

The total proposed appropriations for all City funds for FY 2009-10 are \$42,717,563, which is a \$239,722 (0.6%) decrease from the FY 2008-09 Adopted Budget of \$42,957,285. The City fund types contained in this document are the General, Special Revenue, Capital Projects and Debt Service Funds. The General Fund appropriations of \$24,105,015 equate to approximately 56% of the City's total appropriations. Also included in this document, but separate from the City, are the budgets for the Redevelopment Agency and the Cypress Recreation and Park District. While the summary below is limited to the funds of the City, the budget activities of both the Redevelopment Agency and the Cypress Recreation and Park District are discussed later in this transmittal letter.

	<u>Proposed FY 2009-10</u>	<u>Adopted FY 2008-09</u>	<u>Percent Change</u>
General Fund	\$24,105,015	\$23,915,924	0.8%
All Other Funds	<u>18,612,548</u>	<u>19,041,361</u>	(2.3%)
Total-All Funds	<u>\$42,717,563</u>	<u>\$42,957,285</u>	(0.6%)

The proposed budget meets the following standards: maintaining the City's infrastructure through Capital Improvement funding, continuing the current level of services to the City's residents without incorporating any layoffs or furloughs, incorporating the City Council's adopted goals, implementing no increases to current tax rates, maintaining reserve levels and spending within the State appropriation limit.

The City continues to be proactive in its effort to promote economic development, to enhance revenues where feasible, and to stabilize costs through better efficiency and technology. The following sections summarize the highlights of the FY 2009-10 Budget.

REVENUES

The City's projected revenues for FY 2009-10 are \$35,799,8955 and do not include any tax rate increases from the previous year. The FY 2008-09 revenue budget is 5.0% less than the FY 2008-09 adopted revenue budget of \$37,698,205.

The major changes in revenues for the FY 2009-10 Budget are as follows:

- ◆ Decreased Sales Tax revenues (including backfill amounts classified as other taxes) of slightly over \$1.5 million are expected. The decrease is due to the latest sales tax collection trends and projections made by the City's sales tax consultant. While added development has increased the number of sales tax providers in the City, the negative impact of the overall economy has caused the significant decrease (approximately 11.5%) in estimates for the coming year.
- ◆ Other Taxes (excluding the sales tax backfill discussed above) are projected to decrease by approximately \$140,000 due primarily to two factors. First, the City expects satellite wagering taxes to decrease \$80,000 due to recent trends and the potential for further closures of racing facilities. In addition, transient occupancy taxes are projected to fall \$50,000 which is directly attributed to the economy and its impact on business travel.
- ◆ Decreased investment earnings of approximately \$680,000 are expected as a result of several factors: 1) the market interest rate earned on the City's cash balances has continued to decrease over the past year as a result of the banking crisis and the actions of the Federal Reserve and all indications are that the rates will remain low through FY 2009-10 and are projected at 1.75%; 2) the City's cash balances will be decreased due to

implementing another year of the City's Capital Improvement Program which totals over \$16.5 million and 3) the interest rate on the loans made by the City to the Redevelopment Agency has decreased as compared to the prior year.

- ◆ Property taxes, based on projections made by the County, are expected to increase slightly when compared to the prior budget. Due to a large portion of the City's property tax base being assessed below market values due to Proposition 13, the recent downturns in the housing market tend to be offset by the 2% growth associated with the properties controlled by Proposition 13. While it is expected that many of the properties that have been sold in the past five or six years may be reassessed downward in the coming year, the impact to City revenues resulting from these reassessments will likely not be felt until future budget years.
- ◆ Other Revenues are projected to more than double to nearly \$237,000. The increase is primarily attributable to receiving more than \$100,000 in Federal Asset Seizure monies associated with having two task force officers being assigned to drug investigations, yielding the City a portion of seized monies.

Despite the overall economy experiencing one of the worst downturns in history during the past year, the City's outlook remains relatively stable. The City has historically limited growth in its operating budget and built up reserves, with the expectation that it will be able to weather any such downturns without having to make drastic budget cuts or decrease levels of service. However, the City remains vulnerable to both the ongoing uncertainties associated with the overall economic climate and the dire prognosis for the State's budget. While the majority of the City's revenue sources are not under the control of State legislators, and current speculation indicates that any diversion of City revenue sources to the State would be in the form of "borrowing", the City continues to take a proactive approach to limiting growth in operating expenditures to stay in line with projected revenues.

It seems that the ever-worsening annual State budget crisis, along with the history of legislative actions at the State level which took away or shifted local funding, serves as a reminder that the City's long-term autonomy is not a certainty. While the passage of Proposition 1A several years ago abolished many of the methods historically used to divert City revenues, past experiences indicate that if the State is desperate for revenues they will likely find creative new ways to route revenues away from local governments. It is important to remember that the two-year ERAF shift which ended back in FY 2005-06 was in addition to the ERAF shift in the early 1990's which has permanently decreased annual property tax revenues by more than \$3.0 million (between the City and Recreation and Park District).

Although the looming State budget deficit problems are known at this time, the impact to local governments cannot be predicted. Therefore, the City budget submitted here has been prepared under the assumption that there will not be any additional cuts to the City's revenue sources controlled by the State. As mentioned previously, any State takeaways are expected to be in the form of "loans" and are not expected to exceed \$1.6 million for all funds of the City. The City expects to have sufficient reserves to cover any negative cash flow impacts next year resulting from these takeaways. As has been done in the past, staff will be closely monitoring future economic developments and legislative actions at both the Federal and State level to determine the precise long-term and short-term impacts they may have to local governments.

EXPENDITURES

The FY 2009-10 Budget once again includes funding of the City's goals and objectives as established by the City Council in April 2007. Some funded objectives include: 1) pursuing retail development and continuing to diversify the City's economic base through economic

development programs in the General Fund and Redevelopment Agency activities; 2) communicating with residents and business and fostering community well-being through quarterly newsletters, website maintenance and enhancements, and the continuance of the City's banner program; 3) funding of the Capital Improvement Program, enhancing the GIS system, maintaining the funding of the tree trimming program, preparing a City-wide traffic count and speed study, and help ensure that adequate replacement funds will exist for public facilities and infrastructure; 4) ongoing funding of Community Oriented Policing and the replacement of four vehicles and 65 hand guns to help sustain and enhance public safety; and 5) providing for effective government operations through each department further conducting a departmental review of their operations that resulted in small budget growth and a more effective use of resources.

Other major highlights in the expenditures for the FY 2009-10 Budget are as follows:

- ◆ Maintaining current service levels.
- ◆ Year one of the City's latest Seven Year Capital Improvement Program totals \$16,510,475, of which \$3,605,000 is being funded with General Fund monies and \$5,425,883 is funded with monies in the Storm Drainage Fund.
- ◆ Capital Outlay funding of \$379,657 to acquire and/or replace various computer hardware, tools and equipment, and four replacement vehicles used by the police department.
- ◆ The General Fund portion of the budget reflects an overall increase of .8%. This slight increase is a result of each department once again thoroughly reviewing their budgets and identifying controllable expenditures that could be adjusted downward or delayed without impacting current operations. All City departments, except police, were able to cut their general operating appropriations from the prior year. Some of the major components that can be attributed to the net decrease include: anticipated and/or negotiated salary and benefit increases for all employee associations being offset by continued overtime decreases and salary savings due to implementing a hiring freeze for all positions that are currently vacant, each department eliminating all unreimbursed out-of-area travel, extending the accounting life of the City's computers, and limiting the majority of all capital outlay purchases to non-General Fund sources.

FUND BALANCES AND RESERVES

The FY 2009-10 Budget reflects the City's policy of fully funding the capital outlay replacement schedule, and the employee benefit and self-insurance liabilities. These liabilities are funded in the Internal Service Funds through charge-backs to the operating funds.

The Budget also reflects the City Council policy of a 25% Contingency Reserve in the General Fund as well as the 30% reserve policy for the cash flow/emergency reserve in the CIP Fund. Additionally, the Infrastructure Reserve Fund was established in the FY 2009-10 budget to track monies accumulated for the replacement and enhancement of the City's infrastructure in accordance with the Seven Year Capital Improvement Program. The General Fund reflects projected expenditures/uses to exceed revenues/sources for FY 2009-10 by \$61,684. Included in total expenditures/uses is a total of nearly \$5.0 million being set aside in the Infrastructure Reserve Fund to pre-fund future capital improvement projects. The remaining fund balance amounts projected to be available at the end of the upcoming fiscal year will be available for supplemental appropriation by Council should any unforeseen needs develop during FY 2009-10. There are no significant changes projected in the fund balances of the other funds of the City.

CYPRESS REDEVELOPMENT AGENCY

The total proposed FY 2009-10 appropriations for the Cypress Redevelopment Agency are \$4,716,919. This represents a decrease of \$34,350,230 over the budget for FY 2008-09. The decrease is largely three-fold. First, a total of \$30.6 million in loans to the City were scheduled to mature in the prior year as compared to no loans maturing in FY 2009-10. Secondly, the interest rate paid on the \$42.5 million in loans from the City has been decreased resulting in interest payments dropping from \$3.4 million in FY 2008-09 to slightly over \$2.1 million in FY 2009-10. Additionally, the Agency has appropriated \$1.1 million in development assistance in the low and moderate income housing fund for pending projects compared to appropriating \$3.5 million in FY 2008-09. Other significant recurring appropriations include:

- ◆ Commercial development assistance on Lincoln Avenue.
- ◆ Development assistance in the Los Alamitos Race Track Project Area.
- ◆ First-time homebuyer and rehabilitation housing assistance.
- ◆ Transfer of low and moderate housing set aside funds to the Housing Fund.

The Agency's budgeted net tax increment revenues (excluding any ERAF shifts) are projected to increase over the previous year budget by approximately \$175,000. The increase reflects continued valuation increases in both the Lincoln Avenue and Los Alamitos Racetrack (LART) Project Areas resulting from development activities. The FY 2009-10 tax increment projections assume that the State will attempt to institute the ERAF shift during the year, even though a recent court case deemed the shift unconstitutional. Although the State attempted to shift monies in this past fiscal year prior to the court ruling, no actual shifts have occurred since FY 2005-06.

CYPRESS RECREATION AND PARK DISTRICT

The total FY 2009-10 appropriations for the Cypress Recreation and Park District are \$4,185,836, which represents a \$44,077 increase over last year. The operating budget is \$66,877 (1.6%) higher than the previous budget, with known and anticipated increases in personnel costs due to labor agreements being partially offset by budget decreases associated with facility and park maintenance. The District is in the midst of performing a facility assessment which will yield the information necessary to develop a multi-year capital improvement program for the District. As a result of this pending assessment, no capital projects were proposed for either FY 2008-09 or FY 2009-10. Additionally no capital outlay items are being requested to be funded with operating fund monies in FY 2009-10, which is a \$22,800 decrease from the prior year.

The District's revenue is projected to increase by \$138,384 and total \$4,621,880. The overall revenue increase is the result of multiple factors. First, modest growth in net property tax revenues is anticipated and has caused estimated property tax revenues to increase by approximately \$79,000 (2.2%) over the prior year. Lower market interest rates will be earned, resulting in a decrease of \$50,000 in interest earnings over the prior year. The District revised their fee structure in the last year which in part has yielded almost \$90,000 in additional revenues for service charges.

CITY OF CYPRESS
SUMMARY OF RESOURCES AND APPROPRIATIONS BY FUND
Fiscal Year 2009-10

FUND	BEG. FUND BALANCE	PROPOSED REVENUE	FUND TRSFER-IN	OPERATING BUDGET	CAPITAL BUDGET	DEBT BUDGET	FUND TRSFER-OUT	OTHER*	END. FUND BALANCE
11 General Fund	\$ 243,563	\$ 29,731,960	\$ 1,539,354	\$ 23,925,015	\$ 180,000	\$ -	\$ 65,836,369	\$ 58,555,437	\$ 128,930
15 Capital Projects	3,103,898	1,057,673	4,192,327	-	4,925,000	-	-	-	3,428,898
16 Infrastructure Reserve	-	-	63,583,386	-	-	-	4,975,000	(48,500,000)	10,108,386
21 Traffic Safety	-	245,000	-	-	-	-	245,000	-	-
22 Special Gas Tax 2106	1,778,128	298,626	725,000	-	1,035,626	-	467,327	-	1,298,801
23 Special Gas Tax 2107	-	566,000	-	-	-	-	566,000	-	-
24 Traffic Mitigation Assmt	3,253,734	20,000	-	-	2,050,000	-	-	-	1,223,734
25 Lighting Dist No 2	3,570,861	907,026	-	735,759	-	-	110,364	-	3,631,764
26 Plan Local Drain Fac	935,691	10,000	-	-	1,284	-	750,000	-	194,407
27 Corp Ctr Maint Dist #1	26,452	70,000	-	56,596	-	-	8,490	-	31,366
28 Narc Asset Seizure	319,823	115,000	-	60,834	-	-	-	-	373,989
29 Cable TV PEG	288,396	38,000	-	-	-	-	6,500	-	319,896
30 Supp Law Enforcement	-	100,492	-	100,492	-	-	-	-	-
32 Regional Traffic Fee	326,059	500	-	-	-	-	-	-	326,559
33 Spec Gas Tax 2105	-	284,000	-	-	-	-	284,000	-	-
34 Mello Roos	149,215	16,549	-	16,549	-	-	-	-	149,215
39 Measure M Gas Tax	1,338,940	705,000	-	-	-	-	725,000	-	1,318,940
40 AB 2766	141,718	56,000	-	1,497	-	-	-	-	196,221
41 Sewer Fund	4,925,800	708,569	-	275,164	2,142,682	-	-	-	3,216,523
43 Storm Drain Fund	1,943,319	422,000	4,550,000	557,899	6,175,883	-	-	-	181,537
44 Traffic Cong Relief	104,000	427,500	-	-	-	-	300,000	-	231,500
55 Debt Svc-Refin Civ Ctr	1,129,545	20,000	465,000	-	-	468,300	-	-	1,146,245
TOTAL	\$ 23,579,142	\$ 35,799,895	\$ 75,055,067	\$ 25,729,805	\$ 16,510,475	\$ 468,300	\$ 74,274,050	\$ 10,055,437	\$ 27,506,911

* Denotes decrease (increase) in designated or reserved fund balances anticipated during the fiscal year

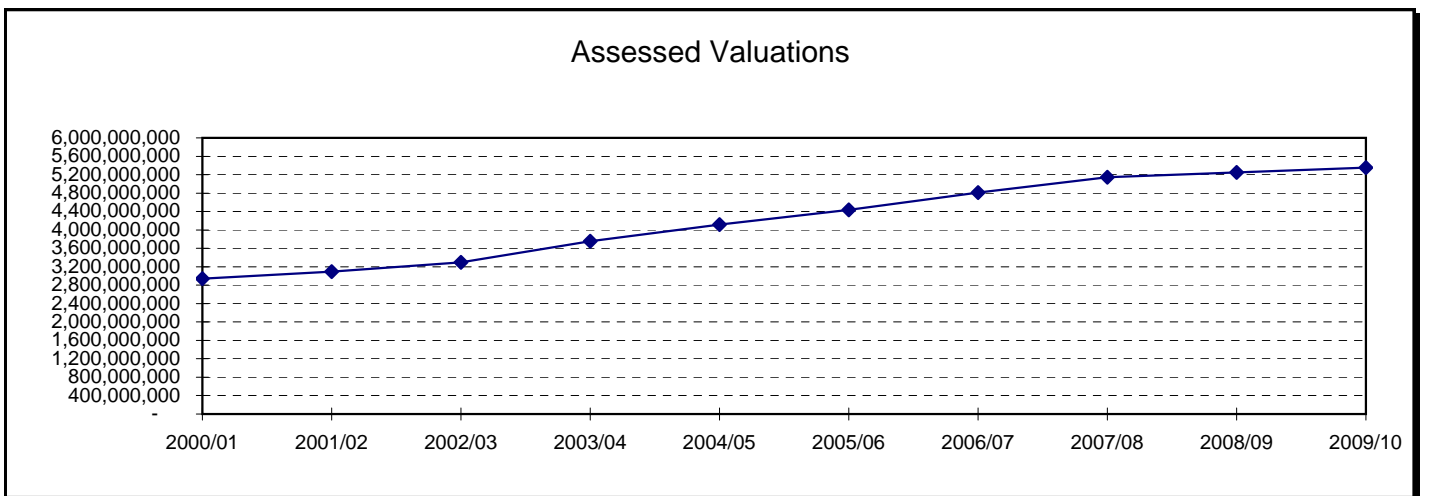
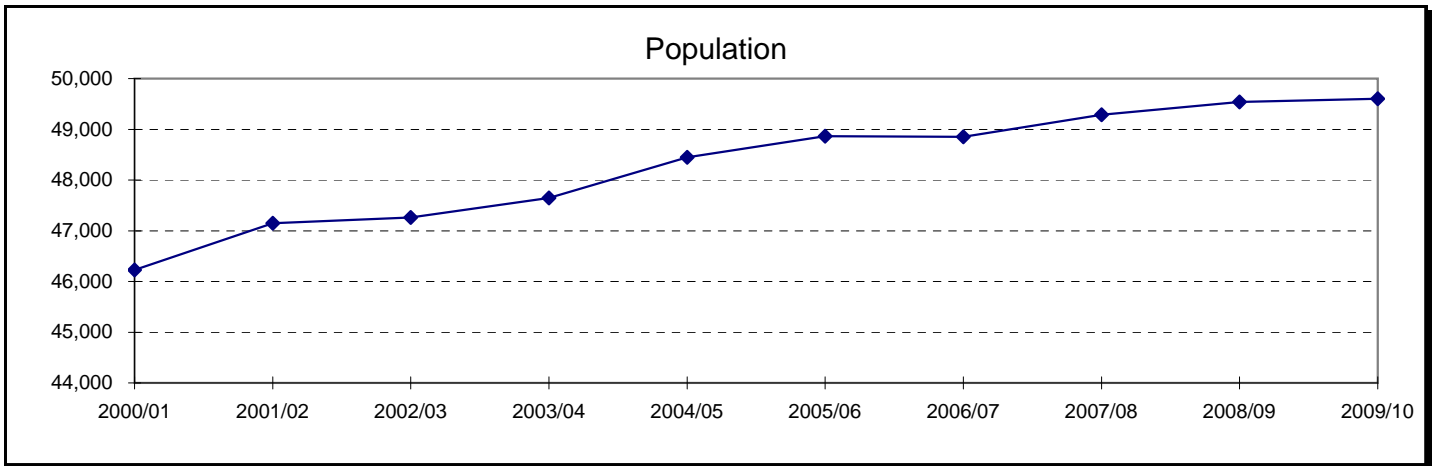
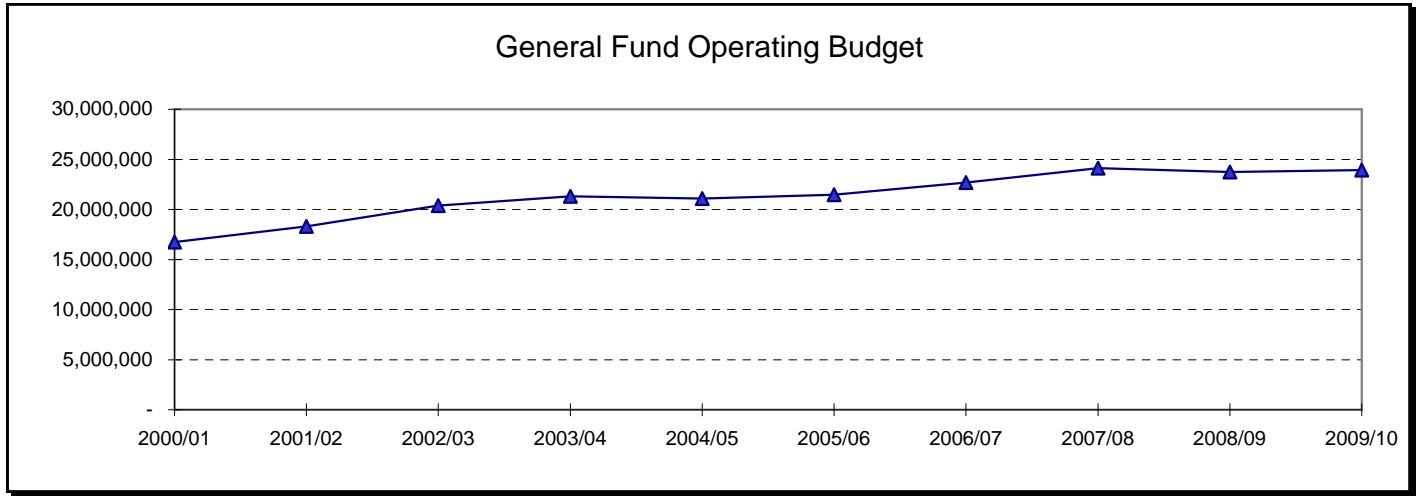
Transfer-out of \$2,983 is made from the General Fund to the Equipment Replacement Internal Service Fund for Capital Outlay.

Transfer-out of \$6,000 is made from the Cable TV PEG Fund to the Equipment Replacement Internal Service Fund for Capital Outlay.

Transfer-in of \$325,000 is made from the Equipment Replacement Internal Service Fund to the General Fund for Capital Outlay items that will not be replaced.

Transfer-in of \$465,000 is made from the Redevelopment Agency to the Debt Service-Civic Center Refinancing Fund per debt agreement.

CITY OF CYPRESS TEN YEAR TREND ANALYSIS



Fiscal Year 2009/10 assessed valuations are not currently available; therefore, amounts presented are estimates.

CITY OF CYPRESS
Ten Year Financial Trend Indicators

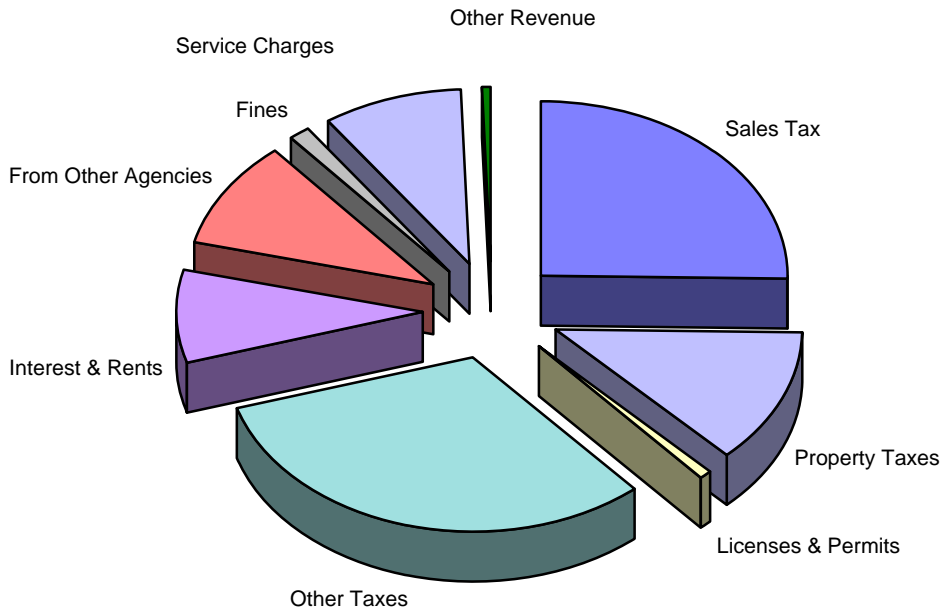
<u>Fiscal Year</u>	<u>Population</u>	<u>General Fund Operating Budget</u>	<u>General Fund Per Capita</u>	<u>Total City Budget*</u>	<u>Total Budget Per Capita</u>
2000-01	46,229	\$ 16,752,638	\$ 362	\$ 22,221,361	\$ 481
2001-02	47,148	18,299,442	388	24,716,717	524
2002-03	47,263	19,223,162	407	25,501,185	540
2003-04	47,644	20,167,746	423	31,112,252	653
2004-05	48,450	21,084,273	435	30,048,905	620
2005-06	48,863	21,454,734	439	28,695,926	587
2006-07	48,854	22,669,791	464	33,225,110	680
2007-08	49,284	24,123,568	489	32,732,063	664
2008-09	49,541	23,735,924	479	43,142,355	871
2009-10	49,600 **	23,925,015	482	42,717,563	861

* Includes Adopted Operating Budget, Capital Budget and Debt Budget for all funds of the City.

** Population estimated for FY 2009-10; figures have not been made available by the State by press time.

SUMMARY OF RESOURCES

Fiscal Year 2009-10



TOTAL RESOURCES \$35,799,895

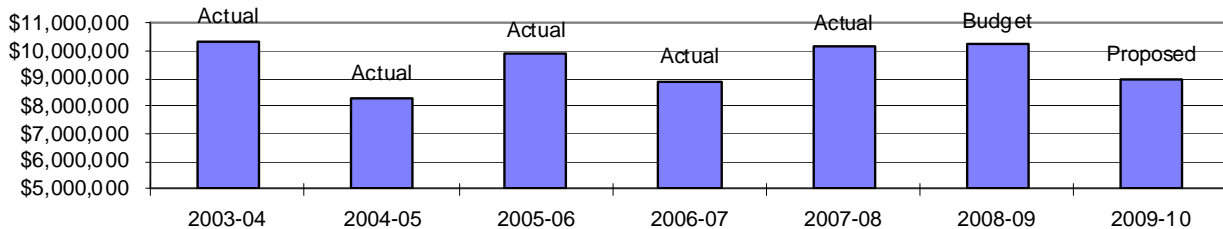
	<u>TOTALS</u>	<u>PERCENT OF BUDGET</u>
Sales Tax	\$ 9,000,000	25.1%
Property Taxes	4,551,271	12.7%
Licenses & Permits	238,650	0.7%
Other Taxes	11,393,000	31.7%
Interest & Rents	3,036,992	8.5%
From Other Agencies	3,599,353	10.1%
Fines	492,500	1.4%
Service Charges	3,251,580	9.1%
Other Revenue	236,549	0.7%
Total Resources	<u>\$ 35,799,895</u>	<u>100%</u>

MAJOR REVENUE SOURCES

SALES TAX

The City of Cypress single largest revenue source is Sales Tax. Sales Tax is collected by the state and distributed to the local jurisdictions in monthly installments based on the prior year's actual collections. At the end of each quarter a "clean-up" payment is made to adjust the current period distributions to actual. Beginning in FY 2004-05, the State now shifts approximately 25% in local sales tax revenues as part of the "triple flip" whereby the sales tax takeaway is backfilled with property tax revenues. As currently implemented, the "triple flip" has created an equal exchange with no net impact to total City revenues. However, the amount of the back-fill is now classified as Other Taxes in the City budget.

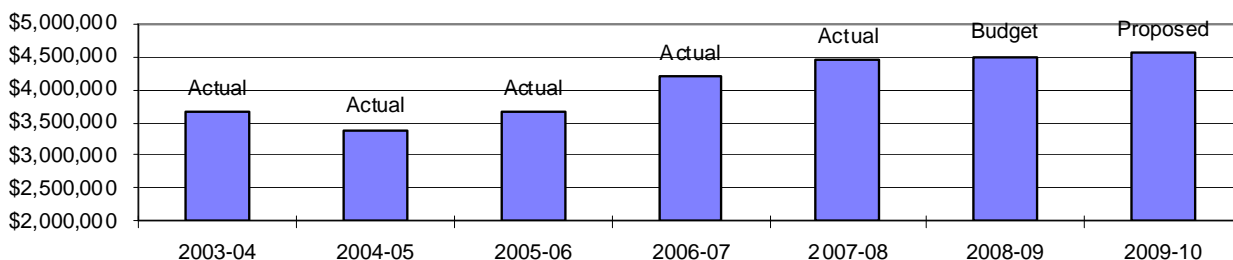
The Sales Tax rate for the County of Orange is 8.75%. The City of Cypress receives 1% (between Sales Tax Revenues and the State Backfill amount) of the 8.75% tax generated within the city limits. Additionally, with the passage of Proposition 172 the City receives 5% of the ½ cent of Sales Tax up to a maximum of \$222,740. These funds are restricted and can only be used for public safety purposes and are included in the Other Taxes revenue category. The City also receives Measure M turnback funds which equal approximately 3% of ½ cent of Sales Tax that requires a matching contribution from the City towards infrastructure improvements. These turnback funds are categorized as Revenue from Other Agencies.



PROPERTY TAX

Property Taxes include assessments on both secured and unsecured property. Secured Property Taxes attach and become an enforceable lien on the assessed property. Taxes on the secured rolls are payable in two installments: November 1 and March 1 of each year, and become delinquent on December 10 and April 10, respectively. Unsecured Property Taxes are assessed and payable each March 1 and become delinquent the following August 31. The County of Orange Tax Collector bills and collects the Property Taxes, then apportions them to the City in accordance with an established schedule.

The County is permitted by the State under Proposition 13, which became effective July 1, 1978, to levy taxes at 1% of the full market value at the time of purchase or reassessment, and can increase the Property Tax assessed valuation no more than 2% annually. The City receives a share (7.83%) of the basic levy (1%) proportionate to what it received prior to the passage of Proposition 13, adjusted by the State shift to the Educational Revenue Augmentation Fund and the county administration fee.



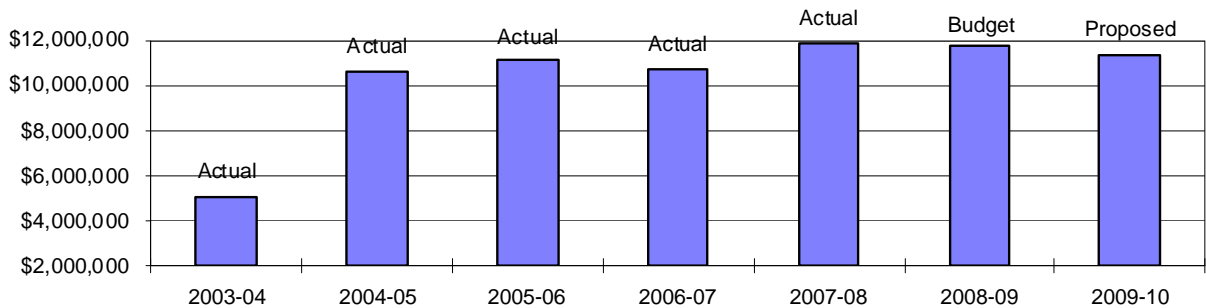
MAJOR REVENUE SOURCES

LICENSES AND PERMITS

The majority of license and permit revenue is generated from fees charged to contractors for building, plumbing, heating and electrical permits to endure compliance with the City's building and safety codes.

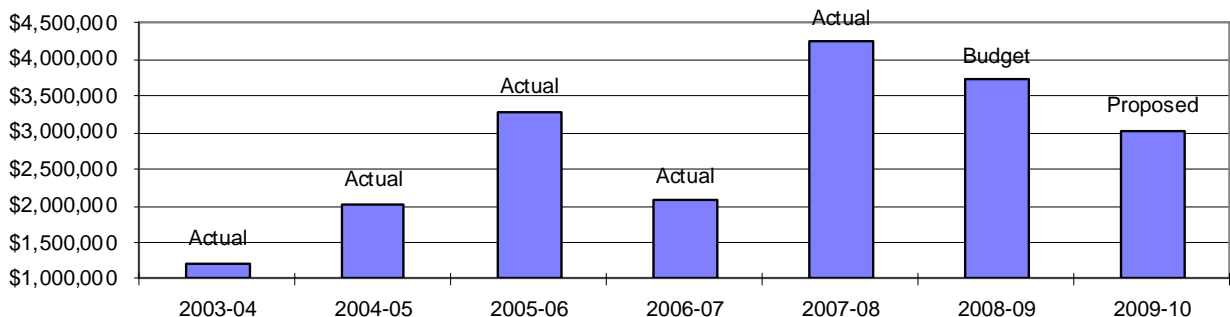
OTHER TAXES

This revenue source is comprised of Franchise Fees, Business License Tax, Transient Occupancy Tax, Real Property Transfer Tax, Parimutual Taxes and the Property Tax Backfill for both Motor Vehicle License Fees and Sales Tax. The Franchise Fees are taxes paid to the City of Cypress by companies who have negotiated the right to provide a service exclusively within the City of Cypress. Such companies include Southern California Water Company, Southern California Gas Company, Southern California Edison, Briggeman Disposal and Media One. Business License Tax is generated from the regulation of businesses and professions within the Cypress City limits. Transient Occupancy Tax is collected by hotels and motels from guests on behalf of the City. The City's Transient Occupancy Tax rate is 10%. Real Property Transfer Tax revenue is collected by the County Recorder for recording the conveyance of property deeds at the time of sale. Parimutual and Satellite Wagering Taxes are derived from the Los Alamitos racetrack wagering. The City receives 0.33 percent of each dollar wagered. The backfill amounts resulting from the sales tax "triple flip" and the reduction in the Motor Vehicle License fees were first recorded in Other Taxes in FY 2004-05. The backfill amounts recorded as Other Taxes are property tax monies committed by the State to make local governments whole after raiding funding sources such as sales tax and licensing fees previously earmarked for local governments.



INTEREST AND RENTS

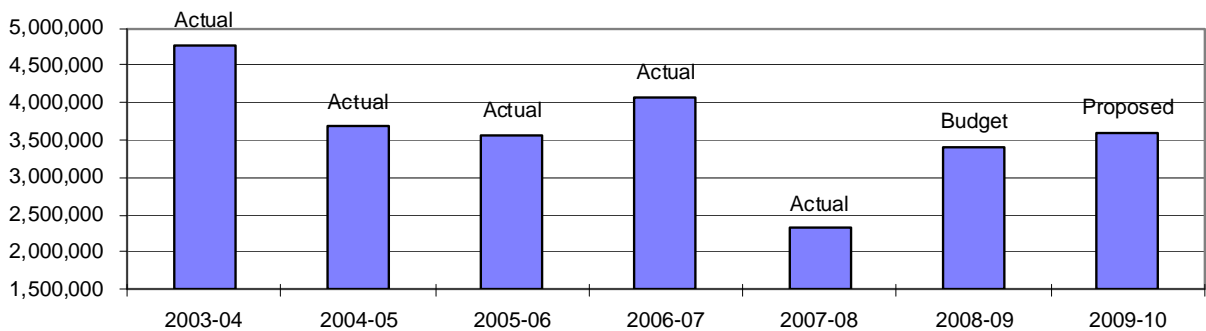
This category represents investment earnings received from the investment of the City's funds and any rents received for the use of City property. All investments are made in accordance with the City's adopted investment policy and all applicable State Government codes.



MAJOR REVENUE SOURCES

REVENUE FROM OTHER AGENCIES

This category includes such significant revenue sources as State Gas Tax, County Measure M Turnback monies, Motor Vehicle License fees and other competitively funded grant monies received from various agencies. Grant revenues tend to fluctuate from year to year depending upon both the availability of funding and the number of projects eligible for such funding. Additionally, the City receives public safety monies from the State for funding supplemental law activities and training reimbursement (POST). In years prior to FY 2003-04, the State had back-filled the cut in Motor Vehicle Licensing Fee to pre-reduction levels. Beginning in FY 2005-06, the State backfill for licensing fees was shifted to a backfill to the City in the form of property tax monies. These backfill monies are now recorded in the City's budget in Other Taxes.



FINES AND FORFEITURES

This revenue is generated from various ordinance violations and alarm fines.

CHARGES FOR SERVICES

These fees are charged by various City departments to recover the cost of providing specific services. The largest revenue source in this category is from the reimbursement of expenses and services provided to the Recreation and Park District.

OTHER REVENUE

This category represents all other miscellaneous and non-recurring revenue and fees.

BUDGET SUMMARY

OPERATING REVENUES

Fiscal Year 2009-10

	<u>2007-08</u> <u>Actual</u>	<u>2008-09</u> <u>Budget</u>	<u>2009-10</u> <u>Proposed</u>	<u>Percent</u> <u>Change</u>
<u>GENERAL FUND 11</u>				
Sales Tax	\$ 9,533,124	\$ 10,250,000	\$ 9,000,000	-12.20%
Property Taxes	3,951,272	3,645,628	3,734,730	2.44%
Other Taxes	12,820,050	11,774,694	11,355,000	-3.56%
Licenses & Permits	316,271	252,225	238,650	-5.38%
Fines	269,060	242,500	247,500	2.06%
Interest & Rents	4,652,534	2,712,000	2,452,000	-9.59%
Revenue from Other Agencies	417,573	431,300	231,000	-46.44%
Service Charges	2,580,347	2,352,861	2,417,080	2.73%
Other Revenue	105,147	27,000	56,000	107.41%
Total	<u>\$ 34,645,378</u>	<u>\$ 31,688,208</u>	<u>\$ 29,731,960</u>	<u>-6.17%</u>
<u>CIP FUND 15</u>				
Interest & Rents	\$ 474,866	\$ 400,000	\$ 325,000	-18.75%
Revenue from Other Agencies	846,386	500,000	732,673	46.53%
Other Revenue	14,734	-	-	n/a
Total	<u>\$ 1,335,986</u>	<u>\$ 900,000</u>	<u>\$ 1,057,673</u>	<u>17.52%</u>
<u>TRAFFIC SAFETY FUND 21</u>				
Fines	\$ 241,953	\$ 242,000	\$ 245,000	1.24%
Total	<u>\$ 241,953</u>	<u>\$ 242,000</u>	<u>\$ 245,000</u>	<u>1.24%</u>
<u>SPECIAL GAS TAX 2106 FUND 22</u>				
Interest & Rent	\$ 78,985	\$ 45,000	\$ 5,000	-88.89%
Revenue from Other Agencies	\$ 333,622	\$ 353,383	\$ 293,626	-16.91%
Total	<u>\$ 412,607</u>	<u>\$ 398,383</u>	<u>\$ 298,626</u>	<u>-25.04%</u>
<u>SPECIAL GAS TAX 2107 FUND 23</u>				
Revenue from Other Agencies	\$ 557,679	\$ 586,000	\$ 566,000	-3.41%
Total	<u>\$ 557,679</u>	<u>\$ 586,000</u>	<u>\$ 566,000</u>	<u>-3.41%</u>
<u>TRAFFIC MITIGATION ASSNT FUND 24</u>				
Interest & Rents	\$ 221,650	\$ 150,000	\$ 15,000	-90.00%
Service Charges	61,871	5,000	5,000	0.00%
Total	<u>\$ 283,521</u>	<u>\$ 155,000</u>	<u>\$ 20,000</u>	<u>-87.10%</u>
<u>LIGHTING DISTRICT #2 FUND 25</u>				
Property Taxes	\$ 825,916	\$ 836,067	\$ 810,026	-3.11%
Interest & Rents	149,563	150,000	90,000	-40.00%
Revenue from Other Agencies	7,115	7,000	7,000	0.00%
Other Revenue	29,468	-	-	n/a
Total	<u>\$ 1,012,062</u>	<u>\$ 993,067</u>	<u>\$ 907,026</u>	<u>-8.66%</u>

BUDGET SUMMARY

OPERATING REVENUES

Fiscal Year 2009-10

(continued)

	2007-08 Actual	2008-09 Budget	2009-10 Proposed	Percent Change
<u>PLAN LOCAL DRAIN FAC FUND 26</u>				
Interest & Rents	\$ 96,979	\$ 25,000	\$ 5,000	-80.00%
Other Revenue	35,462	10,000	5,000	-50.00%
Total	<u>\$ 132,441</u>	<u>\$ 35,000</u>	<u>\$ 10,000</u>	<u>-71.43%</u>
<u>CORP CTR MAINT DIST #1 FUND 27</u>				
Service Charges	\$ 66,859	\$ 68,000	\$ 70,000	2.94%
Total	<u>\$ 66,859</u>	<u>\$ 68,000</u>	<u>\$ 70,000</u>	<u>2.94%</u>
<u>NARCOTICS ASSET SEIZURE FUND 28</u>				
Interest & Rents	\$ 9,307	\$ 4,000	\$ 10,000	150.00%
Other Revenue	6,435	2,000	105,000	5150.00%
Total	<u>\$ 15,742</u>	<u>\$ 6,000</u>	<u>\$ 115,000</u>	<u>1816.67%</u>
<u>CABLE TELEVISION FRANCHISE AGREEMENT FUND 29</u>				
Service Charges	\$ 37,527	\$ 42,000	\$ 38,000	-9.52%
Total	<u>\$ 37,527</u>	<u>\$ 42,000</u>	<u>\$ 38,000</u>	<u>-9.52%</u>
<u>SUPPLEMENTAL LAW ENFORCEMENT FUND 30</u>				
Interest & Rents	\$ 1,294	\$ 417	\$ 492	17.99%
Revenue from Other Agencies	100,002	100,000	100,000	0.00%
Total	<u>\$ 101,296</u>	<u>\$ 100,417</u>	<u>\$ 100,492</u>	<u>17.99%</u>
<u>REGIONAL TRAFFIC FEE FUND 32</u>				
Service Charges	\$ 4,638	\$ 500	\$ 500	0.00%
Total	<u>\$ 4,638</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>0.00%</u>
<u>SPECIAL GAS TAX 2105 FUND 33</u>				
Revenue from Other Agencies	\$ 291,203	\$ 300,000	\$ 284,000	-5.33%
Total	<u>\$ 291,203</u>	<u>\$ 300,000</u>	<u>\$ 284,000</u>	<u>-5.33%</u>
<u>MELLO ROOS FUND 34</u>				
Other Revenue	\$ 11,588	\$ 15,057	\$ 16,549	9.91%
Total	<u>\$ 11,588</u>	<u>\$ 15,057</u>	<u>\$ 16,549</u>	<u>9.91%</u>
<u>MEASURE M GAS TAX FUND 39</u>				
Interest & Rents	\$ 37,239	\$ 10,000	\$ 5,000	-50.00%
Revenue from Other Agencies	1,743,238	736,173	700,000	-4.91%
Total	<u>\$ 1,780,477</u>	<u>\$ 746,173</u>	<u>\$ 705,000</u>	<u>-5.52%</u>

BUDGET SUMMARY

OPERATING REVENUES

Fiscal Year 2009-10

(continued)

	2007-08 Actual	2008-09 Budget	2009-10 Proposed	Percent Change
<u>AB 2766 FUND 40</u>				
Interest & Rents	\$ 4,122	\$ 1,000	\$ 2,000	100.00%
Other Revenue	58,863	54,000	54,000	0.00%
Total	<u>\$ 62,985</u>	<u>\$ 55,000</u>	<u>\$ 56,000</u>	<u>1.82%</u>
<u>SEWER FUND 41</u>				
Property Taxes	\$ 8,372	\$ 6,515	\$ 6,515	0.00%
Interest & Rents	50,452	20,000	5,000	-75.00%
Revenue from Other Agencies	264,472	54	260,054	481481.48%
Service Charges	453,857	437,000	437,000	0.00%
Other Revenue	1,660	-	-	n/a
Total	<u>\$ 778,813</u>	<u>\$ 463,569</u>	<u>\$ 708,569</u>	<u>52.85%</u>
<u>STORM DRAIN FUND 43</u>				
Interest & Rent	\$ 186,532	\$ 150,000	\$ 100,000	-33.33%
Revenue from Other Agencies	53,588	-	-	n/a
Service Charges	330,772	318,500	322,000	1.10%
Total	<u>\$ 570,892</u>	<u>\$ 468,500</u>	<u>\$ 422,000</u>	<u>-9.93%</u>
<u>TRAFFIC CONGESTION RELIEF FUND 44</u>				
Interest & Rents	\$ 26,521	\$ 15,000	\$ 2,500	-83.33%
Revenue from Other Agencies	-	400,331	425,000	6.16%
Total	<u>\$ 26,521</u>	<u>\$ 415,331</u>	<u>\$ 427,500</u>	<u>2.93%</u>
<u>DEBT SVC-REFIN CIVIC CTR FUND 55</u>				
Interest & Rents	\$ 25,285	\$ 20,000	\$ 20,000	0.00%
Total	<u>\$ 25,285</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>0.00%</u>
TOTAL OPERATING REVENUES	<u>\$ 42,395,453</u>	<u>\$ 37,698,205</u>	<u>\$ 35,799,895</u>	<u>-5.04%</u>

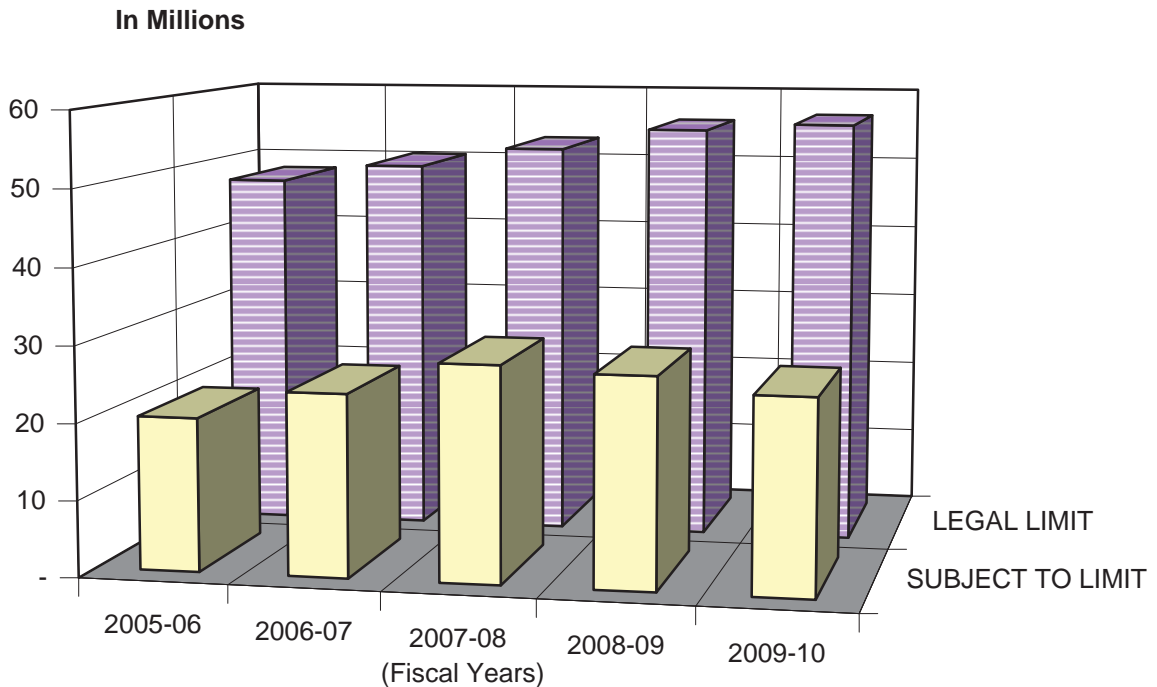
CITY OF CYPRESS ANNUAL APPROPRIATIONS LIMIT

Fiscal Year 2009-10

Under Article XIII B of the California Constitution, State and local government agencies are subject to an annual "appropriations limit". Article XIII B, adopted in 1979 and more commonly known as the "Gann Initiative", limits the proceeds of tax revenue which the City can legally appropriate. The appropriations are based on the City's 1978-79 actual appropriations adjusted annually by a formula utilizing the percentage growth in California Per Capita Income and under Proposition 111 either the population growth in the City or County.

As provided by Proposition 111, the City of Cypress has elected to utilize the percentage of population growth in the County of Orange population to calculate the fiscal year 2009-10 Appropriation Limitation of \$56,557,336. The total appropriations subject to the limitation for 2009-10 are \$25,420,872 which is \$31,136,464 or 55.1% below the calculated appropriation limit.

APPROPRIATIONS

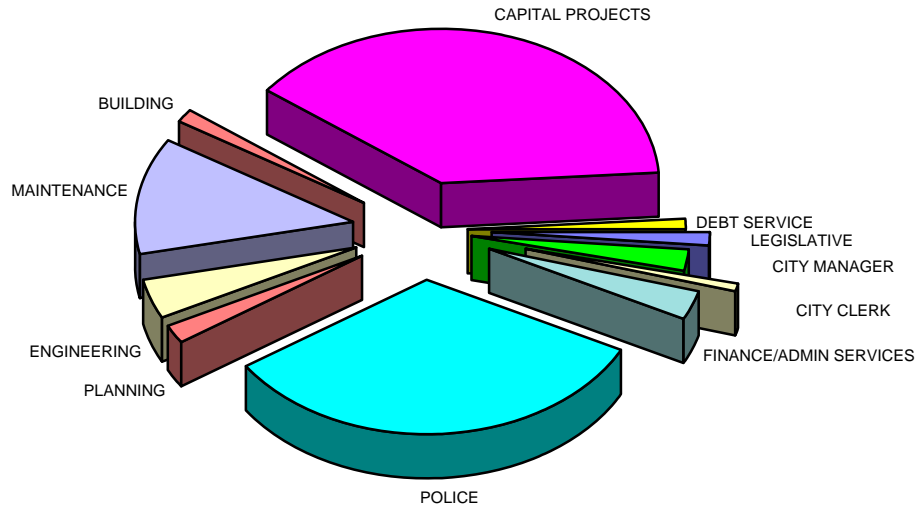


CITY OF CYPRESS
SUMMARY OF APPROPRIATIONS BY FUND
Fiscal Year 2009-10

<u>FUND</u>	<u>SALARIES & BENEFITS</u>	<u>OPERATIONS & PROJECTS</u>	<u>DEBT SERVICE</u>	<u>CAPITAL OUTLAY</u>	<u>TOTAL</u>
11-General Fund	\$ 16,280,626	\$ 7,824,389	\$ -	\$ 2,983	\$ 24,107,998
15-Capital Projects Fund	187,132	4,737,868	-	-	4,925,000
22-Special Gas Tax 2106	65,233	970,393	-	-	1,035,626
24-Traffic Mitigation Assmt Fund	80,913	1,969,087	-	-	2,050,000
25-Lighting Dist No 2 Fund	49,839	685,920	-	-	735,759
26-Plan Local Drain Fac	1,284	-	-	-	1,284
27-Corp Ctr Maint Dist #1	3,369	53,227	-	-	56,596
28-Narc Asset Seizure	-	60,834	-	-	60,834
29-Cable TV PEG Fund	-	-	-	6,000	6,000
30-Supp Law Enforcement Fund	100,492	-	-	-	100,492
34-Mello Roos Fund	2,399	14,150	-	-	16,549
40-AB 2766 Fund	777	720	-	-	1,497
41-Sewer Fund	295,722	2,122,124	-	-	2,417,846
43-Storm Drainage Fund	514,807	6,218,975	-	-	6,733,782
55-Debt Svc-Refin. Civic	-	-	468,300	-	468,300
TOTAL	<u>\$ 17,582,593</u>	<u>\$ 24,657,687</u>	<u>\$ 468,300</u>	<u>\$ 8,983</u>	<u>\$ 42,717,563</u>

SUMMARY OF APPROPRIATIONS

Fiscal Year 2009-10



TOTAL APPROPRIATIONS \$42,717,563

	<u>TOTALS</u>	<u>PERCENT OF BUDGET</u>
LEGISLATIVE	\$ 545,603	1.3%
CITY MANAGER	1,033,984	2.4%
CITY CLERK	302,196	0.7%
FINANCE/ADMIN SERVICES	1,359,326	3.2%
POLICE	14,070,081	32.9%
PLANNING	819,865	1.9%
ENGINEERING	1,861,457	4.4%
MAINTENANCE	5,158,374	12.1%
BUILDING	587,902	1.4%
CAPITAL PROJECTS	16,510,475	38.6%
DEBT SERVICE	468,300	1.1%
TOTAL APPROPRIATIONS	\$ 42,717,563	100.0%

BUDGET SUMMARY
OPERATING EXPENDITURES
Fiscal Year 2009-10

FUNCTION/Responsible Department Program Number/Description	2008-09 Budget	2009-10 Budget	Percent Change
MANAGEMENT AND SUPPORT SERVICES			
City Management			
City Council/Commissions			
101.01 Legislative	\$ 168,543	\$ 163,509	-2.99%
104.01 Traffic Commission	25,106	29,621	17.98%
109.01 Support Services - Legislative	113,642	107,448	-5.45%
Subtotal	<u>\$ 307,291</u>	<u>\$ 300,578</u>	<u>-2.18%</u>
Legal Services			
105.01 City Attorney	\$ 245,525	\$ 245,025	-0.20%
City Manager/City Clerk			
111.02 City Manager	\$ 770,103	\$ 755,754	-1.86%
115.02 City Clerk	192,246	244,340	27.10%
116.02 Elections	80,753	6,546	-91.89%
118.02 Records Management	54,269	51,310	-5.45%
119.02 Cable TV	125,530	119,473	-4.83%
143.02 Central Warehouse	55,217	56,958	3.15%
Subtotal	<u>\$ 1,278,118</u>	<u>\$ 1,234,381</u>	<u>-3.42%</u>
Community Promotion			
117.02 Community Promotion	\$ 96,756	\$ 94,308	-2.53%
Finance/Admin Services Department			
Human Resources/Staff Development			
112.04 Human Resources	\$ 365,040	\$ 360,000	-1.38%
113.04 Staff Development	20,000	3,000	-85.00%
Subtotal	<u>\$ 385,040</u>	<u>\$ 363,000</u>	<u>-5.72%</u>
Accounting/Treasury			
151.04 Finance Administration	\$ 297,503	\$ 278,240	-6.47%
152.04 General Accounting	528,823	546,479	3.34%
154.04 Purchasing	54,913	68,039	23.90%
155.04 Business Licenses	76,860	87,019	13.22%
159.04 Mello Roos Administration	15,057	16,549	9.91%
Subtotal	<u>\$ 973,156</u>	<u>\$ 996,326</u>	<u>2.38%</u>
 Total Management and Support Services	 <u>\$ 3,285,886</u>	 <u>\$ 3,233,618</u>	 <u>-1.59%</u>

BUDGET SUMMARY

OPERATING EXPENDITURES

Fiscal Year 2009-10

(continued)

FUNCTION/Responsible Department Program Number/Description	2008-09 Budget	2009-10 Budget	Percent Change
POLICE PROTECTION			
Police Department			
Program Administration			
161.05 Police Administration	\$ 1,526,922	\$ 1,252,935	-17.94%
174.05 Crime Prevention/Comm Relat.	198,018	200,533	1.27%
Subtotal	<u>\$ 1,724,940</u>	<u>\$ 1,453,468</u>	<u>-15.74%</u>
Field Operations			
162.05 Field Operations Management	\$ 488,144	\$ 518,984	6.32%
163.05 Field Operations	6,039,881	5,908,449	-2.18%
173.05 Traffic and Parking Operations	-	628,977	n/a
187.05 Mobile Command Post	17,264	24,347	41.03%
186.05 Police Reserves	10,679	10,663	-0.15%
Subtotal	<u>\$ 6,555,968</u>	<u>\$ 7,091,420</u>	<u>8.17%</u>
Investigations			
165.05 Detective Bureau	\$ 1,103,462	\$ 1,834,890	66.28%
166.05 Court Liaison	140,864	140,445	-0.30%
177.05 Special Investigations	752,258	-	-100.00%
177.05 SWAT Operations	-	45,965	n/a
179.05 Narcotics Asset Seizure	10,484	60,834	480.26%
Subtotal	<u>\$ 2,007,068</u>	<u>\$ 2,082,134</u>	<u>3.74%</u>
Support Services			
167.05 Police Training	\$ 126,824	\$ 102,140	-19.46%
168.05 Support Services Management	821,184	983,031	19.71%
169.05 Communications	866,461	940,403	8.53%
170.05 Records	430,724	449,397	4.34%
171.05 Property	135,956	127,864	-5.95%
172.05 Jail Operations	455,256	381,960	-16.10%
173.05 Parking Enforcement	72,149	-	-100.00%
176.05 Crossing Guards	163,142	160,000	-1.93%
178.05 Police Laboratory	22,670	106,870	371.42%
180.05 Emergency Services	86,066	90,902	5.62%
181.05 Supp Law Enforcement Act	100,417	100,492	0.07%
Subtotal	<u>\$ 3,280,849</u>	<u>\$ 3,443,059</u>	<u>4.94%</u>
Total Police Protection	<u><u>\$ 13,568,825</u></u>	<u><u>\$ 14,070,081</u></u>	<u><u>3.69%</u></u>

BUDGET SUMMARY

OPERATING EXPENDITURES

Fiscal Year 2009-10

(continued)

FUNCTION/Responsible Department Program Number/Description	2008-09 Budget	2009-10 Budget	Percent Change
COMMUNITY PLANNING AND DEVELOPMENT			
Community Development Department			
Management			
190.06 Economic Development	\$ 78,361	\$ 75,895	-3.15%
191.06 Community Development	158,181	143,405	-9.34%
Subtotal	<u>\$ 236,542</u>	<u>\$ 219,300</u>	<u>-7.29%</u>
Property Development			
193.06 Current Planning	\$ 558,506	\$ 509,283	-8.81%
Long Range Planning			
192.06 Advanced Planning	\$ 38,997	\$ 91,282	134.07%
Building Safety and Property Abatement			
241.09 Building Division Supervision	\$ 259,213	\$ 260,685	0.57%
242.09 Permits	58,908	57,713	-2.03%
243.09 Inspections - Building	64,360	100,000	55.38%
244.09 Inspections - Electrical	32,028	15,000	-53.17%
245.09 Inspections - Plumbing & Heating	47,703	15,000	-68.56%
247.09 Plan Checks	138,527	139,504	0.71%
Subtotal	<u>\$ 600,739</u>	<u>\$ 587,902</u>	<u>-2.14%</u>
Total Community Planning & Development	<u><u>\$ 1,434,784</u></u>	<u><u>\$ 1,407,767</u></u>	<u><u>-1.88%</u></u>
TRAFFIC SAFETY			
Public Works Department			
Traffic Maintenance			
214.08 Traffic Safety	\$ 194,009	\$ 183,993	-5.16%
215.07 Traffic Signal Maintenance	187,118	182,267	-2.59%
Subtotal	<u>\$ 381,127</u>	<u>\$ 366,260</u>	<u>-3.90%</u>
Street Lighting			
223.07 Street Lighting	\$ 459,158	\$ 553,492	20.54%
Traffic Engineering			
264.07 Traffic Engineering	\$ 94,538	\$ 83,088	-12.11%
Total Traffic Safety	<u><u>\$ 934,823</u></u>	<u><u>\$ 1,002,840</u></u>	<u><u>7.28%</u></u>

BUDGET SUMMARY

OPERATING EXPENDITURES

Fiscal Year 2009-10

(continued)

FUNCTION/Responsible Department Program Number/Description	2008-09 Budget	2009-10 Budget	Percent Change
PUBLIC RIGHT OF WAY MAINTENANCE			
Public Works Department			
Management			
120.07 Solid Waste Management	\$ 25,817	\$ 19,702	-23.69%
121.07 Public Works Grants	93,200	17,783	-80.92%
122.07 Oil Recycling Block Grant	34,600	17,605	-49.12%
201.07 Public Works Administration	443,383	440,911	-0.56%
209.07 Ridesharing	1,000	1,497	49.70%
266.07 Geographical Information Syst (GIS)	153,660	69,363	-54.86%
Subtotal	<u>\$ 751,660</u>	<u>\$ 566,861</u>	-24.59%
Engineering Services			
260.07 Engineering Administration	\$ 109,335	\$ 103,175	-5.63%
261.07 Engineering Plan Checking	64,583	48,522	-24.87%
262.07 Engineering Counter Services	34,378	41,988	22.14%
263.07 General Engineering Services	83,005	62,317	-24.92%
Subtotal	<u>\$ 291,301</u>	<u>\$ 256,002</u>	-12.12%
Street, Curb & Sidewalk Maintenance			
211.08 Maintenance Administration	\$ 469,975	\$ 426,069	-9.34%
212.08 Street Maintenance	347,411	318,519	-8.32%
213.08 Street Cleaning	150,655	156,938	4.17%
227.08 Graffiti Removal	81,764	81,907	0.17%
238.08 Sidewalk Repair	258,071	269,846	4.56%
Subtotal	<u>\$ 1,307,876</u>	<u>\$ 1,253,279</u>	-4.17%
Right of Way Landscape Maintenance			
216.08 Street Tree Maintenance	\$ 366,347	\$ 366,159	-0.05%
217.08 Parkway Maintenance	927,291	950,720	2.53%
Subtotal	<u>\$ 1,293,638</u>	<u>\$ 1,316,879</u>	1.80%
Total of Public Right of Way	<u><u>\$ 3,644,475</u></u>	<u><u>\$ 3,393,021</u></u>	-6.90%
PARK FACILITIES MAINTENANCE SERVICES			
Public Works Department			
210.08 Building Maint.-Boys & Girls Club	\$ 3,464	\$ 3,581	3.38%
224.08 Landscaping - Senior Center	16,034	17,844	11.29%
228.08 Park Landscape and Maintenance	585,245	622,782	6.41%
229.08 Athletic Field Maintenance	306,499	311,580	1.66%
230.08 Park Building Maintenance	145,854	154,249	5.76%
231.08 Senior Citizens Cntr Maintenance	174,208	161,485	-7.30%
232.08 Community Center Maintenance	226,106	242,775	7.37%
Total Park Facilities Maintenance Services	<u><u>\$ 1,457,410</u></u>	<u><u>\$ 1,514,296</u></u>	3.90%

BUDGET SUMMARY
OPERATING EXPENDITURES
Fiscal Year 2009-10

(continued)

FUNCTION/Responsible Department Program Number/Description	<u>2008-09 Budget</u>	<u>2009-10 Budget</u>	<u>Percent Change</u>
DRAINAGE, SEWAGE & OTHER MAINT SVCS			
Public Works Department			
Drainage			
221.08 Retarding Basin	\$ 18,868	\$ 19,398	2.81%
281.08 Storm Drain Maintenance	492,014	557,899	13.39%
Subtotal	<u>\$ 510,882</u>	<u>\$ 577,297</u>	<u>13.00%</u>
Other Maintenance Services			
233.08 Library Maintenance	18,364	18,617	1.38%
239.08 Stanton Channel Berm Maint.	54,614	56,596	3.63%
270.07 Nuisance Abatement	145,723	180,508	23.87%
Subtotal	<u>\$ 218,701</u>	<u>\$ 255,721</u>	<u>16.93%</u>
Sewer Maintenance			
219.08 Sanitary Sewer Maintenance	\$ 240,765	\$ 237,417	-1.39%
251.07 Fats, Oils and Grease (FOG)	34,233	37,747	10.26%
Subtotal	<u>\$ 274,998</u>	<u>\$ 275,164</u>	<u>0.06%</u>
Total Drainage, Sewage & Other Maint. Svcs.	<u><u>\$ 1,004,581</u></u>	<u><u>\$ 1,108,182</u></u>	<u><u>10.31%</u></u>
TOTAL OPERATING EXPENDITURES	<u><u>\$ 25,330,784</u></u>	<u><u>\$ 25,729,805</u></u>	<u><u>1.58%</u></u>

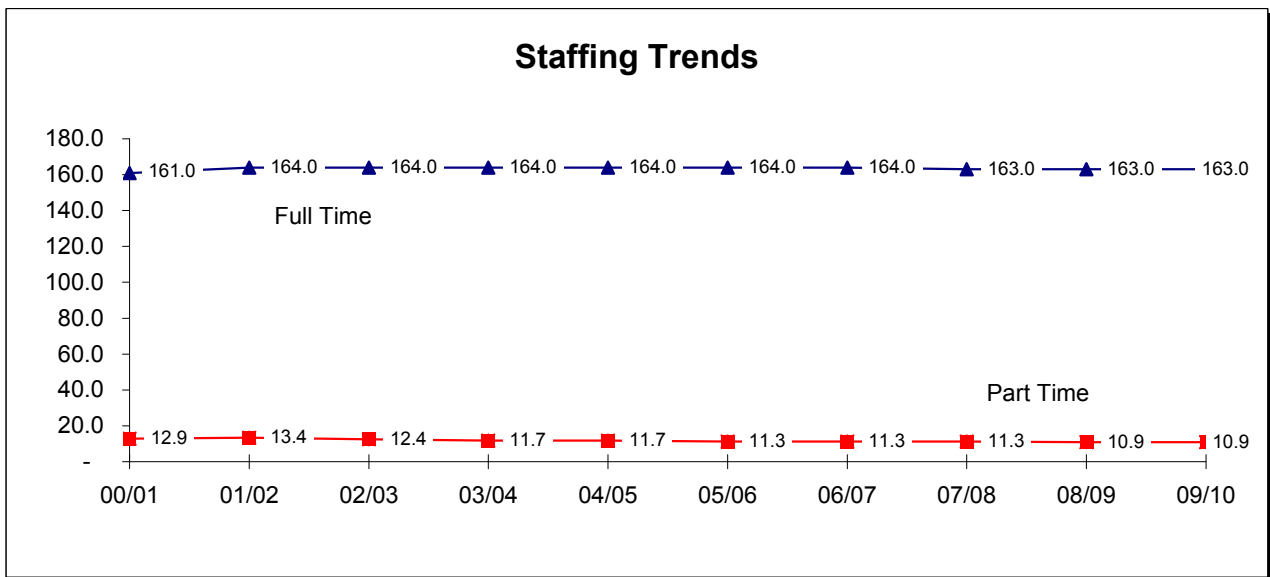
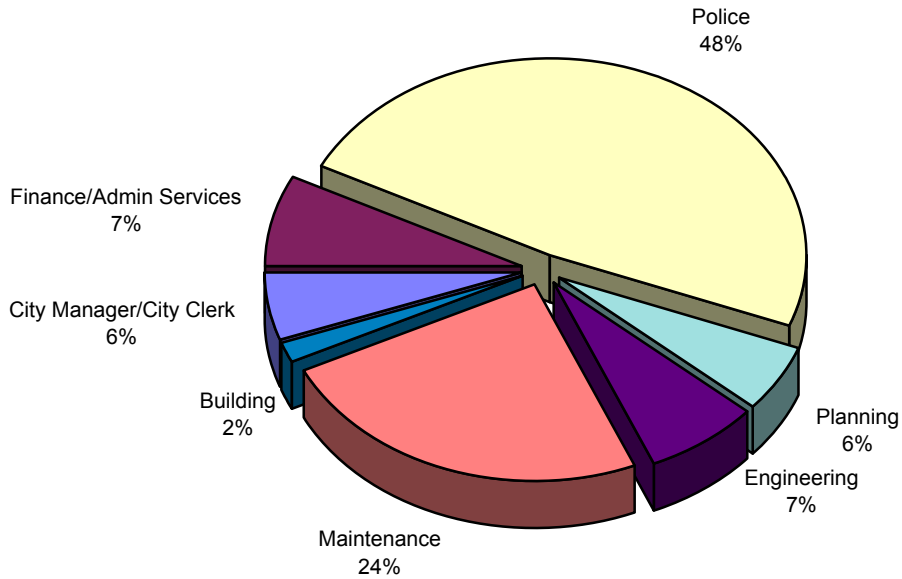
BUDGET SUMMARY
DEBT SERVICE, CAPITAL PROJECTS AND CAPITAL OUTLAY
 Fiscal Year 2009-10

	<u>2008-09 Budget</u>	<u>2009-10 Budget</u>	<u>Percent Change</u>
Summary of Debt Service			
2001 Civic Center Refinancing	\$ 463,000	\$ 468,300	1.14%
Total Debt Service Expenditures	<u>\$ 463,000</u>	<u>\$ 468,300</u>	<u>1.14%</u>
Summary of Capital Projects			
21 Street Projects	\$ 4,359,501	\$ 3,065,626	-29.68%
22 Traffic Signal Projects	300,000	1,750,000	483.33%
23 Sanitary Sewer Projects	2,600,000	2,143,966	-17.54%
24 Public Facility Projects	250,000	250,000	0.00%
27 Parkway and Median Projects	2,425,000	3,125,000	28.87%
28 Storm Drain Projects	7,200,000	6,175,883	-14.22%
Total Capital Projects Expenditures	<u>\$ 17,134,501</u>	<u>\$ 16,510,475</u>	<u>-3.64%</u>
Summary of Capital Outlay			
Equipment-Additions			
Tools & Equipment	\$ 29,000	\$ 8,983	-69.02%
Total Capital Outlay Expenditures	<u>\$ 29,000</u>	<u>\$ 8,983</u>	<u>-69.02%</u>
TOTAL BUDGET	<u>\$ 42,957,285</u>	<u>\$ 42,717,563</u>	<u>-0.56%</u>

CITY OF CYPRESS

Summary of Staff

Fiscal Year 2009-10



CITY OF CYPRESS
Property Tax Base Rate
Tax Rate Area - 19-001

	<u>Rate</u>	<u>Tax on Home</u> <u>AV-\$320,000</u>
Cypress Recreation & Park District*	0.0728	\$ 233
City of Cypress*	0.0783	251
City Lighting District	0.0160	51
City of Cypress Sewer Fund	0.0000	-
Orange County General Fund	0.0459	147
Orange County Library District	0.0123	39
Orange County Fire Department	0.0831	266
Orange County Flood Control District	0.0146	47
Orange County Harbors, Beaches & Parks	0.0113	36
Orange County Vector Control	0.0008	3
Orange County Transit District	0.0021	7
Orange County Water District	0.0057	18
Orange County Water District Reserve	0.0001	0
Anaheim Union High School District	0.1267	405
North Orange Co Community College District	0.0516	165
Cypress Elementary School District	0.2816	901
Orange County Department of Education	0.0274	88
Orange County Sanitation District	0.0238	76
Education Revenue Augmentation Fund	0.1459	467
Total	<u>1.0000</u>	<u>\$ 3,200</u>

The above schedule represents a breakdown of the basic levy component included on the typical property tax bill. The City of Cypress unrestricted portion is 7.83% of each property tax dollar paid. For a home with an assessed value of \$320,000, the City would receive \$251 annually to use for providing police, street maintenance and other City services.

CYPRESS REDEVELOPMENT AGENCY
BUDGET SUMMARY OF RESOURCES AND APPROPRIATIONS BY FUND
Fiscal Year 2009-10

FUND	BEG. FUND BALANCE	PROPOSED REVENUE	FUND TRSFER-IN	OPERATING BUDGET	DEBT BUDGET	FUND TRSFER-OUT	END. FUND BALANCE
35 Civic Ctr Redev	\$ 898,753	\$ 5,000	\$ -	\$ 78,227	\$ -	\$ -	\$ 825,526
36 Low & Mod Housing	1,628,082	216,128	1,300,861	1,573,525	-	-	1,571,546
37 Lincoln Ave Redev	1,012,818	10,000	-	141,270	-	-	881,548
38 Race Track Redev	1,801,134	15,000	-	282,397	-	900,000	633,737
52 Debt Svc-Civic Center	150,976	2,359,204	-	-	378,000	1,250,000	882,180
53 Debt Svc-Lincoln Ave	211,331	806,769	-	-	157,500	282,746	577,854
54 Debt Svc-LART	218,894	765,910	900,000	-	1,641,000	233,115	10,689
TOTAL	\$ 5,921,988	\$ 4,178,011	\$ 2,200,861	\$ 2,075,419	\$ 2,176,500	\$ 2,665,861	\$ 5,383,080

Fund 52 Transfer-out: \$465,000 is to the City's Debt Service Fund per debt agreement.

CYPRESS RECREATION AND PARK DISTRICT
SUMMARY OF RESOURCES AND APPROPRIATIONS BY FUND
Fiscal Year 2009-10

<u>FUND</u>	<u>BEG. FUND BALANCE</u>	<u>PROPOSED REVENUE</u>	<u>OPERATING BUDGET</u>	<u>END. FUND BALANCE</u>
12-General Fund-District	\$ 4,142,326	\$ 4,598,880	\$ 4,185,836	\$ 4,555,370
13-Park Development	521,105	23,000	-	544,105
 TOTAL	 <u>\$ 4,663,431</u>	 <u>\$ 4,621,880</u>	 <u>\$ 4,185,836</u>	 <u>\$ 5,099,475</u>

CYPRESS RECREATION AND PARK DISTRICT
BUDGET SUMMARY
OPERATING, CAPITAL PROJECTS AND OUTLAY EXPENDITURES
Fiscal Year 2009-10

FUNCTION/Responsible Department Program Number/description	2008-09 Budget	2009-10 Budget	Percent Change
LEISURE SERVICES			
Department of Recreation and Parks			
303 Adult Sports	\$ 78,592	\$ 79,138	0.69%
304 Teen Programs	35,499	40,115	13.00%
305 Aquatics Instruction	75,892	84,555	11.41%
306 Youth Activities	64,673	62,754	-2.97%
307 5K/10K Run	41,619	41,519	-0.24%
310 Youth Sports	65,557	90,884	38.63%
313 Community Events & Promotion	155,498	156,892	0.90%
314 Cultural Arts	104,344	94,421	-9.51%
316 Contract Classes	288,107	304,279	5.61%
317 Senior Citizen Program	385,681	369,993	-4.07%
324 Day Camp	88,294	102,614	16.22%
326 School Facility Rentals	30,384	35,380	16.44%
327 Kids Corner	75,164	90,931	20.98%
Total Leisure Services	<u>\$ 1,489,304</u>	<u>\$ 1,553,475</u>	<u>4.31%</u>
MGMT & ADVISORY COMMISSION SVCS			
Department of Recreation and Parks			
301 Recreation & Parks Administration	\$ 738,717	\$ 714,694	-3.25%
328 Recreation & Comm Svcs Commission	52,624	49,616	-5.72%
330 Senior Citizen Commission	33,164	34,452	3.88%
Total Mgmt & Advisory Commission Svcs	<u>\$ 824,505</u>	<u>\$ 798,762</u>	<u>-3.12%</u>
MAINTENANCE SERVICES			
Department of Public Works			
302 Community Center Maintenance	\$ 226,959	\$ 243,698	7.38%
308 Park Landscape & Maintenance	601,279	640,626	6.54%
311 Maintenance - Athletic Facilities	307,942	311,580	1.18%
312 Maintenance - Park Buildings	152,618	161,156	5.59%
318 Maintenance - Senior Center Building	174,208	161,485	-7.30%
319 Custodial	189,752	126,390	-33.39%
323 Facility Operations	149,192	168,664	13.05%
332 Youth League Improvements	3,200	20,000	525.00%
Total Maintenance Services	<u>\$ 1,805,150</u>	<u>\$ 1,833,599</u>	<u>1.58%</u>
TOTAL OPERATING BUDGET	<u>\$ 4,118,959</u>	<u>\$ 4,185,836</u>	<u>1.62%</u>

**CYPRESS RECREATION AND PARK DISTRICT
BUDGET SUMMARY
OPERATING, CAPITAL PROJECTS AND OUTLAY EXPENDITURES
Fiscal Year 2009-10** (Continued)

	<u>2008-09 Budget</u>	<u>2009-10 Budget</u>	<u>Percent Change</u>
<u>SUMMARY OF CAPITAL OUTLAY</u>			
Capital Outlay - Equipment	\$ 22,800	\$ -	-100.00%
Total Capital Outlay	<u>\$ 22,800</u>	<u>\$ -</u>	<u>-100.00%</u>
TOTAL BUDGET	<u>\$ 4,141,759</u>	<u>\$ 4,185,836</u>	<u>1.06%</u>

CYPRESS RECREATION AND PARK DISTRICT

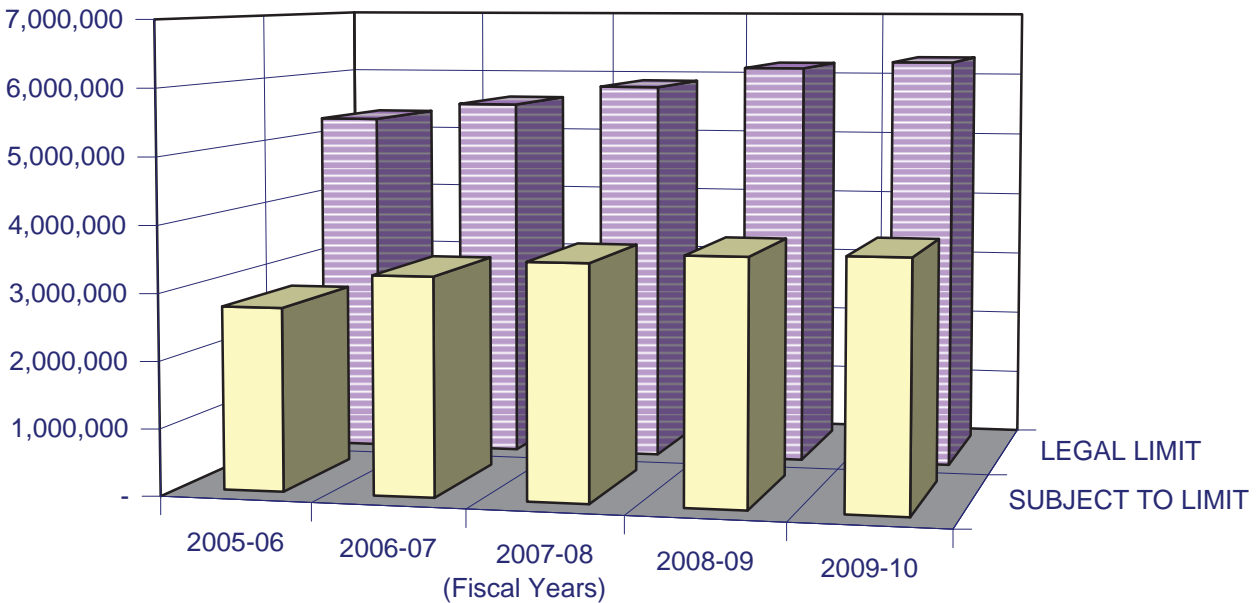
Fiscal Year 2009-10

ANNUAL APPROPRIATIONS LIMIT

Under Article XIII B of the California Constitution, state and local government agencies are subject to an annual "appropriations limit". Article XIII B, adopted in 1979 and more commonly known as the "Gann Initiative", limits the proceeds of tax revenue which the District can legally appropriate. The appropriations are based on the District's 1978-79 actual appropriations adjusted annually by a formula utilizing the percentage growth in California Per Capita Income and under Proposition 111 either the growth in the City's or the County's population.

As provided by Proposition 111, the Cypress Recreation and Park District has elected to utilize the percentage growth in the County's population to calculate the fiscal year 2009-10 Appropriation Limitation of \$6,292,909. The total appropriations subject to the limitation for 2009-10 are \$3,687,867 which is \$2,605,042 or 41.4% below the calculated appropriation limit.

APPROPRIATIONS



CITY OF CYPRESS GOALS

Not listed in any order of priority
Updated April 2007

Pursue retail development and continue to diversify City's economic base.

Communicate with residents and businesses, and foster community well-being.

Continue to implement plans for adequate replacement funds for public facilities and infrastructure.

Sustain and enhance public safety.

Provide for effective government operations.

CITY OF CYPRESS FUND DEFINITIONS

CITY BUDGET:

General Fund- This fund accounts for all revenues and expenditures that are not accounted for separately. The revenues consist of general taxes, user charges, certain fines, and investment earnings. The expenditures include police services, city maintenance, city planning and engineering, building safety and administrative services.

Capital Improvement Projects (CIP) Fund- This fund was established to account for capital improvement projects funded from the general revenues of the City. The primary funding source for these projects is an annual transfer from the General Fund. Types of projects funded include annual residential street resurfacing, sidewalk repair, public facility projects and the reimbursement of Warland Drive construction.

Infrastructure Reserve Fund- This fund was established to account for accumulated monies that will be used to fund capital improvement projects funded from the general revenues of the City. This fund provides a reserve to accumulate funds for projects that could not be funded within the fiscal constraints of a single year. The primary funding source for the accumulation of these monies is an annual transfer from the General Fund. An annual transfer out is made to fund specific projects budgeted in the City's CIP fund and the Storm Drain Fund. The Infrastructure Reserve Fund has loaned a portion of these accumulated monies to the Sewer Fund and the Redevelopment Agency, which causes a significant portion of the accumulated fund balance to be reserved and thus unavailable to fund infrastructure improvements until the loans are repaid.

Traffic Safety Fund- This fund is established as a result of Vehicle Code section 42200, which provides that fines and forfeitures received as a result of arrest by city officers for vehicle code violations must be deposited in a special fund. The fund may only be expended for traffic control devices and the maintenance thereof, the maintenance of equipment and supplies for traffic law enforcement and traffic accident prevention, the maintenance, improvement, or construction of public streets, bridges, and culverts, and the compensation of school crossing guards who are not full-time members of the police department. The funds may not be used to compensate traffic or police officers. The City annually transfers these funds to cover appropriate expenses in the General Fund. At year end there is no fund balance.

Special Gas Tax Funds: The State Gas Tax equals 18 cents per gallon and Cities receive a portion (3.39 cents) based on population under different sections of the Streets and Highway Code. A separate fund is established under each section as follows:

Section 2105 Revenue Fund- Under this fund, the Cities receives 11.5% of the state tax over 9 cents a gallon (1.035 cent). The monies received must be used for street purposes under a maintenance of effort (MOE) requirement. All street maintenance costs are accounted for in the General Fund and an annual transfer is made from this fund to the General Fund when the MOE is achieved.

Section 2106 Revenue Fund- Under this fund, Cities receive \$400 per month plus a portion rationed by assessed valuation of tangible property by county and then allocated by population. The amount allocated to the Cities amounts to 1.04 cents a gallon. These funds must be used for street construction, improvements and right of way. These types of capital improvement expenditures are accounted for in the special fund and funds may be carried over.

Section 2107/2107.5 Revenue Fund- Under this fund, Cities receive an amount equal to 1.315 cents per gallon. The section 2107 amount is allocated to cities based on population and is restricted to street maintenance expenses. The section 2107.5 revenue is allocated to cities

CITY OF CYPRESS FUND DEFINITIONS

based on a population range in amounts from \$1,000 to \$20,000. Cypress receives \$6,000 annually. These funds are restricted to engineering costs and administrative expenses with respect to city streets. The costs are accumulated in the General Fund and an annual transfer is made to cover the approved expenses.

Traffic Mitigation Assessment Fund- This fund was established to account for traffic fees assessed to developers. The funds may only be expended for traffic mitigation purposes as defined in the fee resolutions.

Regional Traffic Fee Fund- This fund accounts for the impact fee charged to development and used to mitigate regional traffic impacts.

Lighting District No. 2 Fund- This special district was established in 1961 to pay for street lights in the City. The ad valorem taxes received are a portion of the 1% Basic Property Tax levy. The expenses are restricted to lighting costs (operating, repairing and replacing) as defined under the Street Lighting Act of 1919. The City, under its charter powers, has expanded the use of these funds to include traffic signal maintenance and park lighting.

Planned Local Drainage Facilities Fund- This fund accounts for fees charged developers for citywide drainage facilities. These monies are restricted for the drainage facilities and may not be used for ongoing maintenance. The funds are being accumulated for future projects as defined in the fee resolution/ master drainage plan.

Stanton Channel Maintenance District Fund- This fund accounts for a special assessment charged to the certain businesses for the maintenance of the Stanton Channel landscaped berm in the business park. The monies received through the special assessment are restricted for only expenses defined in the annual resolution adopted by Council.

CATV PEG Grant Fund- This fund accounts for monies received from Time Warner TWE, the City's cable television operator, per the terms of a cable franchise transfer agreement and MOU approved in June 2006 for a 10-year period. The Initial PEG Grant and the Ongoing PEG Grant funds may be used for equipment, facilities, and ongoing staffing and non-capital support for both one-way video PEG access services and two-way interactive PEG access services (collectively, "PEG Access Support"), at the City's sole discretion.

Narcotics Asset Seizure Fund- This fund accounts for monies received under State laws relevant to drug asset seizure. The monies received must be accounted for separately, but are otherwise unrestricted on their use as long as the funds do not supplant the budget. Asset Seizure funds are distributed to the agency under a formula listed in HS 11489.

Supplemental Law Enforcement Services Fund- This fund accounts for funds allocated statewide to law enforcement in a block grant format under AB3229. Also known as the State Citizens' Option for Public Safety (COPS) program, monies are allocated annually by the State based on population, and require a separate fund be established. The funds can only be spent for "front line municipal police services" submitted by the Police Chief and acted upon by the City Council.

Mello-Roos District Administration Fund- This fund accounts for the City's administration of the Community Facilities District (Sorrento Homes). These funds are restricted to the CFD costs as they were assessed for that purpose from the landowners in Sorrento.

Measure M Gas Tax Fund- This fund accounts for the City's share of Measure M monies. Measure M is the half cent sales tax for countywide transportation improvements, approved by Orange County voters in November 1990 and extended in November 2006. Based on population ratio, Cities receive "local turnback" monies which are equivalent to 14.6% of the net sales tax received by the OCTA. Cities must fulfill the maintenance of effort spending and certain administrative

CITY OF CYPRESS FUND DEFINITIONS

requirements, such as a Growth Management Plan, to receive the funds. This money must be used for local street projects as well as ongoing maintenance of local streets and roads. In addition, the City competes for Combined Transportation Funding Programs (CTFP) approved by the OCTA Board of Directors. These CTFP funds are additional revenues beyond the "turnback" and are restricted for the specific projects approved by the OCTA Board.

AB 2766 Fund- This fund accounts for revenues received under the AB 2766 Subvention which is collected as part of the Motor Vehicle registration. The funds received are restricted to expenditures that relate to reducing vehicle emissions.

Sewer Fund- This fund accounts for the maintenance of and improvements made to the City's sewer system. Revenues consist of property taxes and fees on the water bills to all residents and businesses. The City's Infrastructure Reserve Fund has also provided additional funding in the form of loans which will be repaid when monies are available. The monies in this fund are restricted to sewer maintenance and construction costs.

Storm Drain Fund- This fund accounts for the maintenance of the City's storm drainage system. Revenues consist of a designated portion of the City Services Charges on the bimonthly water bills to residents and businesses, as well as annual operating transfers from the General Fund. The monies are designated for storm drainage maintenance and construction costs.

Traffic Congestion Relief Fund- This fund accounts for revenues received from the State of California under Proposition 42 that are restricted to use for certain street maintenance and street improvement costs.

Civic Center Refinancing Debt Service Fund- This fund accounts for the receipts and debt service payments on the 2001 Lease Revenue Bonds which refinanced the 1991 Certificates of Participation. The receipts are tax increment monies from the Civic Center Redevelopment Area that are transferred from the Redevelopment Agency to the City per the Reimbursement Agreement dated July 1, 1991. The expenses are restricted to principal and interest payments to the certificate holders and trustee costs.

RECREATION & PARK DISTRICT BUDGET:

Cypress Recreation and Park District General Fund- This fund accounts for all the receipts and expenditures of the Recreation and Park Special District. The revenues of the District include a portion of the 1% Basic Property Tax, user fees and special funding from other government agencies (including grants, subventions, etc.). The expenses are restricted to recreation and park activities, including park maintenance and recreation programs.

Park Development Fund- This fund accounts for the development fees collected under the Quimby Act of 1965. The Act authorizes the City/District to require from a subdivider the dedication of land, the payment of fees in-lieu thereof, or a combination of both, for park or recreational purposes as a condition of a subdivision map. All fees paid in-lieu thereof must be used only for the purpose of providing park or recreational facilities to serve the subdivision. These funds cannot be used for operations.

REDEVELOPMENT AGENCY BUDGET:

The Redevelopment Agency consists of three types of funds; project area operating funds, project area debt service funds, and a 20% low and moderate housing set aside fund.

The operating funds account for the operations of the project area including administration, development assistance and property purchases. The source of monies for the operating funds

CITY OF CYPRESS FUND DEFINITIONS

occurs by transferring monies from the debt service funds subsequent to receiving proceeds of debt. These proceeds of debt include loans from the City, long term debt instruments and owner participation agreements.

The debt service funds account for the payment of the debt established by the operating funds and the receipts of tax increment revenue. The expenses are restricted to principal and interest payments on the debt, pass through payments to other agencies per agreements, and the transfer of 20% of the tax increment to a separate housing fund.

While the three project areas were merged in 2005, the Agency continues to budget each project area separately, with each project area having its own separate operating and debt service funds. The Redevelopment Agency's funds are as follows:

Civic Center Project Area Operating and Debt Service Funds
Lincoln Avenue Project Area Operating and Debt Service Funds
Los Alamitos Racetrack & Golf Course Project Area Operating and Debt Service Funds

The **20% Low and Moderate Housing Set Aside Fund** accounts for the transfer of tax increment monies and the expenses relating to low and moderate housing as defined by Redevelopment Law.

INTERNAL SERVICE FUNDS:

The Internal Service Funds (ISF) are used to account for goods and services provided to other departments on a cost reimbursement basis. Since the other departments/funds are charged within their budgets for these services, the internal service funds are not included in the adopted budget as that would duplicate costs. The ISF accounts are informally budgeted to determine the amounts to be charged to the operating departments. The ISF include the following funds:

The **Central Services/Equipment Replacement Funds** account for Print Shop activities, the central garage, the maintenance of City facilities and equipment, data processing services, and the purchase and replacement of capital outlay. The equipment replacement fund maintains a replacement reserve for capital outlay items to allow for purchase of replacement equipment without large fluctuations in the annual budgets. Both the City and Recreation and Park District maintain Central Services/Equipment Replacement Funds.

The **Employees' Benefit Fund** accounts for leave time accumulated by employees, employee benefits and payroll liabilities, and the liabilities associated with other post retirement benefits. The operating funds are charged a fringe rate based on the payroll and those amounts are accumulated in this fund and paid out for items like health insurance, pension, leave time taken and retiree's medical reimbursements. This allows operating programs to be allocated for all personnel costs based on actual time worked. Both the City and Recreation and Park District maintain Employee Benefit Funds. These funds allow both the City and Park District to remain fully funded for leave time accrued.

The **Insurance Internal Service Funds include Public Liability and Workers' Compensation funds.** These funds are self-retention funds to fund claims that the City is self-insured for and pay insurance premiums. The City maintains a fund balance to cover outstanding claims and a actuarially determined reserve for claims incurred but not reported at a 90% confidence level. The operating departments are charged for these costs through both the fringe rate and under insurance accounts.

GLOSSARY OF BUDGET TERMS

ADOPTED BUDGET: The official budget as approved by the City Council at the start of each fiscal year.

AMENDED BUDGET: The official budget as adopted and as amended by the City Council through the course of a fiscal year.

APPROPRIATION: A legal authorization by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and to the time when it may be expended.

BUDGET: A plan of financial operation comprised of estimated expenditures for a given period (a single fiscal year for the City) and the proposed means of financing the expenditures (through revenues).

BUDGET MESSAGE: A written discussion of the proposed budget presented by the City Manager to the City Council.

CAPITAL PROJECTS FUND: In governmental accounting, a fund that accounts for financial resources to be used for the acquisition or construction of capital facilities. The total cost of a capital project is accumulated in a single expenditure program which accumulates until the project is completed, at which time the program ceases to exist.

CAPITAL IMPROVEMENT PROGRAM: A plan for capital improvements to be implemented each year over a fixed period of years to meet capital needs arising from the assessment of long-term needs. It sets forth each project in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

CAPITAL IMPROVEMENT PROJECT: The budget unit to group all activities and costs necessary to implement a specific capital improvement and/or acquisition. A project can include the construction, acquisition, expansion, replacement, or rehabilitation of a physical facility or improvement. Projects often include planning and design, land acquisition, and project management costs related to such facilities and improvements.

CAPTIAL OUTLAY: Expenditures which result in the acquisition of or additions to fixed assets. Examples include machinery, equipment and vehicles.

CDBG (COMMUNITY DEVELOPMENT BLOCK GRANT): Federal grant funds distributed from the U.S. Department of Housing and Urban Development that are passed through to the City from the Orange County Environmental Management Agency. The City primarily uses these funds for housing rehabilitation, public improvements, and local social programs.

CONTRACTED SERVICES: Services rendered in support of City operations and activities by external parties. These may be based upon either formal contracts or ad hoc charges.

DEBT SERVICE FUND: A fund established for the payment of interest and principal on all debt other than payable exclusively from special assessments.

DEPARTMENT: A major organizational group of the City with overall management responsibility for an operation or a group of related operations within a functional area.

DIVISION: An organizational subgroup of a department.

GLOSSARY OF BUDGET TERMS

EXPENDITURES: Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service and capital outlays.

EXPENSES: Decreases in net total assets. Expenses represent the total cost of operations during a period regardless of the timing of related expenditures.

FISCAL YEAR: A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position, the results of the operations, and adopts a budget for the coming year. The City of Cypress' fiscal year is from July 1 to June 30.

FIXED ASSETS: Equipment costing \$1,000 or more, including tax, that has a life of over one year and does not qualify as a capital improvement project.

FRINGE BENEFITS: These include retirement/pension, health, life and disability insurance, worker's compensation, vacation, administrative, medical, and special leave of absence time.

FUND: A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities of attaining certain objectives in accordance with special regulations, restrictions, or limitations.

FUND BALANCE: A term used to express the equity (assets minus liabilities) of government fund and fiduciary fund types. However, for budgeting purposes, a working capital definition of current assets minus current liabilities is used for the computation.

GENERAL FUND: The general fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and other costs which are not paid through other funds.

INTERNAL SERVICE FUND CHARGES: Charges paid to other City funds for services rendered and/or materials supplied.

INTERNAL SERVICE FUND: The Internal Service Fund is used to finance and account for activities involved in rendering services to departments within the City. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

LICENSES AND PERMITS: Revenue earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

MEASURE M: An initiative that increases sales taxes by one-half percent approved by Orange County Voters in 1990, which provides funding for transportation improvements.

OBJECTIVE: A simply stated, readily measurable statement of aim or expected accomplishment within the fiscal year. A good statement of objective should imply a specific standard of performance for a given program.

OBJECT CODE: The classification of expenditures in terms of what is bought and paid for grouped into major object codes by subject.

OPERATING TRANSFERS: Legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended, such as transfers from the General Fund to the Capital Projects Fund.

GLOSSARY OF BUDGET TERMS

PRELIMINARY BUDGET: A budget in its preliminary preparation stage prior to review and formulation by the City Council. In the preliminary stage, a budget forecasting current costs into the future and new or modified spending proposals for the future.

PROGRAM BUDGET: A budget organized by programs. A program used in this application is a grouping of related activities, projects and services which are similar in purpose. The expenditure focus of a program budget is related to the nature of work and services performed.

PROPOSED BUDGET: The budget as formulated and proposed by the City Manager. It is submitted to the City Council for review and approval.

RDA: Redevelopment Agency

REDEVELOPMENT: The planning, development, re-planning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area, and the provision of such residential, commercial, industrial, public, or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

RESOLUTION: A special or temporary order of a legislative body requiring less formality than an ordinance.

RESOURCES: Total dollars available for appropriations including estimated revenues, fund transfers and beginning fund balances.

REVENUE: Money that the City receives as income such as tax payments, fees from specific services, receipts from other governments, fines, forfeitures, grants, shared revenues, and interest income.

SALARIES AND BENEFITS: Compensation paid to or on behalf of City employees for salaries and wages, overtime. Benefits include retirement/pension, health, life and disability insurance, worker's compensation and vacation, administrative, medical and special leave of absence time.

SELF-INSURANCE: A term often used to describe the retention of liabilities, arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. The City currently provides self-insurance for a portion of its workers' compensation and general public liability coverage. The City has purchased outside insurance for excess coverage in these areas.

SERVICES AND SUPPLIES: Payments made to vendors for goods/services used for City operations.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, use charges.