to pensions or other post-employment benefits (OPEB) equal to employer contributions made after the measurement date, which are recognized as a reduction to the net pension liability or total OPEB liability, respectfully.

Deferred outflow related to pensions or OPEB are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with the pension and OPEB plans, except for deferred outflows relating to the net difference between projected and actual earnings on plan investments, which is amortized straight line over 5 years.

In addition to liabilities, the statement of net position and governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District reported two items in this category.

The first item is a deferred inflow related to pensions. For CalPERS pensions, the deferred inflow is the result of differences in expected and actual experience, changes in actuarial assumptions, adjustments due to changes in proportions, and differences between employer's contributions, the proportionate share of contributions, and differences between projected and actual earnings. The changes in projected and actual investment earnings are recognized over five years, beginning with the year in which they occur. The remaining items are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions. For CalPERS pensions, the remaining service life as determined for the June 30, 2021 measurement date is 3.7 years.

Note 1: Summary of Significant Accounting Policies (Continued)

The deferred inflow related to the OCERS pension plan is the net difference between projected and actual earnings on pension plan investments, which will be recognized over a period of five years, beginning with the year in which they occur.

The second item is a deferred inflow related to other postemployment benefits. The deferred inflow is the result of changes in actuarial assumptions. This amount is amortized over a closed period equal to the average expected remaining active and inactive service lives as of the December 31, 2021 measurement date, which is 8.4 years.

g. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds or developer fees) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's practice to consider restricted - net position to have been depleted before unrestricted - net position is applied (if eligible).

h. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund.

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

i. Net Position

In the Government-Wide Financial Statements, net position may be classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that does not meet the definition of "investment in capital assets" or "restricted net position" as defined above.

Note 1: Summary of Significant Accounting Policies (Continued)

j. Fund Balances

In the Governmental Fund Financial Statements, fund balances are classified in the following categories:

Nonspendable - Items that cannot be spent because they are not in spendable form, such as prepaid items and inventories, items that are legally or contractually required to be maintained intact, such as principal of an endowment or revolving loan funds.

Restricted - Restricted fund balances encompass the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed - Committed fund balances encompass the portion of net fund resources, the use of which is constrained by limitations that the government imposes upon itself at its highest level of decision making, normally the governing body through council resolutions, etc., and that remain binding unless removed in the same manner. The Board of Directors, comprised of the Cypress City Council members, is considered the highest authority for the District.

Assigned - Assigned fund balances encompass the portion of net fund resources reflecting the government's intended use of resources. Assignment of resources can be done by the highest level of decision making or by a committee or official designated for that purpose. The City Council has authorized the Director of Finance for that purpose.

Unassigned - This category is for any balances that have no restrictions placed upon them.

k. Spending Policy

Governmental Fund Financial Statements

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the District's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance:

> Nonspendable
> Restricted
> Committed
> Assigned
> Unassigned

l. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the City's California Public Employees' Retirement System ("CalPERS") Miscellaneous plans ("Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee

Note 1: Summary of Significant Accounting Policies (Continued)

contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Valuation Date:	June 30, 2020
Measurement Date:	June 30, 2021
Measurement Period:	July 1, 2020 to June 30, 2021

m. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and the OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

n. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Note 2: Cash and Cash Equivalents

The District's cash and investments are pooled with the City. The District does not own specifically identifiable securities in the City's pool. Investment income earned on pooled cash and investments is allocated quarterly to the various funds based on the average cash balance in each fund. At June 30, 2022, the cash and investments balance of the District was as follows:

	Government-Wide Statement of Net Position Governmental Activities
Cash and cash equivalents	$ 15,770,616
	$ 15,770,616

Note 2: Cash and Cash Equivalents (Continued)

Authorized Investments

Under provision of the City's annually adopted investment policy, and in accordance with Section 53601 of the California Government Code, the City may deposit and invest in the following:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Bills and Notes	5 years	None	N/A
Federal Agency Issues	5 years	None	None
Certificates of Deposit (or Time Deposits) placed with commercial banks and/or savings and loan companies	1 year	25%	N/A
Bankers' Acceptances	180 days	25%	10%
Negotiable Certificates of Deposit	5 years	25%	10%
Commercial Paper	270 days	25%	10%
Local Agency Investment Fund	None	$75 million*	N/A
Investment Trust of California (CalTRUST)	None	$50 million*	N/A
Money Market Mutual Funds	None	20%	10%
Medium-term Notes	5 years	25%	10%

* Limit is per entity.

N/A - Not Applicable

Deposits and Risks

The California Government Code requires California banks and savings and loans associations to secure a City's deposit by pledging government securities with a value of 110% of a City's deposits, or by pledging first trust deed mortgage notes having a total value of 150% of the City's total deposits.

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy provides that final maturities of securities cannot exceed five years. At June 30, 2022, approximately 100% of the City's entire pooled cash and cash equivalents had a maturity of less than one year with an average life of the portfolio being slightly more than 3 days.

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

Note 2: Cash and Cash Equivalents (Continued)

External Investment Pool

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

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

The City values its investments in LAIF at a fair market value provided by LAIF. At June 30, 2022, the factor used was 0.987125414. The City's investment with LAIF includes a portion of pool funds invested in structured notes and asset-backed securities. At June 30, 2022, the City invested in LAIF, which had invested 1.88% of the pool's funds in structured notes and asset-backed securities.

The City also participates in the Investment Trust of California (CalTrust), a joint powers authority and public agency established by its members under the provisions of Section 6509.7 of the California Government Code. Members and participants are limited to California public agencies. CalTrust is governed by a Board of Trustees comprised of experienced local agency finance professionals, members of the governing body, or officers or personnel of public agency CalTrust members. TheCity reports its investment in CalTrust at the fair value amount provided by CalTrust, which is the same as the value of the pool shares. There is no legal minimum or maximum investment in CalTrust, however, the City has set a policy limit of $50,000,000.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The District's investment in the City investment pool is not subject to the fair value hierarchy.

Note 3: Capital Assets

The following is a summary of capital assets for governmental activities for the year ended June 30, 2022:

	Balance at June 30, 2021	Additions	Deletions	Transfers of CIP	Balance at June 30, 2022
Capital assets, not being depreciated:					
Land	$ 9,201,564	$ -	$ -	$ -	$ 9,201,564
Construction in progress	8,439,749	7,648,236	-	(1,713,169)	14,374,816
Total Capital Assets Not being Depreciated	17,641,313	7,648,236	-	(1,713,169)	23,576,380
Capital assets, being depreciated:					
Buildings and improvements	23,068,346	-	-	1,713,169	24,781,515
Internal Service - Equipment	737,921	49,261	33,810	-	753,372
Total Capital Assets, being Depreciated	23,806,267	49,261	33,810	1,713,169	25,534,887
Less accumulated depreciation for:					
Buildings and improvements	10,732,527	686,339	-	-	11,418,866
Internal Service - Equipment	453,407	48,679	32,951	-	469,135
Total Accumulated Depreciation	11,185,934	735,018	32,951	-	11,888,001
Total Capital Assets, Being Depreciated, Net	12,620,333	(685,757)	859	1,713,169	13,646,886
Capital Assets, Net	$ 30,261,646	$ 6,962,479	$ 859	$ -	$ 37,223,266

Depreciation expense for capital assets for the year ended June 30, 2022, is comprised of the following:

Governmental funds	$ 686,339
Internal service funds	48,679
Total depreciation expense	$ 735,018

Depreciation expense of $686,339 is allocated to recreation activities on the statement of activities.

Note 4: Property Taxes

Property taxes include assessments on both secured and unsecured property. Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of Orange (the "County") bills and collects the property taxes and remits them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables, defined as being received within 60 days after year-end.

The County is permitted by State Law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The District receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period, adjusted by state mandated transfers to the Educational Revenue Augmentation Fund in fiscal years 1992-93 and 1993-94.

Note 5: Accrued Leave Payable

The Employees' Benefits Internal Service Fund pays accrued leave for all permanent employees. The accrued leave payable represents the estimated liability for all vacation, compensatory time, and 50% of the sick leave, as noted below, for all employees of the reporting entity. The Employees' Benefits Fund is reimbursed through payroll charges to other funds based on benefits earned during the fiscal year.

Accrued leave payable at June 30, 2022, consisted of $30,000 in short-term and $90,130 in long-term liabilities.

Permanent employees may accumulate sick leave with no limitation as to the number of hours of accumulation. However, the accumulation of vacation leave is generally limited to two times their annual accrual. Employees who are terminated for any reason are paid for 100% of their accumulated vacation pay. Employees, terminated for any reason, with 5 years or more of service and having 60 days or more of accumulated sick leave (equal to 480 hours) will be paid for 50% of their accumulated sick leave. Employees, terminated for any reason, with 5 years or more of service and having between 240 hours and 480 hours will be paid for 50% of their accumulated leave for their hours only in excess of 240 hours. All other terminated employees will not be paid for their accumulated sick leave.

Note 6: Interfund Transactions

Transfers In	Transfers Out	Amount
Internal Service Funds	General Fund	$ 160,234

The transfer to the Internal Service Fund provides resources for the initial purchase of capital outlay items in the Central Services Fund and for future pensions costs in the Employees' Benefit Internal Service Fund.

Note 7: Net Position and Fund Balance

Government-Wide Financial Statements

At June 30, 2022, classifications of net position were as follows:

Net investment in capital assets	$ 30,858,006
Restricted net position:	
Open Space	1,697
Senior Center Enhancements	30,077
Youth League renovations	67,596
Facility & Service Enhancements	19,658
Total restricted net position	119,028
Unrestricted net position	11,609,239
Total Net Position	$ 42,586,273

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

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

Note 7: Net Position and Fund Balance (Continued)

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

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

Fund Financial Statements

Classifications of fund balances are based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The governmental fund statements fund balances are summarized as follows:

	General Fund
Nonspendable	
Prepaid items	$ 26,758
Inventory	159
Total nonspendable	**26,917**
Restricted	
Open space	1,697
Senior center enhancements	30,077
Youth League renovations	67,596
Facility & Service Enhancements	19,658
Total restricted	**119,028**
Committed	
Future capital improvements	2,200,000
Arnold Cypress Park rehabilitation	969,970
Other Park Improvements	50,240
Total restricted	**3,220,210**
Assigned	
OCERS retirement (unfunded)	150,000
Cash flow	2,000,000
Art in public places	5,928
Infrastructure/Amenities	6,125,443
Contingency	1,000,000
Total assigned	**9,281,371**
Unassigned	**124,251**
Total Fund Balances	**$ 12,771,777**

Net Investment in Capital Assets

Net Position invested in capital assets as of June 30, 2022 is as follows:

Total capital assets, net of depreciation	$ 37,223,266
Less: capital related debt	(6,365,260)
Total net investment in capital assets	$ 30,858,006

Note 8: Pension Plans

As of June 30, 2022, the District had the following net pension liabilities and related deferred inflows and outflows of resources:

	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources
CalPERS Miscellaneous Plan	$ 1,783,019	$ 574,557	$ 1,743,338
Orange County Employees Retirement System Plan (OCERS)	(103,379)	970,860	511,244
Total	$ 1,679,640	$ 1,545,417	$ 2,254,582

CalPERS

a. General Information about the Pension Plans

Plan Descriptions

The District participates in the City's Miscellaneous Employee Defined Benefit Pension Plans (the "Miscellaneous Plans") and the District's share of the net pension liability is reported as a cost-sharing plan in these financial statements.

All qualified permanent and probationary employees are eligible to participate in the City's 2% at 55 (Tier I) and 2% at 62 (PEPRA) Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Miscellaneous Plans' provisions and benefits in effect at the June 30, 2022, reporting date, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% at 55	2.0% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% - 2.500%
Required employee contribution rates	6.910%	7.250%
Required employer contribution rates	11.180%	9.590%
Employer payment of unfunded liability	$ 1,864,295	$ 7,153

Note 8: Pension Plans (Continued)

Contributions

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

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

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15 Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality rate table *	Derived using CalPERS' membership data for all funds

*The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

c. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

Note 8: Pension Plans (Continued)

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.96%
Liquidity	1.00%	0.00%	-0.92%

(1) An expected inflation of 2.00% used for this period.
(2) An expected inflation of 2.92% used for this period.

d. Change of Assumptions

No changes of assumptions were noted.

e. Changes in the Net Pension Liability

The District is a portion of the City's Miscellaneous Plan. See the City of Cypress Cost-Sharing Employer Miscellaneous Plan for changes in the net pension liability.

Note 8: Pension Plans (Continued)

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

The following presents the net pension liability for the Plan as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$ 3,426,205
Current Discount Rate	7.15%
Net Pension Liability	$ 1,783,019
1% Increase	8.15%
Net Pension Liability	$ 424,621

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

For year ended June 30, 2022, the District incurred a pension expense of $638,546.

As of June 30, 2022, the following were the reported deferred outflows of resources and deferred inflows of resources related to pensions:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 329,495	$ -
Differences between actual and expected experience	199,946	-
District's proportionate share of contributions	-	(176,563)
Net differences between projected and actual	-	(1,556,480)
Differences in Proportions	45,116	(10,295)
Total	$ 574,557	$ (1,743,338)

The amount reported as deferred outflows of resources related to contributions subsequent to the measurement date, $329,495, will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2023	$ (349,285)
2024	(350,382)
2025	(368,479)
2026	(430,130)
	$ (1,498,276)

Note 8: Pension Plans (Continued)

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

a. General Information about the Pension Plans

Plan Description: The Cypress Recreation and Park District (District) participated in the Orange County Employees' Retirement System (OCERS), a cost-sharing multiple-employer defined benefit pension plan, for employees' service prior to October 12, 2000.

OCERS was established in 1945, under the provisions of the County Employees Retirement Law of 1937. OCERS is governed by a ten-member Board of Retirement comprised of nine voting members and one alternate member. Board membership consists of four members appointed by the County of Orange Board of Supervisors and five members elected by the members of the pension system – two by the general members, two by the safety members (one voting and one alternate), and one by the retired members. The County of Orange Treasurer-Tax Collector, who is elected by the voters registered in the County, serves as an ex-officio member. The OCERS Board of Retirement is responsible for establishing policies governing the administration of the retirement plan, making disability determinations, assuring benefit payments, establishing investment policies, and monitoring execution of its policies.

OCERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost-sharing plans administered by OCERS.

The report can be obtained online at www.ocers.org, or from its executive office at 2223 Wellington Avenue, Santa Ana, California 92701.

Benefits Provided: OCERS provides retirement, disability, and death benefits to safety and general members. Safety membership includes those members serving in active law enforcement, fire suppression, and probation officers. General membership applies to all other occupations, including all eligible District employees. Plan retirement benefits are tiered based upon date of OCERS membership. Members employed prior to September 21, 1979 are designated as Tier I members and will have their highest one-year average salary used to determine their retirement allowance. Tier II members, hired on or after September 21, 1979 will have their highest three-year average salary used to determine their retirement allowance. Member rate groups are determined by the employer, bargaining unit, and benefit plan. The benefit plan represents the benefits formula and tier that will be used in calculating a retirement benefit.

Employees Covered: The plan was closed to new members as of October 12, 2000. After that date, all existing and new District employees were enrolled in the CalPERS Miscellaneous Plan. At December 31, 2021, the following employees were covered by the benefit terms of the OCERS Plan:

Retired members or beneficiaries currently receiving benefits	22
Vested terminated members entitled to, but not yet receiving benefits	5
Active members	-
	27

Note 8: Pension Plans (Continued)

Contributions: The participating entities in OCERS share proportionately in all risks and costs, including benefit costs. The District's discontinuance of the OCERS plan precludes the District from sharing the risks and costs of the plan in the same manner as actively participating entities, but the District remains liable for its share of pension liabilities. To ensure the District pays its fair share of the costs associated with its eligible employees, OCERS and the District entered into a Withdrawing Employer and Continuing Contribution Agreement (Agreement) on October 15, 2018.

Per the terms of the Agreement, the District paid OCERS $740,000 on October 16, 2018 to satisfy the estimated net pension liability as of December 31, 2016 and interest accrued on that liability through October 16, 2018. Beginning December 31, 2020 and at least every three years thereafter, OCERS will recalculate the then current unfunded actuarial accrued liability attributable to the District. For purposes of the recalculation, the District's employees are treated as a closed group and the District's assets and liabilities will be segregated from the remaining assets of the retirement system. Based on the recalculation, in the event there is any new pension liability, the District shall satisfy the obligation to OCERS within three years following the effective date of the recalculation, including accrued interest. If the recalculation determines there is a surplus attributable to the District, it shall remain with OCERS as a credit against future pension liabilities.

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

As of December 31, 2020, the District reported a net pension asset for the OCERS plan of $103,379. The net pension liability/(asset) was measured as of December 31, 2020, and 2019. The Plan's Fiduciary Net Position (plan assets) was valued as of the measurement date while the Total Pension Liability (TPL) was determined based upon rolling forward the TPL from actuarial valuations as of December 31, 2021 and 2020, respectively.

The District's net pension liability as of December 31, 2020 and 2021 was as follows:

	OCERS
Net pension liability - December 31, 2020	$ 185,117
Net pension asset - December 31, 2021	(103,379)
Change - Increase (Decrease)	$ (288,496)

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

Valuation Date	December 31, 2020
Measurement Date	December 31, 2021, rolled forward on an actuarial basis
Actuarial Experience Study	Three-year period ended December 31, 2019 and dated August 6, 2020.
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Inflation	2.75%
Salary increases	General: 4.25% to 12.25%, varies by service, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation.
Discount Rate	7.00%

Note 8: Pension Plans (Continued)

Mortality Assumptions: The underlying mortality assumptions used in the actuarial valuation were based on the results of the actuarial experience study for the period January 1, 2017 through December 31, 2019 using the Pub-2010 General Health Retiree Amount-Weighted Above Median Table, projected generationally with the two-dimensional MP-2019 projections scale, with age adjustments, and adjusted separately for healthy and disabled members.

Discount Rate: The discount rate used to measure the TPL was 7.00% as of December 31, 2020 and 2019. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL as of both December 31, 2020 and 2019.

Long-Term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before deducting investment expenses are shown in the following table. This information was used in the derivation of the long-term expected investment rate of return assumption for the December 31, 2020 and 2019 actuarial valuations. This information will change every three years based on the actuarial experience study.

Note 8: Pension Plans (Continued)

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return
Large Cap Equity	23.10%	5.43%
Small Cap Equity	1.90%	6.21%
International Developed Equity	13.00%	6.67%
Emerging Markets Equity	9.00%	8.58%
Core Bonds	9.00%	1.10%
High Yield Bonds	1.50%	2.91%
TIPS	2.00%	0.65%
Emerging Market Debt	2.00%	3.25%
Corporate Credit	1.00%	0.53%
Long Duration Fixed Income	2.50%	1.44%
Real Estate	3.01%	4.42%
Private Equity	13.00%	9.41%
Value Added Real Estate	3.01%	7.42%
Opportunistic Real Estate	0.98%	10.18%
Energy	2.00%	9.68%
Infrastructure (Core Private	1.50%	5.08%
Infrastructure (Non-Core Private)	1.50%	8.92%
CTA - Trend Following	2.50%	2.38%
Global Macro	2.50%	2.13%
Private Credit	2.50%	5.47%
Alternative Risk Premia	2.50%	2.50%
Total	**100.00%**	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following presents the net pension liability of the OCERS plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Net Pension Liability		
	Discount Rate	
1% Decrease	Current Rate	1% Increase
6.00%	7.00%	8.00%
$ 1,261,728	$ (103,379)	$ (1,216,068)

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

Note 8: Pension Plans (Continued)

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

For the year ended June 30, 2022, the District recognized pension expense of ($105,942) in the OCERS Plan. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 947,260	$ -
Net difference between projected and actual earnings on plan investments	-	(501,465)
Changes of assumptions	23,600	(9,779)
Total	**$ 970,860**	**$ (511,244)**

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

Year Ending June 30,	Amount
2023	681,559
2024	(116,015)
2025	(68,323)
2026	(45,355)
Thereafter	7,750
	$ 459,616

d. Payable to the Pension Plan

At June 30, 2022, the City had no outstanding contributions to the pension plan required for the year ended June 30, 2022.

Note 9: Retirees' Health Benefits

a. General Information about the OPEB Plan

Plan Description - The District provides medical benefits to eligible retirees through the CalPERS healthcare program (PEMHCA) as a part of the City's plan. The District pays the PEMHCA minimum amount ($146 per month in 2021 and $149 per month in 2022) for all eligible retirees who choose to continue with their coverage through PEMHCA. All eligible employees become participants in PEMHCA on their date of hire. A portion of the liability attributable to the District, based on the percent of payroll of District employees, has been recorded on the financial statements of the District.

All District employees are members of the City's Retiree Health Savings Plan (the "RHS") in which the District contributes monthly amounts on behalf of the employee to an account in the employee's name. These monthly contributions are $75 per month or $185 per month for full-time employees based on employee association.

Note 9: Retirees' Health Benefits (Continued)

As of June 30, 2022, the date of the most recent actuarial valuation, the District's plan has 12 active employees.

	PEMHCA Minimum	RHS
Active Employees	13	13
Eligible Retiress - Enrolled	4	N/A
Eligible Retiress - Not Enrolled	0	N/A

Funding Policy - The contribution for PEMHCA are established and amended by CalPERS. The District pays the monthly contribution for all employees and retirees. The contribution requirements for the supplemental post-employment health care plan are established and amended by the District. The required contribution is based on projected pay-as-you-go financing requirements. The contribution requirements for the RHS are established and amended by the District. The required contribution is based on pay-as-you-go financing requirements. The payments of the benefits are recognized as expenditures when the payments are made.

b. Total OPEB Liability

The District's Total OPEB Liability of $542,648 was based on an actuarial valuation as of June 30, 2022, a measurement date of June 30, 2022, and a discount rate of 3.54%.

c. Actuarial Assumptions

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

Actuarial Cost Method	Entry Age, Level Percent of Pay
Amortization Valuation	20-year amortization (as a level percent of pay)
Asset Valuation Method	Market value
Inflation	2.50%
Payroll Growth	2.75%, average, including inflation
Discount rate	
As of 6/30/22:	3.54%, net of investment expense, including inflation
Healthcare cost-trend rates	4.00%
Retirement Age	The District offers the same plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverages offered under PEMHCA.

d. Discount Rate

GASB 75 requires a discount rate that reflects the following:

a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;

Note 9: Retirees' Health Benefits (Continued)

b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

e. Changes in the Total OPEB Liability

The changes in the Total OPEB liability for the Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2021*	$ 642,966
Changes recognized for the measurement period:	
Service Cost	24,962
Interest	13,791
Difference between expected and actual experience	(14,251)
Changes of assumptions	(101,308)
Benefit payments, including implicit subsidy	(23,512)
Net Changes	(100,318)
Balance at June 30, 2022	$ 542,648

*Due to the City's actuary, the allocation for the District's portion is changed each year. As a result of the new assumptions used in the current year valuation, the District's liability was broken out from the city's liability. In previous years, the District received a straight 7.5% allocation. Under the new assumptions, the beginning OPEB liability was changed to $642,966 from $674,656 or a $31,690 adjustment on the valuation report.

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

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	Discount Rate - 1% (2.54%)	Current Discount Rate (3.54%)	Discount Rate +1% (4.54%)
Total OPEB Liability	$ 614,341	$ 542,648	$ 493,082

g. Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the total OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower (4.0% grading down to 3.0%) or one percentage point higher (4.0% grading up to 5.0%) than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Current Healthcare Cost Trent Rates (4.00%)	1% Increase (5.00%)
Total OPEB Liability	$ 472,605	$ 542,648	$ 625,429

Note 9: Retirees' Health Benefits (Continued)

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

For the fiscal year ended June 30, 2022, the District recognized OPEB expense/(revenue) of ($25,976). As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experiences	$ 21,389	$ 4,701
Changes of assumptions	54,582	120,253
Total	**$ 75,971**	**$ 124,954**

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

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Total Net Amount
2023	$ 23,348	$ (21,131)	$ 2,217
2024	23,257	(18,282)	4,975
2025	18,760	(17,911)	849
2026	3,113	(16,344)	(13,231)
2027	3,113	(16,344)	(13,231)
Thereafter	4,380	(34,942)	(30,562)
Total	$ 75,971	$ (124,954)	$ (48,983)

Note 10: Commitments and Contingencies

The District is a defendant in certain other legal actions arising in the normal course of operations. In the opinion of management and legal counsel, any liability resulting from these actions will not result in a material adverse effect on the District's financial position.

As of June 30, 2022, in the opinion of District management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the District.

Note 11: Risk Management

At June 30, 2022, the District was covered under the City's Risk Management program. The City was self-insured for workers' compensation and general liability. The self-insured portion for workers' compensation and general liability is limited to the first $300,000 and $150,000 respectively, of liability per occurrence. Coverage in excess of these amounts is maintained in layers to a maximum of $42,000,000 for general liability and the statutory limit for workers compensation (of which $3,000,000 per occurrence is for each employee accident or disease) through the California Insurance Pool Authority (CIPA).

CIPA is a consortium of 13 cities in Southern California, established to pool resources, share risks, purchase excess insurance and to share costs for professional risk management and claims administration. Member agencies make payments based on underwriting estimates.

Note 11: Risk Management (Continued)

Each agency may be assessed the difference between funds available and the $42,000,000 annual aggregate in proportion to their annual premiums.

The Governing Board is comprised of one member from each City and is responsible for the selection of management and for the budgeting and financial management of CIPA. No determination has been made as to each participant's proportionate share of the fund equity as of June 30, 2022. Upon termination of CIPA, and after settlement of all claims, any excess or deficit will be divided among the cities in proportion to the amount of their contributions.

Note 12: Deficit Net Position

The Employees' Benefits Internal Service Funds had a deficit of $1,746,221 as of June 30, 2022, due to the net pension liability associated with the District's CalPERS pension plan and the retirees' health liability (see further details at Note 9). The District has made all required annual contributions toward this long-term liability, and the City has committed to set-aside additional monies in the form of a trust to reduce or offset the liability. It is expected the deficit will be eliminated over the next several years as required payments to CalPERS increase.

Note 13: Long-term notes payable from the City of Cypress

The District entered into two promissory notes with the City of Cypress to borrow up to $13.7 million for the design and construction of Lexington Park. Note repayment will use eligible park development fee revenues, with the majority of revenues available for repayment expected to be associated with the development of the Los Alamitos Race Course. The promissory notes provide that the District will pay annual interest to the City at the rate earned by the California Local Agency Investment Fund (LAIF).

The first note, to pay for preliminary design of the park, was issued on January 28, 2019 for a maximum amount of $900,000 with a due date of June 30, 2024. A total of $426,409 was loaned to the District for preliminary design costs and the note was repaid in full on February 14, 2022 using available park development receipts.

The second note, to pay for final design and construction costs, was issued on February 8, 2021 for a maximum amount of $12,800,000 with a due date of June 30, 2025. The initial repayment terms of the note is approximately five years, with the understanding the note will be renewed and repayment deferred until sufficient park development receipts are available. Through June 30, 2022, a total of $12,258,065 has been loaned to the District for final design and construction costs. Two repayments against the note, totaling $5,892,805, were made to the City during the fiscal year ended June 30, 2022, using available park development fees received during the year. The outstanding balance on the note totaled $6,365,260 at June 30, 2022.

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Preliminary Design	$ 426,409	$ -	$ 426,409	$ -
Construction	5,418,286	6,839,779	5,892,805	6,365,260
Total:	$ 5,844,695	$ 6,839,779	$ 6,319,214	$ 6,365,260

Note 13: Long-term notes payable from the City of Cypress (Continued)

All interest has been paid through June 30, 2022. Additional proceeds not to exceed $1,441,935, which represents the remaining authorized limit on the note for final design and construction, are expected in the coming year. Future repayments will be determined based on the availability of park development revenues.

Note 14: Subsequent Events

Management has evaluated subsequent events through December 21, 2022, the date the financial statements were available for issuance. No events were identified that would require recognition or disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

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CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019
Proportion of the Net Pension Liability	0.09390%	0.07315%	0.07193%	0.06815%
Proportionate Share of the Net Pension Liability	$ 1,783,019	$ 3,085,709	$ 2,880,341	$ 2,568,468
Covered-Employee Payroll	$ 783,017	$ 842,114	$ 782,395	$ 921,221
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	43.92%	27.29%	27.16%	35.87%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	74.71%	74.71%	75.87%	76.84%
Plan's proportionate share of aggregate employer contributions	$ 783,017	$ 842,114	$ 782,395	$ 921,221

Notes to Schedule:

Benefit Changes: There were no changes to benefits

Changes of Assumptions:

Fiscal year ended June 30, 2016:

Amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expenses) to 7.65% (without a reduction for pension plan administrative expense).

Fiscal year ended June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

Fiscal year ended June 30, 2019:

Demographic assumptions and the inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions – December 2017.

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

CYPRESS RECREATION AND PARK DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

MEASUREMENT PERIOD	2021	2020	2019	2018
TOTAL PENSION LIABILITY				
Service Cost	$ 415,794	$ 554,259	$ 1,158,087	$ 196,966
Interest	1,227,448	1,603,520	3,236,655	852,392
Changes of Benefits Terms	866	1,697	1,901	-
Difference Between expected and Actual Experience	74,406	332,356	558,285	(115,257)
Changes in Assumptions	-	-	(406,546)	715,153
Benefit Payments, Including Refunds of employee Contributions	(818,244)	(1,046,277)	(2,060,225)	(561,239)
Net Change in Total Pension Liability	**900,270**	**1,445,555**	**2,488,157**	**1,088,015**
Total Pension Liability - Beginning	**12,472,695**	**11,027,140**	**8,538,983**	**7,450,968**
Total Pension Liability - Ending (a)	**$ 13,372,965**	**$ 12,472,695**	**$ 11,027,140**	**$ 8,538,983**
PLAN FIDUCIARY NET POSITION				
Contribution - Employer	$ 631,652	$ 766,083	$ 1,422,013	$ 205,970
Contribution - Employee	190,123	244,223	503,065	87,588
Net Investment Income	671,575	1,144,802	2,935,110	982,011
Benefit Payments, Including Refunds of Employee Contributions	(818,244)	(1,046,277)	(2,060,225)	(561,239)
Net Plan to Plan Resources Movement	38,705	37,354	334,394	-
Administrative Expense	(18,909)	(12,503)	(52,805)	(12,886)
Net Change in Fiduciary Net Position	**694,902**	**1,133,682**	**3,081,552**	**701,444**
Plan Fiduciary Net Position - Beginning	**9,592,354**	**8,458,672**	**5,377,120**	**4,675,676**
Plan Fiduciary Net Position - Ending (b)	**$ 10,287,256**	**$ 9,592,354**	**$ 8,458,672**	**$ 5,377,120**
Plan Net Pension Liability/(Assets) - Ending (a) - (b)	**$ 3,085,709**	**$ 2,880,341**	**$ 2,568,468**	**$ 3,161,863**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**76.93%**	**76.91%**	**76.71%**	**62.97%**
Covered Payroll	**$ 842,114**	**$ 782,395**	**$ 921,221**	**$ 1,032,930**
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	**366.42%**	**368.14%**	**278.81%**	**306.11%**

(1) Historical information is required only for measurement years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown. The City's CalPERS Miscellaneous Plan was previously administered and reported as an agent multiple-employer plan, however, because the number of active members in the plan fell below 100, it is now administered as a cost-sharing multiple-employer plan, effective with the reporting for the fiscal year ended June 30, 2019.

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: None in 2020 and 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017.

2017	2016	2015
$ 381,914	$ 88,500	$ 96,100
1,915,403	448,707	430,059
-	-	-
65,115	(22,424)	-
-	(112,169)	-
(1,138,953)	(261,811)	(251,083)
1,223,479	**140,803**	**275,076**
6,227,489	**6,086,686**	**5,811,610**
$ 7,450,968	**$ 6,227,489**	**$ 6,086,686**
$ 455,184	$ 89,741	$ 77,311
228,036	47,623	47,624
100,413	112,821	761,102
(1,138,953)	(261,811)	(251,083)
-	-	-
(12,512)	(5,714)	-
(367,832)	**(17,340)**	**634,954**
5,043,508	**5,060,848**	**4,425,894**
$ 4,675,676	**$ 5,043,508**	**$ 5,060,848**
$ 2,775,292	**$ 1,183,981**	**$ 1,025,838**
62.75%	**80.99%**	**83.15%**
$ 642,560	**$ 588,511**	**$ 607,040**
431.91%	**201.18%**	**168.99%**

SCHEDULE OF CONTRIBUTIONS
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEMS (CALPERS) DEFINED BENEFIT PENSION PLAN
LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019
Miscellaneous Plan				
Actuarially Determined Contribution	$ 329,495	$ 302,304	$ 273,209	$ 238,408
Contribution in Relation to the Actuarially Determined Contribution	(329,495)	(302,304)	(273,209)	(238,408)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 783,017	$ 844,200	$ 842,114	$ 782,395
Contributions as a Percentage of Covered Payroll	42.08%	35.81%	32.44%	30.47%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only eight years are shown.

Note to Schedule:

Valuation Date:	June 30, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method/period	Level percentage of payroll, closed
Asset valuation method	Direct rate smoothing
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Payroll growth	3.00%
Investment rate of return	7.00% (net of pension plan investment and administrative expenses, includes inflation)
Retirement age	All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2017 experience study report

2018	2017	2016	2015
$ 199,697	$ 205,971	$ 185,768	$ 153,046
(199,697)	(205,971)	(185,768)	(153,046)
$ -	$ -	$ -	$ -
$ 921,221	$ 1,032,930	$ 642,560	$ 588,511
21.68%	19.94%	28.91%	26.01%

OCERS RETIREMENT PLAN - A COST-SHARING, MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019
OCERS:				
Proportion of the Net Pension Liability	0.00500%	0.00400%	0.00500%	0.00700%
Proportionate Share of the Net Pension Liability	$ (103,379)	$ 185,117	$ 262,415	$ 408,781
Covered Payroll	$ -	$ -	$ -	$ -
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	0.00000%	0.00000%	0.00000%	0.00000%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.18%	96.03%	94.23%	90.81%

Notes to Schedule:

(1) The Cypress Recreation and Park District (the District) withdrew from OCERS in October 2000. At that time, OCERS did not have a policy addressing how the District's liability would be funded, nor was a liability recognized by the District. The District and OCERS entered into a Withdrawing Employer and Continuing Contribution Agreement on October 15, 2018, therefore fiscal year 2018-19 is the first year reporting the OCERS pension liability.

OCERS RETIREMENT PLAN - A COST-SHARING, MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019
OCERS:				
Actuarially Determined Contribution	$ -	$ -	$ -	$ 739,966
Contribution in Relation to the Actuarially Determined Contributions	-	-	-	(739,966)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ -	$ -	$ -	$ -
Contributions as a Percentage of Covered Payroll	0.00000%	0.00000%	0.00000%	0.00000%

(1) The Cypress Recreation and Park District (the District) withdrew from OCERS in October 2000. At that time, OCERS did not have a policy addressing how the District's liability would be funded, nor was a liability recognized by the District. The District and OCERS entered into a Withdrawing Employer and Continuing Contribution Agreement on October 15, 2018, therefore fiscal year 2018-19 is the first reporting the OCERS pension liability.

Note to Schedule:

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation Date	Actuarially determined contribution rates are calculated based on the December 31, 2018
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization method	Level percentage of payroll for total unfunded actuarial accrued liability
Remaining amortization period	Effective December 31, 2013, the outstanding balance of the UAAL from the December 31, 2012 valuation was combined and re-amortized over a declining 20-year period. Any changes in UAAL due to actuarial gains or losses or due to changes in assumptions or methods will be amortized over separate 20-year periods. Any changes in UAAL due to plan amendments will be amortized over separate 15 year periods and any change in UAAL due to early retirement incentive programs will be amortized over a separate period of up to 5 years.
Asset valuation method	The Actuarial Value of Assets is determined by recognizing any difference between the actual and the expected market return over a five-year period. The Valuation Value of Assets is the Actuarial Value of Assets reduced by the value of the non-valuation reserves.
Investment rate of return	7.00% net of pension plan investment expense, including inflation
Inflation rate	2.50%
Real across-the-board salary increase	0.50%
Projected salary increase	General: 4.25% to 12.25% and Safety: 4.75% to 17.25%, vary by service, including inflation
Cost of living adjustments	2.75% of retirement income
Other assumptions	Same as those used in the December 31, 2019 funding actuarial valuation

CYPRESS RECREATION AND PARK DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 24,962	$ 24,299	$ 27,817	$ 22,006	$ 22,868
Interest on the total OPEB liability	13,791	14,801	17,461	24,752	22,987
Actual and expected experience difference	(14,251)	12,835	(11,634)	4,755	776
Changes in assumptions	(101,308)	(37,755)	111,828	33,594	(24,366)
Benefit payments	(23,512)	(14,838)	(29,623)	(29,847)	(24,684)
Net change in total OPEB liability	**(100,318)**	**(658)**	**115,849**	**55,260**	**(2,419)**
Total OPEB liability - beginning (2)	**642,966**	**675,314**	**680,460**	**625,200**	**627,619**
Total OPEB liability - ending	**$ 542,648**	**$ 674,656**	**$ 796,309**	**$ 680,460**	**$ 625,200**
Plan fiduciary net position as a percentage of the total OPEB liabil	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 960,668	$ 1,023,903	$ 983,633	$ 882,824	$ 1,110,496
Net OPEB liability as a percentage of covered-employee payroll	56.49%	65.89%	80.96%	77.08%	56.30%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

(2) For the fiscal year ended June 30, 2021, the District began using a new actuarial. The new actuarial used new assumptions and revalued the ending OPEB Liability that is used for fiscal year ended June 30, 2021 and June 30, 2022 beginning OPEB Liabilities.

Notes to Schedule: None

Changes in assumptions: Change in discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

CYPRESS RECREATION AND PARK DISTRICT

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget Amounts			Variance with Final Budget- Positive
	Original	Final	Actual	(Negative)
Budgetary Fund Balance, July 1	**$ 12,187,242**	**$ 12,187,242**	**$ 12,187,242**	**$ -**
Revenues:				
Taxes	6,192,000	6,192,000	6,222,355	30,355
From other agencies	72,000	72,000	53,076	(18,924)
Charges for services	862,255	862,255	6,831,409	5,969,154
Investment and rental income	370,410	370,410	190,760	(179,650)
Other revenue	-	-	27,105	27,105
Total Revenues	7,496,665	8,603,554	13,324,705	4,721,151
Expenditures:				
Current:				
Recreation	5,610,468	5,658,651	4,532,508	1,126,143
Contribution to City for infrastructure	1,044,000	1,044,000	919,757	124,243
Capital outlay	3,612,500	11,595,372	7,648,236	3,947,136
Debt service (See Note 13)	-	-	6,319,214	(6,319,214)
Total Expenditures:	10,266,968	18,298,023	19,419,715	5,197,522
Excess of Revenues Over (Under) Expenditures	(2,770,303)	(9,694,469)	(6,095,010)	3,599,459
Other Financing Uses:				
Issuance of Notes Payable (See Note 13)	-	-	6,839,779	6,839,779
Transfers out	(255,718)	(265,718)	(160,234)	105,484
Total Other Financing Uses	(255,718)	(265,718)	6,679,545	6,945,263
Net Change in Fund Balance	(3,026,021)	(9,960,187)	584,535	10,544,722
Budgetary Fund Balance, June 30	**$ 9,161,221**	**$ 2,227,055**	**$ 12,771,777**	**$ 10,544,722**

See Notes to Required Supplementary Information.

Note 1: Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District follows the City procedures in establishing the budgetary data reflected in the financial statements: After January 1, department heads prepare estimates for required appropriations for the fiscal year commencing on the following July 1. The proposed budget includes estimated expenditures and forecasted revenues for the fiscal year. The data is presented to the City Manager for review. Prior to June 1, the City Manager submits to the City Council (acting as the ex-officio Board of Directors of the District) a proposed operating budget for the fiscal year commencing on the following July 1. The operating budget includes a summary of the proposed expenditures and financial resources of the District, as well as historical data for the preceding two fiscal periods. Prior year operating appropriations lapse unless they are re-appropriated through City Council approval. Encumbered appropriations from the previous year are not included in the adopted budget for the current year. Prior to July 1, the budget is legally enacted through passage of an adopting resolution.

The City Manager is authorized to transfer budgeted amounts within a department or activity and capital outlay may be transferred between accounts within a department. Transfers of appropriations between departments or activities and funds, and additional appropriations of fund balances, may be made only if authorized by the Board of Directors. Formal budgetary integration is employed as a management control device during the fiscal year for governmental fund types. The District maintains legally adopted budgets for all governmental funds. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted amounts presented are as originally adopted or as amended (if applicable) by the Board of Directors.

Note 2: Pension Required Supplementary Information

The pension liability is 13.46% of the City of Cypress Agent-Multiple Employer Plan. The schedule of change to the net pension liability and related ratios can be obtained in the comprehensive annual financial report of the City of Cypress. The Cypress Recreation and Park District has provided the contribution schedules which the District was actuarially required to contribute.

Note 3: Other Post-Employment Benefits Required Supplementary Information

The other post-employment benefits obligation is combined with the benefits of the City of Cypress.

INTERNAL SERVICE FUNDS

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Central Services	Employees' Benefit	Totals
Assets			
Current Assets			
Cash and cash equivalents	$ 702,711	$ 1,298,235	$ 2,000,946
Other receivables			
Accounts	-	58,740	58,740
Prepaid costs	-	877	877
Net pension asset	-	103,379	103,379
Total Current Assets	**702,711**	**1,461,231**	**2,163,942**
Noncurrent Assets			
Capital assets:			
Depreciable, net	284,237	-	284,237
Total Noncurrent Assets	**284,237**	**-**	**284,237**
Total Assets	**986,948**	**1,461,231**	**2,448,179**
Deferred Outflows of Resources			
Deferred amounts from pension plans	-	1,545,417	1,545,417
Deferred amounts from OPEB	-	75,971	75,971
Total Deferred Outflows of Resources	**-**	**1,621,388**	**1,621,388**
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	-	3,507	3,507
Accrued compensated absences	-	30,000	30,000
Total Current Liabilities	**-**	**33,507**	**33,507**
Noncurrent Liabilities			
Accrued compensated absences	-	90,130	90,130
Total OPEB liability	-	542,648	542,648
Net pension liability	-	1,783,019	1,783,019
Total Noncurrent Liabilities	-	2,415,797	2,415,797
Total Liabilities	**-**	**2,449,304**	**2,449,304**
Deferred Inflows of Resources			
Deferred amounts from pension plans	-	2,254,582	2,254,582
Deferred amounts from OPEB	-	124,954	124,954
Total Deferred Inflows of Resources	**-**	**2,379,536**	**2,379,536**
Net Position			
Net investment in capital assets	284,237	-	284,237
Unrestricted	702,711	(1,746,221)	(1,043,510)
Total Net Position	**$ 986,948**	**$ (1,746,221)**	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Central Services	Employees' Benefit	Totals
Operating Revenues			
Charges for services	$ 29,020	$ 920,668	$ 949,688
Total Operating Revenues	**29,020**	**920,668**	**949,688**
Operating Expenses			
Contractual services	11,645	774,005	785,650
Supplies and other services	-	253,657	253,657
Depreciation expense	48,679	-	48,679
Total Operating Expenses	**60,324**	**1,027,662**	**1,087,986**
Operating Income	(31,304)	(106,994)	(138,298)
Nonoperating Revenues (Expenses)			
Intergovernmental	29,965	-	29,965
Gain (loss) on disposal of capital assets	(859)	-	(859)
Total Nonoperating Revenues (Expenses)	**29,106**	**-**	**29,106**
Income Before Transfers	(2,198)	(106,994)	(109,192)
Transfers in	10,234	150,000	160,234
Changes in Net Position	8,036	43,006	51,042
Net Position at Beginning of Year	978,912	(1,789,227)	(810,315)
Net Position at End of Year	**$ 986,948**	**$ (1,746,221)**	**$ (759,273)**

CYPRESS RECREATION AND PARK DISTRICT

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
JUNE 30, 2022

	Central Services	Employees' Benefit	Totals
Cash Flows from Operating Activities:			
Receipts from user departments	$ 29,020	$ 899,934	$ 928,954
Payments to suppliers for goods and services	(102,834)	(901,915)	(1,004,749)
Net Cash Provided (Used) by Operating Activities	**(73,814)**	**(1,981)**	**(75,795)**
Cash Flows from Noncapital Financing Activities:			
Transfers in	10,234	150,000	160,234
Intergovernmental	29,965	-	29,965
Net Cash Provided (Used) by Non-Capital Financing Activities	**40,199**	**150,000**	**190,199**
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(49,261)	-	(49,261)
Net Cash Provided (Used) by Capital and Related Financing Activities	**(49,261)**	**-**	**(49,261)**
Net Increase (Decrease) in Cash and Cash Equivalents	(82,876)	148,019	65,143
Cash and Cash Equivalents - Beginning of Year	785,587	1,150,216	1,935,803
Cash and Cash Equivalents - End of year	**$ 702,711**	**$ 1,298,235**	**$ 2,000,946**
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income (loss)	$ (31,304)	$ (106,994)	$ (138,298)
Adjustments to Reconcile Operating Income (loss) Net Cash Provided (used) by Operating Activities:			
Depreciation	48,679	-	48,679
(Increase) decrease in other receivables	-	(20,416)	(20,416)
(Increase) decrease in prepaid expense	4,256	(318)	3,938
(Increase) decrease in deferred outflows amounts from retiree health benefits	-	28,062	28,062
(Increase) decrease in deferred outflows amounts from pension plans	-	783,980	783,980
Increase (decrease) in accounts payable and acrrued liabilities	(95,445)	(50,277)	(145,722)
Increase (decrease) in accrued leave payable	-	(1,109)	(1,109)
Increase (decrease) in total retiree health benefits	-	(132,008)	(132,008)
Increase (decrease) in deferred inflows amounts from retiree health benefits	-	77,970	77,970
Increase (decrease) in net pension liability	-	(1,591,186)	(1,591,186)
Increase (decrease) in deferred inflows amounts from pension plans	-	1,010,315	1,010,315
Total Adjustments	**(42,510)**	**105,013**	**62,503**
Net Cash Provided (Used) by Operating Activities	**$ (73,814)**	**$ (1,981)**	**$ (75,795)**
Non-Cash Investing, Capital, and Financing Activities:			
Gain/(Loss) on disposition of capital assets	$ (859)	$ -	$ (859)

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Cypress Recreation and Park District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lunghard, LLP

Brea, California
December 21, 2022