

CITY OF CYPRESS

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

June 30, 2009

Fund Balances of Governmental Funds \$ 105,739,077

Amounts reported for governmental activities in the Statement of Net Assets differ from the amounts reported in the Balance Sheet for governmental activities due to the following:

Capital assets of governmental activities are not financial resources and, therefore, are not reported in the governmental funds. Except for the internal service fund amount of \$2,685,168 which is reported below, the capital assets were equal to the following amount. 167,587,486

Interest expenditures are recognized when due, and therefore, accrued interest payable is not recorded in the governmental funds. (86,499)

Long-term notes receivable (net of an allowance for uncollectibility) are not current available resources and, therefore, are offset by a deferred revenue amount equal to the receivable in the governmental funds. 892,095

Long-term liabilities are not reported in the governmental funds. (3,745,000)

Internal service funds are used by management to charge the costs of certain activities (including central services, employee benefits, liability insurance, and workers compensation insurance) to individual funds. The assets and liabilities of the internal service funds are included in the Statement of Net Assets. 24,146,285

Net Assets of Governmental Activities \$ 294,533,444

See Independent Auditors' Report and Notes to the Basic Financial Statements.