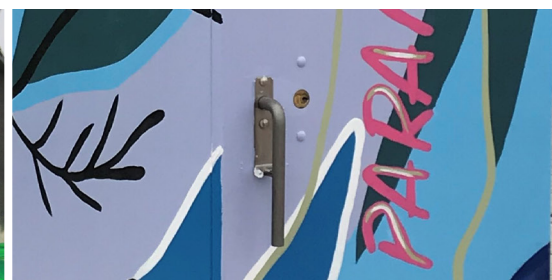


The City of **PARAMOUNT, CA**

Annual Comprehensive Financial Report

Fiscal Year 2021
July 1, 2020 - June 30, 2021



ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF PARAMOUNT, CA

FISCAL YEAR ENDED

JUNE 30, 2021

PARAMOUNT CITY COUNCIL

BRENDA OLMOS, MAYOR

VILMA CUELLAR STALLINGS, VICE MAYOR

ISABEL AGUAYO, COUNCILMEMBER

LAURIE GUILLEN, COUNCILMEMBER

PEGGY LEMONS, COUNCILMEMBER

JOHN MORENO, CITY MANAGER

Prepared by the Finance Department

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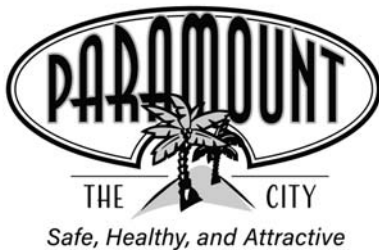
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BRENDA OLMOS

Mayor

VILMA CUELLAR STALLINGS

Vice Mayor

ISABEL AGUAYO

Councilmember

LAURIE GUILLEN

Councilmember

PEGGY LEMONS

Councilmember

December 14, 2021

Honorable City Council and Residents of the City of Paramount

INTRODUCTION It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Paramount for the fiscal year ended June 30, 2021. The responsibility for the accuracy of the presented data and the completeness and fairness of the presentation rests with the City's management. The report includes the combined transactions and financial position of all funds of the City of Paramount, including its blended component units for which the City Council is also the governing body:

- ◆ Paramount Housing Authority
- ◆ Paramount Parking Authority
- ◆ Paramount Industrial Development Authority
- ◆ Paramount Public Financing Authority

The enclosed financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as recommended by the Governmental Accounting Standards Board (GASB). The complete report is divided into three sections:

- | | |
|----------------|---|
| Introduction - | Letter of Transmittal, a Roster of Officials, an Organizational Chart, and prior year Award for Financial Reporting. |
| Financial - | Independent Auditor's Report, Management's Discussion and Analysis (MD&A), Basic Financial Statements, accompanying Notes to Basic Financial Statements, Required Supplementary Information, and Supplementary Information. |
| Statistical - | Pertinent financial and non-financial data that present historical trends and other information about the City. |

16400 Colorado Avenue, Paramount, CA 90723-5012, Ph: 562-220-2000, Fax: 562-630-6731
www.paramountcity.com

INTRODUCTION
(cont.)

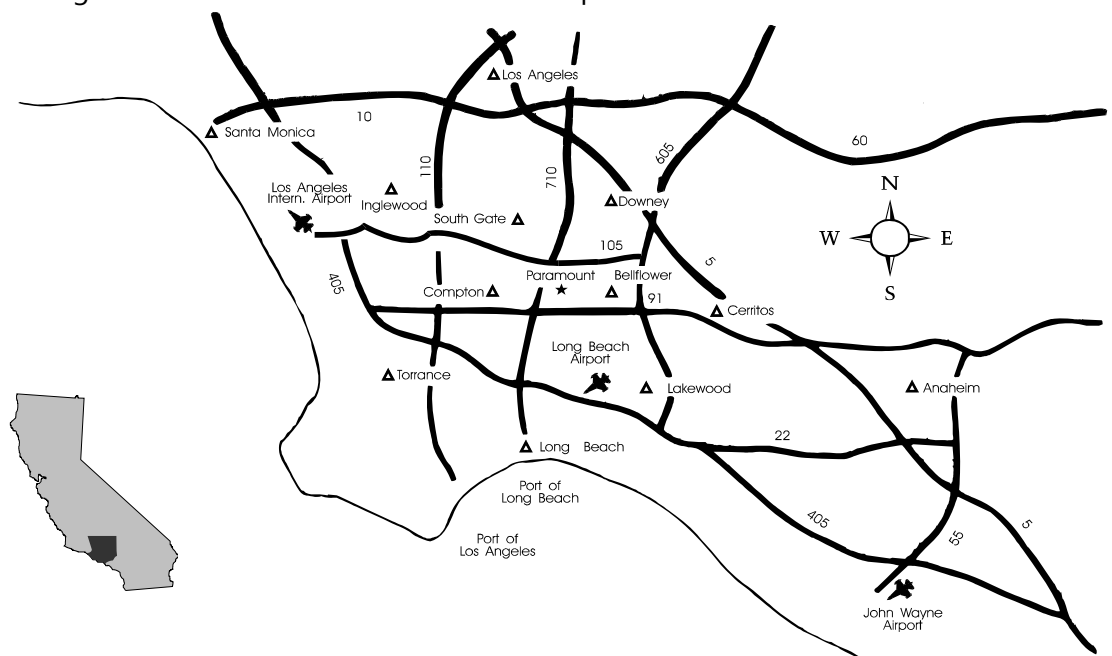
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial reporting, safeguard our assets, and compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. Included are the Management's Discussion and Analysis (MD&A) and all disclosures necessary to enable the reader to gain an understanding of the City's financial activities as well as the Independent Auditor's Report from the City's certified public accountant, Eide Bailly LLP.

**PROFILE OF THE
CITY OF
PARAMOUNT**

In a location first settled in the early 1800s as part of a Spanish land grant, the City of Paramount is fifteen miles southeast of downtown Los Angeles. Known in the 1930s as the communities of Hynes and Clearwater, the area was a nationally prominent center of the dairy and hay industries. Hynes-Clearwater joined together under the common name of Paramount in 1948, grew steadily, and in 1957 incorporated as a City.

Today, Paramount provides a broad range of municipal services. Approximately five square miles in size, Paramount has over 55,000 residents and more than 3,000 businesses.

The City offers attractive residential neighborhoods, easy access to major shopping centers, and many cultural and recreational activities in its 60 acres of parkland. The City's business community has helped in the growth and development of the Southeast Los Angeles area, and today it is an important contributor to the greater Los Angeles commercial and industrial marketplace.



**ADOPTION OF
GASB STATE-
MENTS**

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal you are currently reading is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report in the financial section of the statements.

**BUDGETARY
POLICY &
CONTROL**

The City Council reviews and adopts an annual budget in July of each fiscal year to provide guidance for the general operation of the City. The City Manager is authorized to transfer appropriations within an activity and fund. Revisions that change the total appropriation at the activity and fund level are usually made by the City Council at midyear and year-end budget reviews. In addition, the City Manager is authorized to make necessary changes and adjustments to the approved appropriations of \$10,000 in order to assure adequate and proper standards of service and to achieve the intent of the City Council in providing municipal services.

**CASH
MANAGEMENT
POLICIES &
PRACTICES**

Under the direction of the City's Finance Department, cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF). The average yield on investments for the fiscal year was 0.5600% for the entire portfolio.

The City Council annually adopts, by resolution, a statement of investment policy for the City's funds. The policy defines the objectives and priorities of the investment program, stressing safety, liquidity, and yield of funds as the highest priorities. The third priority, yield, is the achievement of the maximum yield possible within the constraints of the first two objectives.

The Finance Director is charged with the responsibility of custody and investment of surplus City funds. She submits a quarterly investment report to the City Council that provides a summary of the status of the current investment portfolio and material transactions entered into during the quarter.

**RISK
MANAGEMENT**

The City participates in the California Joint Powers Insurance Authority (CJPIA). The purpose of this organization is to reduce the cost of liability insurance coverage by having the member cities act as self-insurers among themselves. Note 12 of the Notes to Basic Financial Statements (Pages 61-63) describes in depth the premium and liability coverage of the members.

**ACCOMPLISH-
MENTS &
OUTLOOK**

The City ended the Fiscal Year (FY) 2021 with a \$1,976,088 increase in the unrestricted fund balance. We were able to also add to the assigned fund balances including \$500,000 in PERS Reserve and \$2,496,000 in Capital Reserve, of which \$996,000 is to fund carryover and delayed projects. These funds will help stabilize further uncertainties in revenues and better prepare the City should the COVID-19 pandemic last much longer.

**ACCOMPLISH-
MENTS &
OUTLOOK**
(cont.)

Prior to the economic shutdown which began in the middle of March 2020, a Public Safety and Essential City Services Measure, also known as Measure Y, was put before Paramount voters in the March 2020 election providing a three-quarter-cent sales tax increase to address a fast-approaching structural deficit and the City's efforts to maintain the high level of services for our residents. These issues remain challenging due to the increase in costs for providing such services coupled with the slow pace of economic recovery and on-going loss of property tax revenue that we previously received from the former Paramount Redevelopment Agency for capital projects and other critical infrastructure needs. The measure was approved overwhelmingly by Paramount voters and took effect on July 1, 2020 providing over \$5.5 million in revenue in FY 2021. This contributed to our surplus, along with the City's conservative and fiscally responsible spending habits.

This local funding measure requires strict accountability and will be subject to independent financial audits. By law, none of its income can be taken away by the State or the County. Previously, Paramount received one tenth of the revenues collected from the 9.5% sales tax – the rest went to the State and County. One hundred percent of the three-quarter-cent increase approved by voters in March, stays in Paramount, ensuring that taxpayer dollars are used effectively for City programs and services. The City also works intensely and steadily to attract new retail establishments to increase its tax base and improve quality of life. A recent example was Smoke & Fire, a restaurant in Clearwater Crossing at Alondra and Paramount.

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Biden to guarantee direct relief to cities, towns and villages in the United States. The U.S. Department of the Treasury is responsible for overseeing this unprecedented program that provides a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. The City was awarded \$18,895,185, which needs to be obligated by December 31, 2024, and received fifty percent (50%) of the funds on June 1, 2021 in the amount of \$9,447,592.50. The amount was set aside as unearned revenue while we wait for the final ruling on the use and administration of the grant.

The City continues to provide COVID-19 relief efforts such as rental, mortgage and small business relief assistance; homeless outreach; food distribution; suspension of animal license and water fines and penalties; lax enforcement of parking citations; community organization funding; etc. The estimated cost incurred on these efforts in FY 2021 alone was over \$1.4 million.

For three consecutive years, 2019, 2020 and 2021, the City of Paramount achieved Tree City USA status by meeting four core standards of sound urban forestry management established by the Arbor Day Foundation and the National Association of State Foresters. These standards were established to ensure that every qualifying community would have a viable tree management program and that no community would be excluded because of size.

In addition, we are proud to have received the Beacon Spotlight Award for Sustainability Best Practices given by the Institute for Local Government. We gained our first in 2018 at the Silver level, in 2019 at the Gold level, and 2020 for Platinum and received a Gold Spotlight Award for an 18% Community Greenhouse Gas Reduction. In 2021, the City of Paramount's first Climate Action Plan (CAP) that outlines the City's strategic plan for meeting the State of California's Green House Gas (GHG) emissions 2030 goals, which were established by Senate Bill 32, was approved by the City Council. The framework created by the CAP is a roadmap for the City Council and City staff to follow, as it continues on its pursuit of sustainability efforts.

Capital Improvements

During FY 2021, as we do every year, we completed the construction of numerous street improvement projects, including street and sidewalk repairs or installations and continued resurfacing of neighborhood streets. We also completed the mini-pitch soccer court at Dills Park, security improvements at Village Park, electric vault and fencing at Spane Park and various facility improvements such as security enhancements at City Hall.

Complementing our public improvements, in FY 2021 we continued our successful private property assistance programs that have helped transform the look of the City and promote neighborhood pride.

New Developments/Continuing Programs

Looking forward, for FY 2022, we have budgeted \$21,999,850 in street and sidewalk improvements to complete more miles of arterial and neighborhood street resurfacing and the design for the Alondra Blvd. widening; \$2,690,000 in water improvements, which includes plans to complete the construction of a new water well; \$2,937,900 in park improvements including the Paramount Park Pool re-plaster and deck repairs; \$917,100 on a variety of special projects including the Civic Center fountain upgrade, City Yard roof replacement design and emergency operations equipment; and \$347,000 in sustainability projects such as electric vehicle charging stations in town and HVAC upgrades in Paramount Gym. In terms of private property assistance, we have budgeted \$450,000 toward rehabilitation programs.

In FY 2022, we will also continue the Success through Academics and Recreation (STAR) Program that began in January 2007. The program is funded by an After School Education and Safety Grant from the State of California. It provides academic assistance and recreational activities for students in grades kindergarten through eighth. Not only does it help students with homework and physical fitness, but it also works in concert with the Paramount Education Partnership to strengthen the overall educational resources available to Paramount residents. STAR has become one of the single largest operating programs for the City.

**ACCOMPLISH-
MENTS &
OUTLOOK**
(cont.)

Water Operations

As mentioned above, the City of Paramount prides itself on providing a high level of service at a reasonable cost. The City's water operations are no exception. We are constantly initiating efforts to keep our water production facilities and distribution lines in sound condition. We are anticipating the completion of our new well (Well 16) located at Garfield and Jackson in FY 2022. We started the design and drilling of this new water well in FY 2016 and we were able to secure a \$6.7M loan from California Infrastructure and Economic Development Bank (IBank) to complete the rest of the well construction. This project is especially vital in California where the reliance on imported water is becoming more and more expensive. Once built, the new well will help us come closer to being self-sufficient in this important area.

Also, in our effort to proactively maintain and improve our water system, the City Council approved a water rate increase to take effect January 1, 2022 that will still keep our water rates among the lowest in the area. The last water rate increase was done in FY 2016. In FY 2021, for single-family residential service with an average bi-monthly usage of 20 units, our typical bimonthly bill of \$51.71 was the lowest among all 14 neighboring water agencies. Based on a current survey, the new water rate will increase that typical bi-monthly rate to \$56.48 in 2022, the second lowest among all 14 neighboring water agencies. This water rate increase will also help meet our debt service coverage ratio with IBank.

**CERTIFICATES
OF
ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. The City has received 38 Certificate of Achievement Awards from the GFOA since 1982. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principals and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGE-
MENTS**

The continued maintenance and improvement of the Annual Comprehensive Financial Report reflects the professional quality of the accounting system and the City's financial management staff. The preparation of this report is made possible by the efforts of the Finance staff.

CITY OF PARAMOUNT



John Moreno, City Manager



Clyde Alexander, Interim Finance Director

Roster of Officials

City of Paramount, CA
on June 30, 2021

CITY COUNCIL

Brenda Olmos, Mayor
Vilma Cuellar Stallings, Vice Mayor
Isabel Aguayo, Councilmember
Laurie Guillen, Councilmember
Peggy Lemons, Councilmember

Parks & Recreation Commission

Alicia Anderson, Chairman
Alejandro Maldonado, Vice Chairman
Ardavan Davari, Commissioner
Charlene Landry, Commissioner
Elizabeth Madrigal, Commissioner

Planning Commission

Gordon Weisenburger, Chairman
George Gutierrez, Vice Chairman
Jaime Abrego, Commissioner
Luis Bautista, Commissioner
Ernie Esparza, Commissioner

Public Safety Commission

Rosemary Mendez, Chairman
Annette Delgadillo, Vice Chairman
Marcelina Bridges, Commissioner
Russ Hanson, Commissioner
Dora Sanchez, Commissioner

Public Works Commission

Tony Warfield, Chairman
Linda Timmons, Vice Chairman
Alvin Parks, Commissioner
Gerardo Ruiz, Commissioner
Rosemary Vasquez, Commissioner

Senior Services Commission

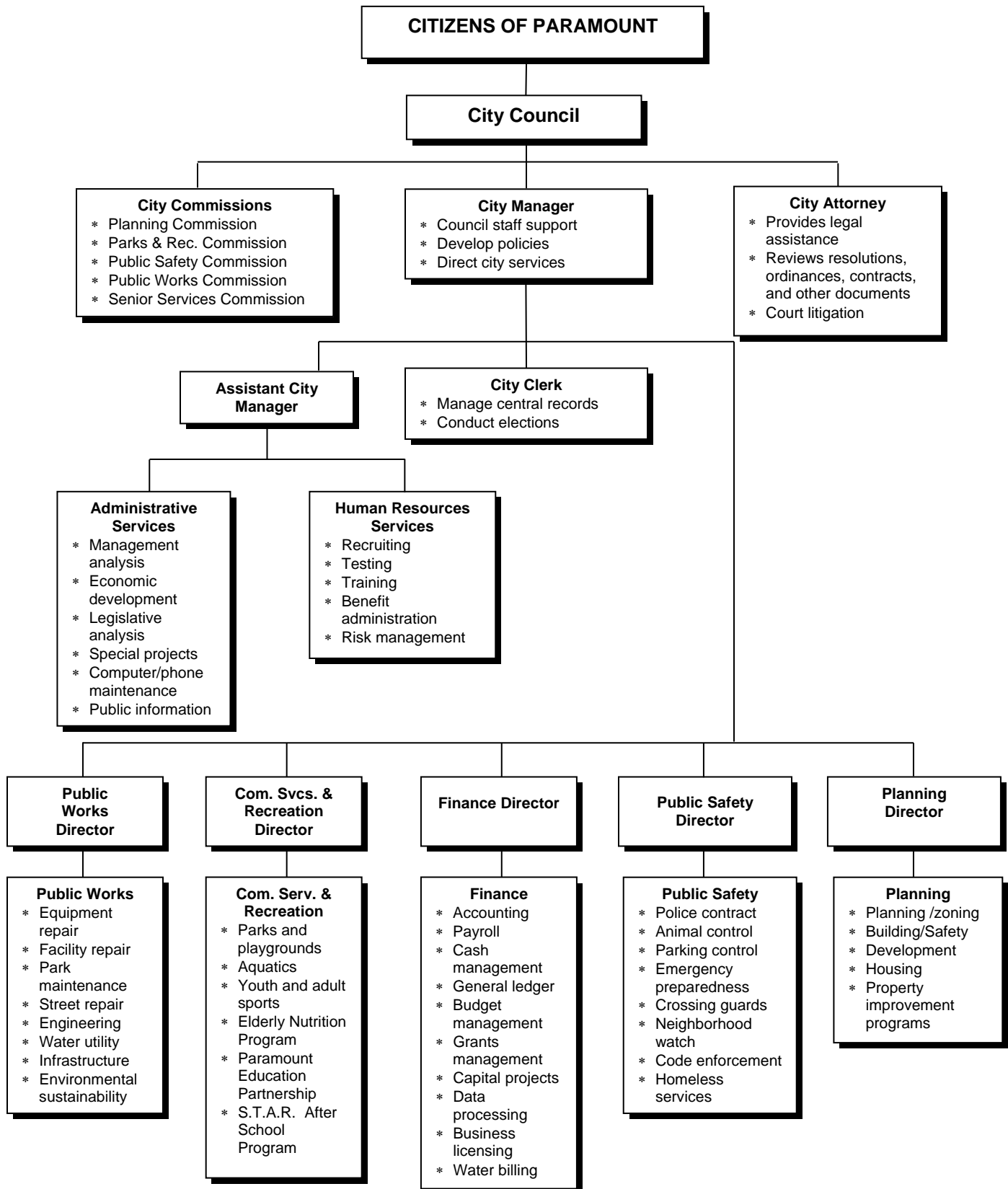
Elsa Padilla, Chairman
Margarita Osuna, Vice Chairman
Virginia Chavez, Commissioner
Claudia Quinones, Commissioner
Patricia Winiecki, Commissioner

City Officials

John Moreno, City Manager
John E. Cavanaugh, City Attorney
Andrew Vialpando, Assistant City Manager
John Carver, Planning Director
Adriana Figueroa, Public Works Director
David Johnson, Com. Serv. & Recreation Director
Karina Lam Liu, Finance Director
Adriana Lopez, Public Safety Director

Organizational Chart

City of Paramount, CA
on June 30, 2021

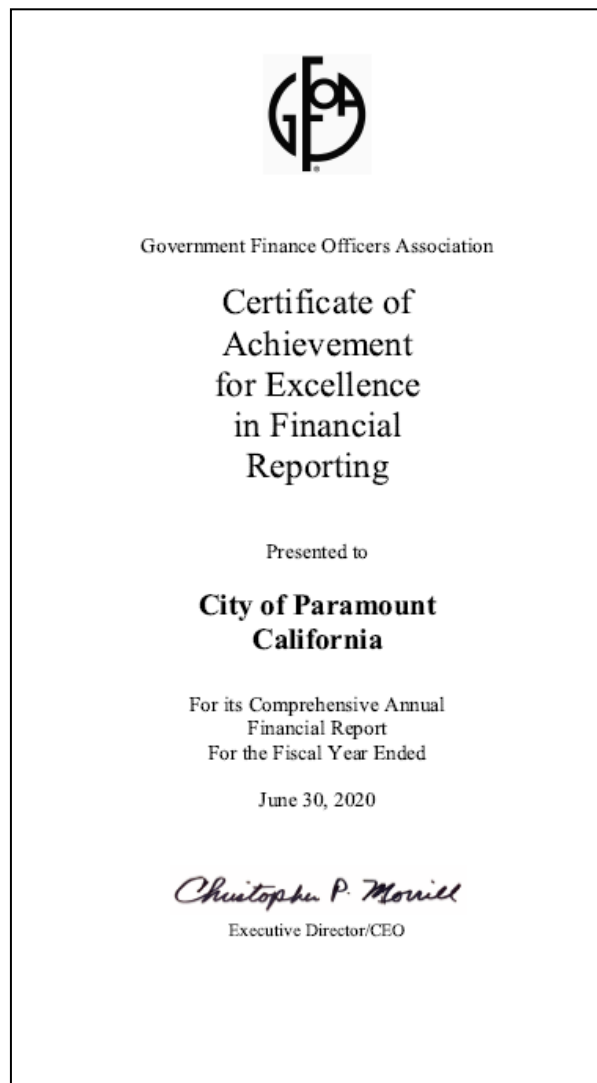


Award for Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for our Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to industry standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current report continues to conform to Certificate of Conformance Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



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Independent Auditor's Report

To the City Council
Paramount, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paramount, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the other grants special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability and the schedule of pension plan contributions, the schedule of changes in net OPEB liability and related ratios, and the schedule of OPEB contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods or 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 7, 2021

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City of Paramount
Management's Discussion and Analysis
June 30, 2021

As management of the City of Paramount, California (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii through viii of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of FY 2021 by \$95,369,089 (net position). This amount increased by \$4,753,529 from last year.
- As of June 30, 2021, the City's governmental funds reported combined fund balances of \$34,419,751. Of this amount, \$252,781 or approximately 1% of the total fund balances is non-spendable, \$9,645,979 or approximately 28% is restricted, \$1,395,011 or approximately 4% is committed, \$8,316,428 or approximately 24% is assigned and \$14,690,303 or approximately 43% is unassigned and available for spending at the City's discretion.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$14,809,552, or about 49% of the total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Community Development, Public Safety, Community Services and Recreation, and Public Works. The business-type activity of the City includes the City's Water Utility operations. The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Paramount Housing Authority and Paramount Parking Authority for which the City is financially accountable. Financial information for these component units has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15 and 16 of this report.

The City implements Governmental Accounting Standards Board (GASB) pronouncements as mandated. New accounting pronouncements can be found on pages 30 through 31 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 27 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, ARPA fund and Other Grants fund, which are considered to be major funds. Data from the other 24 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining and individual fund financial statements and schedules.

The City adopts an annual appropriated budget for each of its governmental funds, except the Paramount Parking Authority fund. A budgetary comparison statement has been provided for each governmental fund to demonstrate compliance with the budget.

The governmental fund financial statements and budgetary statements can be found on pages 17 through 22 of this report.

Proprietary funds. The City maintains two different types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses an enterprise fund to account for its water utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its equipment replacement and maintenance. Because this service predominantly benefits governmental rather than business type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements (business type activities), only in more detail. Information is presented separately in the proprietary fund statement of net position and in the proprietary fund statement of revenues, expenses, and changes in fund net position for the Water fund, which is considered to be a major fund. The Equipment Replacement internal service fund is also presented in the proprietary fund financial statements.

The proprietary fund financial statements can be found on pages 23 through 25 of this report.

Fiduciary fund. The City maintains three fiduciary funds, which are the Redevelopment Obligation Retirement Private-Purpose Trust Fund and the Community Redevelopment Property Trust Fund, which are combined and reported as the Successor Agency for the Paramount Redevelopment Agency, and the Agency Fund. These funds are used to account for situations where the City's role is purely custodial. They are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The fiduciary fund financial statements can be found on pages 26 through 27.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 29 through 70 of this report.

Required Supplementary Information. This section provides schedules on the City's net pension liability and related contributions for the City's pension program – Miscellaneous Plan of the California Public Employees Retirement System and schedule of changes in the net other post-employment liability and related ratios and schedule of contributions for the other post-employment benefit plan which can be found on pages 71 through 74.

Supplementary information. The combining financial statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Individual fund financial schedules for non-major governmental funds and statements of changes in assets and liabilities for agency funds are located in this section as well. Combining and individual fund statements and schedules can be found on pages 75 through 109 of this report.

Government-wide Financial Analysis

The following table presents a summarization of the City's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for its governmental and business type activities. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

City of Paramount - Summary of Net Position
June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 48,822,478	\$ 32,233,011	\$ 8,198,833	\$ 12,886,867	\$ 57,021,311	\$ 45,119,878
Capital assets, net	71,113,966	72,912,431	23,047,953	20,386,350	94,161,919	93,298,781
Total assets	119,936,444	105,145,442	31,246,786	33,273,217	151,183,230	138,418,659
Deferred outflows of resources	6,406,651	6,361,206	857,530	848,764	7,264,181	7,209,970
Current liabilities	12,319,027	4,006,087	1,524,276	1,171,645	13,843,303	5,177,732
Long-term liabilities	31,106,075	31,342,025	14,818,460	15,167,226	45,924,535	46,509,251
Total liabilities	43,425,102	35,348,112	16,342,736	16,338,871	59,767,838	51,686,983
Deferred inflows of resources	2,916,590	2,932,713	393,894	393,373	3,310,484	3,326,086
Net position						
Net investment in capital assets	70,923,502	72,665,264	12,428,094	16,132,664	83,351,596	88,797,928
Restricted	11,040,989	6,161,908	-	-	11,040,989	6,161,908
Unrestricted	(1,963,088)	(5,601,349)	2,939,592	1,257,073	976,504	(4,344,276)
Total net position	\$ 80,001,403	\$ 73,225,823	\$ 15,367,686	\$ 17,389,737	\$ 95,369,089	\$ 90,615,560

The City's total assets increased from \$138,418,659 to \$151,183,230 in the fiscal year and the City's total liabilities increased from \$51,686,983 to \$59,767,838. Pension and Other Post-Employment Benefits (OPEB) related deferred outflows of resources increased from \$7,209,970 to \$7,264,181 and deferred inflows of resources decreased from \$3,326,086 to \$3,310,484. For further information, please refer to Footnote # 4. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$95,369,089 at June 30, 2021, an increase of \$4,753,529 from the prior year, primarily due to increase in current assets.

Governmental activities. The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2021 shows total net position equal to \$80,001,403 or \$6,775,580 more than the prior year. The increase is primarily the result of increase in revenue brought by the new transaction and use tax that took effect in July 2020.

Business-type activities. Business-type activities' net position decreased from \$17,389,737 to \$15,367,686. Total revenues and transfers increased by \$103,844 and there was an increase in expenses totaling \$1,683,714 mainly due to increase in purchase of imported water.

City of Paramount
Management's Discussion and Analysis
June 30, 2021

City of Paramount - Summary of Changes in Net Position
Year Ended June 30, 2021 and 2020

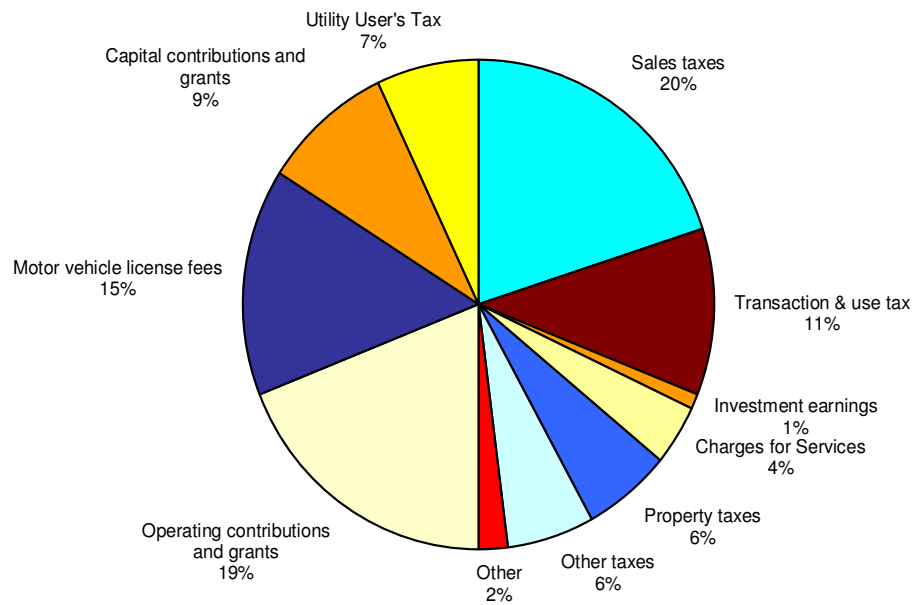
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program revenues						
Charges for services	\$ 1,731,184	\$ 1,270,761	\$ 7,796,180	\$ 7,589,241	\$ 9,527,364	\$ 8,860,002
Operating contributions and grants	9,449,889	8,100,026	-	-	9,449,889	8,100,026
Capital contributions and grants	4,577,817	3,524,293	-	-	4,577,817	3,524,293
General revenues						
Sales tax	9,459,141	8,265,394	-	-	9,459,141	8,265,394
Transaction & use tax	5,585,397	-	-	-	5,585,397	-
Utility user's tax	3,261,854	3,484,876	-	-	3,261,854	3,484,876
Property tax	2,763,914	2,563,106	-	-	2,763,914	2,563,106
Other taxes	2,798,870	2,779,117	-	-	2,798,870	2,779,117
Investment earnings	116,104	320,851	17,668	90,318	133,772	411,169
Motor vehicle license fee	7,362,208	6,915,240	-	-	7,362,208	6,915,240
Other revenue	1,248,752	505,206	26,050	50,883	1,274,802	556,089
Total revenues	48,355,130	37,728,870	7,839,898	7,730,442	56,195,028	45,459,312
Program Expenses						
General government	7,348,010	7,357,400	-	-	7,348,010	7,357,400
Community development	3,142,509	2,405,848	-	-	3,142,509	2,405,848
Public safety	12,749,502	12,179,427	-	-	12,749,502	12,179,427
Community services & recreation	5,864,047	6,121,450	-	-	5,864,047	6,121,450
Public works	12,475,482	12,053,263	-	-	12,475,482	12,053,263
Water	-	-	9,861,949	8,178,235	9,861,949	8,178,235
Total expenses	41,579,550	40,117,388	9,861,949	8,178,235	51,441,499	48,295,623
Excess (deficiency) before contributions, special and extraordinary items & transfers	6,775,580	(2,388,518)	(2,022,051)	(447,793)	4,753,529	(2,836,311)
Transfers	-	(5,612)	-	5,612	-	-
Special item-housing assets	-	-	-	-	-	-
Special item-Redevelopment Agency	-	-	-	-	-	-
Change in net position	6,775,580	(2,394,130)	(2,022,051)	(442,181)	4,753,529	(2,836,311)
Net position, beginning of year	73,225,823	75,619,953	17,389,737	17,831,918	90,615,560	93,451,871
GASB 34 infrastructure implementation	-	-	-	-	-	-
Net position, end of year	\$ 80,001,403	\$ 73,225,823	\$ 15,367,686	\$ 17,389,737	\$ 95,369,089	\$ 90,615,560

Revenues

- The increase in charges for services in the amount of \$667,362 is mainly due to the return in the activities in the City from the effect of the COVID-19 pandemic.
- The increase in operating contributions and grants of \$1,349,863 is primarily due additional grants received during the fiscal year such as Community Development Block Grant Coronavirus.
- Sales tax revenues increased by \$1,193,747 in FY 2021 mainly related to receipts of late sales tax remittances from businesses.
- The new City Tax Measure (Measure Y) took effect on July 1, 2020 and generated a total of \$5,585,397 in transaction and use tax revenue of the fiscal year.

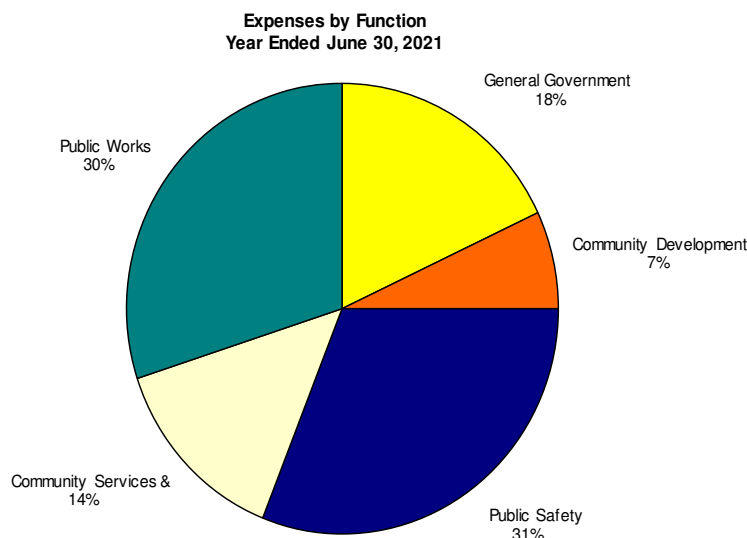
Expenses

- The decrease in general government of \$9,390 is mainly related to the decrease in community promotional events to mitigate the effect of the pandemic.
- The increase in community development of \$736,661 is mainly related to environmental analysis and various rehabilitation and aid to residents and businesses.
- The increase in public safety of \$570,075 is mainly related to increase in cost of Sheriff's services and public safety concerns due to the pandemic.
- The decrease in community services and recreation of \$257,403 is related to the decrease in City activities as a result of the pandemic.
- The increase in public works of \$422,219 is mainly related to the infrastructure projects during the fiscal year.
- The increase in water expenses of \$1,683,714 is mainly related to increase in purchase of imported water due to temporary closure of one of the water well.



Key elements of this year's summary of activities are as follows:

- The major revenue sources were sales tax, motor vehicle license fees, and various operating contributions and grants.
- In the operating contributions and grants category, the City received a few significant grant sources including:
 - \$2,171,736 After School Education and Safety Grant for the Success Through Academics and Recreation (S.T.A.R.) Program
 - \$1,206,678 State Gas Tax
 - \$1,123,506 Proposition A Transit Tax
 - \$1,031,643 SB1 Road Maintenance & Rehabilitation Account
 - \$932,202 Proposition C Transit Tax
 - \$791,895 Measure M Transit Tax
 - \$699,705 Measure R Transit Tax
 - \$665,240 Community Development Block Grant
 - \$642,945 Measure W Safe Clean Water
 - \$476,184 Community Development Block Grant – Coronavirus (CDBG-CV)



- The top three expense activities were Public Safety 31%, Public Works 30% and General Government at 18%.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,419,751, an increase of \$7,271,332 in comparison with the prior year. The increase was primarily related to the surplus in the general fund and accumulation of various grant funds that will be expended in future years. Approximately 43% of the ending balance, \$14,690,303, is unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as follows to indicate the level of constraint. Approximately 1% or \$372,030 consists of non-spendable fund balances for land held for resale (\$236,544) and prepaids/deposits (\$135,486); approximately 28% or \$9,645,979 consists of the restricted fund balances of various grants and fees (\$8,374,206) and the Paramount Housing Authority (\$1,271,773); approximately 4% or \$1,395,011 consists of committed fund balances for Public Art (\$286,923), Storm Drain (\$428,620) and General Plan (\$679,468); and approximately 24% or \$8,316,428 consists of assigned fund balances for Capital Projects (\$4,550,444), PERS reserve (\$2,514,500), Bond Proceeds & Settlements (\$917,827), COVID reserve (\$53,657), Paramount Education Partnership reserve (\$250,000) and self-insurance (\$30,000).

The General Fund is the chief operating fund of the City of Paramount. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$14,809,552, while total fund balance reached \$23,378,761. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents about 49% of total General Fund expenditures, while total fund balance represents 78% of that same amount.

An unexpected surplus in the City's General Fund led to an increase in total fund balance of \$4,861,841 during Fiscal Year 2021. This increased the unassigned fund balance by \$1,892,211. There is also a net increase in the assigned fund balances by \$2,897,248 including mainly of increase in Capital Improvement Project Reserve of \$2,496,000, PERS by \$500,000, Settlement Reserve by \$169,625, and a decrease in COVID Reserve of \$270,000; and an increase of \$72,382 in the nonspendable fund balance for prepaids/deposits.

The Other Grants Fund has a fund balance of \$376,671 or \$100,104 more than prior year. During FY 2021, we accumulated grants allocation for the current fiscal year for future year projects.

Proprietary funds. The City's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the City's Water Utility operations at the end of the year amounted to \$2,939,592 or \$1,682,519 less than the prior year. The decrease is mainly the result of higher cost of water production and distribution due to increase in purchase of imported water.

General Fund Budgetary Highlights

Following is a summary of budgetary changes and actual results for General Fund, revenues, expenditures, and other financing sources (uses):

**City of Paramount - General Fund Budgetary Summary
Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Taxes	\$ 19,822,100	\$ 22,072,850	\$ 23,869,176	\$ 1,796,326
Intergovernmental revenues	6,520,000	7,362,150	7,362,208	58
Other revenues	2,696,750	4,358,250	4,698,368	340,118
Total revenues	29,038,850	33,793,250	35,929,752	2,136,502
Expenditures				
Operations	28,702,800	30,758,150	29,550,176	1,207,974
Capital outlay	281,000	1,203,150	574,975	628,175
Total expenditures	28,983,800	31,961,300	30,125,151	1,836,149
Excess (deficiency) of revenues over (under) expenditures	55,050	1,831,950	5,804,601	3,972,651
Other Financing Sources (Uses)				
Capital lease	57,250	57,250	57,240	(10)
Transfers to other funds	-	(953,000)	(1,000,000)	(47,000)
Total other financing sources (uses)	57,250	(895,750)	(942,760)	(47,010)
Net change in fund balances	112,300	936,200	4,861,841	3,925,641
Fund balance - July 1	18,516,950	18,516,950	18,516,920	(30)
Fund balance - June 30	\$ 18,629,250	\$ 19,453,150	\$ 23,378,761	\$ 3,925,611

Changes between the Original Budget and the Final Budget

On the revenue side, there was an increase of \$4,754,400 between the original budget and the final amended budget. The main portion of the increase was related to higher projection for sales tax (\$800,000), transaction and use tax (\$500,000), property tax (\$302,900), business license (\$512,000) and other revenue (\$1,012,000). On the other hand, there was an increase in appropriations for operations (\$2,055,350) and in capital improvements (\$922,150). In both cases, the change represents adjustments made across all operating departments and capital improvement projects during the midyear and final budget reviews.

Variance with the Final Budget

Overall, actual revenues came in \$2,136,502 higher than the final amended amounts mainly related to receipts of late sales tax and transaction and used tax remittances from businesses. On the expenditure side, there was an overall decrease totaling \$1,836,149 which mainly represents capital improvement project delays (\$628,175) and staffing cost savings (\$507,687) and decreases in operating cost across all of the operating departments (\$700,287).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$94,161,920 (net of accumulated depreciation). This investment includes land, buildings and improvements, machinery and equipment, park facilities, construction in progress, water mains, water distribution equipment, and infrastructure.

Significant capital improvements events during the year included the construction of various street and sidewalk improvements and various parks and facilities improvements.

City of Paramount - Capital Assets (Net of Accumulated Depreciation) June 30, 2020 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 14,849,080	\$ 14,849,080	\$ 2,270,763	\$ 2,270,763	\$ 17,119,843	\$ 17,119,843
Construction in progress	4,377,177	4,299,183	5,897,461	2,443,940	10,274,638	6,743,123
Land improvements	6,990,898	7,779,342	-	-	6,990,898	7,779,342
Building and improvements	6,716,424	7,200,841	5,902,198	6,207,601	12,618,622	13,408,442
Machinery and equipment	1,178,082	1,275,294	1,376,533	1,508,375	2,554,615	2,783,669
Infrastructure	37,002,305	37,508,691	7,600,999	7,955,671	44,603,304	45,464,362
Total	\$ 71,113,966	\$ 72,912,431	\$ 23,047,954	\$ 20,386,350	\$ 94,161,920	\$ 93,298,781

Additional information on the City's capital assets can be found in Note 8 of the Notes to Basic Financial Statements.

Long-term liabilities. At the end of the current fiscal year, the City of Paramount had total liabilities outstanding of \$45,765,207. Of this amount, \$14,672,715 is a liability of the Business-Type Activity.

City of Paramount - Outstanding Liabilities June 30, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Notes payable from direct borrowing and direct placements	\$ -	\$ -	\$ 10,553,136	\$ 10,860,410	\$ 10,553,136	\$ 10,860,410
Capital leases	190,464	247,167	66,724	93,274	257,188	340,441
Net OPEB liability	9,162,226	9,321,929	1,241,053	1,262,954	10,403,279	10,584,883
Net pension liability	21,102,763	21,051,749	2,881,239	2,874,885	23,984,002	23,926,634
Employee leave payable	650,622	721,180	76,308	75,703	726,930	796,883
Total	\$ 31,106,075	\$ 31,342,025	\$ 14,818,460	\$ 15,167,226	\$ 45,924,535	\$ 46,509,251

The City's total liabilities had a net decrease of \$584,716 during the current fiscal year, largely due to water loan repayments and the decrease in OPEB liability.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limitation for the City is \$173,491,544 based on the assessed value of all real and personal property of the City, all of which is excess because the City has no outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 6 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budget

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused economic disruption through mandated and voluntary closings of businesses and shelter-in-place orders for all but those individuals who provide essential services.

Prior to the economic shutdown, a Public Safety and Essential City Services Measure, also known as Measure Y, was put before Paramount voters in the March 2020 election and passed overwhelmingly. This provided a three-quarter-cent sales tax increase to address a fast-approaching structural deficit and the City's efforts to maintain a high level of services for our residents. These issues remain challenging due to the increase in costs for providing such services coupled with the slow pace of economic recovery. An additional impact is the loss of property tax revenue the City previously received from the former Paramount Redevelopment Agency for capital projects and other critical infrastructure needs. Measure Y took effect on July 1, 2020, providing over \$5.5 million in revenue in FY 2021. This contributed to our surplus, along with the City's conservative and fiscally responsible spending habits.

This local funding measure requires strict accountability and will be subject to independent financial audits. By law, none of this income can be taken away by the State or the County. Previously, Paramount received one tenth of the revenues collected from the 9.5% sales tax – the rest went to the State and County. One hundred percent of the three-quarter-cent increase approved by voters stays in Paramount, ensuring that these taxpayer dollars are used effectively for City programs and services. The City also works intensely and steadily to attract new retail establishments to increase its tax base and improve quality of life. A recent example is Smoke & Fire, a restaurant in Clearwater Crossing at Alondra and Paramount.

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by President Biden to guarantee direct relief to cities, towns, and villages in the United States. The U.S. Department of the Treasury is responsible for overseeing this unprecedented program that provides a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. Paramount was awarded \$18,895,185, which needs to be obligated by December 31, 2024, and received 50% of the funds on June 1, 2021 in the amount of \$9,447,592.50. This was set aside as unearned revenue while we wait for the final ruling on the use and administration of the grant.

The City continues to provide COVID-19 relief efforts such as rental, mortgage, and small business assistance; homeless outreach; food distribution; suspension of animal license and water fines and penalties; lenient enforcement of parking citations; community organization funding; and more. The estimated cost incurred on these efforts in FY 2021 alone was over \$1.4 million.

For three consecutive years, 2019, 2020 and 2021, the City has achieved Tree City USA status by meeting four core standards of sound urban forestry management established by the Arbor Day Foundation and the National Association of State Foresters.

In addition, we are proud to have received numerous Beacon Spotlight Awards for Sustainability Best Practices given by the Institute for Local Government. We gained our first in 2018 at the Silver level, in 2019 at the Gold level, and 2020 at the Platinum level along with a Gold Spotlight Award for an 18% Community Greenhouse Gas Reduction. In 2021, Paramount's first Climate Action Plan (CAP) was approved by the City Council. The CAP outlines the City's strategic plan for meeting the State's Green House Gas (GHG) emissions 2030 goals, which were established by Senate Bill 32. The framework created by the CAP is a roadmap for the City Council and City staff to follow in pursuit of sustainability efforts.

Request for Information

This financial report is designed to provide a general overview of the financial position of the City of Paramount for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, 16400 Colorado Avenue, Paramount, CA 90723.

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City of Paramount, California

Statement of Net Position

June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 40,529,986	\$ 5,385,337	\$ 45,915,323
Receivables			
Accounts	6,364,963	2,541,472	8,906,435
Interest	24,279	1,571	25,850
Notes (net)	583,722	-	583,722
Prepaid expenses and deposits	135,486	8,351	143,837
Inventories	-	262,102	262,102
Land held for resale	1,184,042	-	1,184,042
Capital assets			
Not being depreciated			
Land and water rights	14,849,080	2,270,763	17,119,843
Construction in progress	4,377,177	5,897,461	10,274,638
Being depreciated, net of accumulated depreciation			
Property and equipment	664,414	108,865	773,279
Buildings and land improvements	2,243,969	5,902,197	8,146,166
Water mains	-	7,600,998	7,600,998
Water distribution equipment	-	1,120,750	1,120,750
Vehicles	546,216	146,918	693,134
Infrastructure	48,433,110	-	48,433,110
Total assets	119,936,444	31,246,785	151,183,229
Deferred outflows of resources			
Deferred outflows-pensions	5,023,364	667,827	5,691,191
Deferred outflows-OPEB	1,383,287	189,703	1,572,990
Total deferred outflows of resources	6,406,651	857,530	7,264,181
Liabilities			
Accounts payable	2,618,694	1,111,110	3,729,804
Due to other governmental agencies	140,455	-	140,455
Accrued interest payable	-	138,078	138,078
Unearned revenue	9,449,989	-	9,449,989
Deposits payable	109,889	275,088	384,977
Long term liabilities			
Due in one year	142,415	351,203	493,618
Due in more than one year	-	10,236,115	10,236,115
Leases and compensated absences	698,671	108,850	807,521
Net OPEB liability	9,162,226	1,241,053	10,403,279
Net pension liability	21,102,763	2,881,239	23,984,002
Total liabilities	43,425,102	16,342,736	59,767,838
Deferred inflows of resources			
Deferred inflows-pensions	1,501,830	198,012	1,699,842
Deferred inflows-OPEB	1,414,760	195,882	1,610,642
Total deferred inflows of resources	2,916,590	393,894	3,310,484
Net position			
Net investment in capital assets	70,923,502	12,428,094	83,351,596
Restricted for			
Community development	2,122,502	-	2,122,502
Public safety	266,531	-	266,531
Community services & recreation	1,414,959	-	1,414,959
Public works	7,236,997	-	7,236,997
Unrestricted	(1,963,088)	2,939,592	976,504
Total net position	\$ 80,001,403	\$ 15,367,686	\$ 95,369,089

City of Paramount, California
Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General government	\$ 7,348,010	\$ 193,393	\$ 1,687,452	\$ -	\$ (5,467,165)	\$ -	\$ (5,467,165)
Community development	3,142,509	603,104	587,287	-	(1,952,118)	-	(1,952,118)
Public safety	12,749,502	84,128	1,809,586	-	(10,855,788)	-	(10,855,788)
Community services and recreation	5,864,047	60,415	3,078,292	418,238	(2,307,102)	-	(2,307,102)
Public works	12,475,482	790,144	2,287,272	4,159,579	(5,238,487)	-	(5,238,487)
Total governmental activities	41,579,550	1,731,184	9,449,889	4,577,817	(25,820,660)	-	(25,820,660)
Business-Type Activities							
Water	9,861,949	7,796,180	-	-	-	(2,065,769)	(2,065,769)
Total primary government	\$ 51,441,499	\$ 9,527,364	\$ 9,449,889	\$ 4,577,817	(25,820,660)	(2,065,769)	(27,886,429)
General revenues							
Taxes							
Sales tax					9,459,141	-	9,459,141
Transaction and use tax					5,585,397	-	5,585,397
Utility users tax					3,261,854	-	3,261,854
Franchise tax					1,904,943	-	1,904,943
Property tax					2,763,914	-	2,763,914
Business license tax					893,927	-	893,927
Investment earnings					116,104	17,668	133,772
Unrestricted motor vehicle license fee					7,362,208	-	7,362,208
Other revenue					1,248,752	26,050	1,274,802
Total general revenues					32,596,240	43,718	32,639,958
Change In Net Position					6,775,580	(2,022,051)	4,753,529
Net Position, Beginning of Year					73,225,823	17,389,737	90,615,560
Net Position, End of Year					\$ 80,001,403	\$ 15,367,686	\$ 95,369,089

City of Paramount, California
Balance Sheet – Governmental Funds
June 30, 2021

		Special Revenue			
			American Rescue	Other	Total
	General	Other Grants	Plan Act Fund	Governmental Funds	Governmental Funds
Assets					
Cash and investments	\$ 19,953,844	\$ -	9,447,593	\$ 9,045,672	\$ 38,447,109
Accounts receivable	3,899,388	1,112,777	-	1,352,798	6,364,963
Interest receivable	14,441	233	2,396	6,385	23,455
Due from other funds	1,520,024	-	-	-	1,520,024
Prepaid expenditures and deposits	135,486	-	-	-	135,486
Notes receivable (net)	-	-	-	583,722	583,722
Land held for resale	236,544	-	-	947,498	1,184,042
Total assets	\$ 25,759,727	\$ 1,113,010	\$ 9,449,989	\$ 11,936,075	\$ 48,258,801
Liabilities and fund balances					
Liabilities					
Accounts payable	\$ 2,133,158	\$ 107,853	\$ -	\$ 377,683	\$ 2,618,694
Deposits payable	107,353	-	-	2,536	109,889
Due to other governmental agencies	140,455	-	-	-	140,455
Due to other funds	-	628,485	-	891,539	1,520,024
Unearned revenue	-	-	9,449,989	-	9,449,989
Total liabilities	2,380,966	736,338	9,449,989	1,271,758	13,839,051
Fund balances					
Nonspendable	372,030	-	-	-	372,030
Restricted	-	376,672	-	9,269,306	9,645,978
Committed	-	-	-	1,395,011	1,395,011
Assigned	8,316,428	-	-	-	8,316,428
Unassigned	14,690,303	-	-	-	14,690,303
Total fund balances	23,378,761	376,672	-	10,664,317	34,419,750
Total liabilities and fund balances	\$ 25,759,727	\$ 1,113,010	\$ 9,449,989	\$ 11,936,075	\$ 48,258,801

City of Paramount, California
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Fund Balances of Governmental Funds (page 14)	\$ 34,419,750
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets of governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	69,838,105
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Capital leases	(190,464)
Compensated absences	(650,622)
Net OPEB liability	(9,162,226)
Net pension liability	(21,102,763)
Deferred outflows related to pensions	5,023,364
Deferred outflows related to OPEB	1,383,287
Deferred inflows related to pensions	(1,501,830)
Deferred inflows related to OPEB	(1,414,760)
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 the Statement of Net Position.	<u>3,359,562</u>
Net Position of Governmental Activities	<u><u>\$ 80,001,403</u></u>

City of Paramount, California

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

Year Ended June 30, 2021

		Special Revenue			
	General	Other Grants	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	\$ 23,869,176	\$ -	\$ -	\$ -	\$ 23,869,176
Licenses and permits	765,869	-	-	-	765,869
Fines and penalties	825,192	-	-	-	825,192
Interest and use of property	142,619	2,740	-	35,896	181,255
Intergovernmental revenues	7,362,208	2,059,307	-	10,026,310	19,447,825
Charges for services	646,780	-	-	258,766	905,546
Other revenues	2,317,908	1,800	-	11,322	2,331,030
Total revenues	35,929,752	2,063,847	-	10,332,294	48,325,893
Expenditures					
Current:					
General government	6,714,537	-	-	435,521	7,150,058
Community development	2,444,561	90,468	-	609,286	3,144,315
Public safety	11,825,608	335,299	-	560,239	12,721,146
Community services and recreation	2,333,452	8,463	-	2,654,198	4,996,113
Public works	6,232,018	109,055	-	1,350,593	7,691,666
Capital outlay:					
Streets, sidewalks and signals	18,703	1,002,219	-	2,164,800	3,185,722
Parks	308,087	418,238	-	13,320	739,645
Other	248,185	-	-	234,952	483,137
Total expenditures	30,125,151	1,963,742	-	8,022,909	40,111,802
Excess (deficiency) of revenues over (under) expenditures	5,804,601	100,105	-	2,309,385	8,214,091
Other Financing Sources (Uses)					
Capital lease	57,240	-	-	-	57,240
Transfers out	(1,000,000)	-	-	-	(1,000,000)
Total other financing sources and uses	(942,760)	-	-	-	(942,760)
Net Change In Fund Balances	4,861,841	100,105	-	2,309,385	7,271,331
Fund Balances - July 1	18,516,920	276,567	-	8,354,932	27,148,419
Fund Balances - June 30	\$ 23,378,761	\$ 376,672	\$ -	\$ 10,664,317	\$ 34,419,750

City of Paramount, California

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 7,271,331

Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:

Cost of assets capitalized, net of disposals	4,109,756
Depreciation expense	(5,916,389)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources of governmental funds but has no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Capital lease issued	(57,240)
Capital lease principal payment	113,943

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(70,559)
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The net OPEB liability reported in the statement of activities does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This activity is reconciled as follows:

Net change in OPEB liability	532,663
Net change in deferred outflows of resources related to OPEB	311,298
Net change in deferred inflows of resources related to OPEB	(61,662)

The net pension liability reported in the statement of activities does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This activity is reconciled as follows:

Net change in pension liability	(361,322)
Net change in deferred outflows of resources related to pensions	265,853
Net change in deferred inflows of resources related to pensions	(59,121)
Net change in pension expense	(220,874)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue/(expense) of the internal service fund is reported as governmental activities.

917,903

Change in Net Position of Governmental Activities	<u>\$ 6,775,580</u>
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City of Paramount, California

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 19,822,100	\$ 22,072,850	\$ 23,869,176	\$ 1,796,326
Licenses and permits	466,800	696,500	765,869	69,369
Fines and penalties	586,200	773,500	825,192	51,692
Interest and use of property	158,750	138,750	142,619	3,869
Intergovernmental revenues	6,520,000	7,362,150	7,362,208	58
Charges for services	255,500	509,950	646,780	136,830
Other revenues	1,229,500	2,239,550	2,317,908	78,358
Total revenues	<u>29,038,850</u>	<u>33,793,250</u>	<u>35,929,752</u>	<u>2,136,502</u>
Expenditures				
Current:				
General government	6,578,200	7,178,200	6,714,537	463,663
Community development	1,800,300	2,630,650	2,444,561	186,089
Public safety	12,098,100	12,168,100	11,825,608	342,492
Community services and recreation	2,422,850	2,529,300	2,333,452	195,848
Public works	5,803,350	6,251,900	6,232,018	19,882
Capital Outlay:				
Streets, sidewalks and signals	60,000	500,000	18,703	481,297
Parks	80,000	438,000	308,087	129,913
Other	141,000	265,150	248,185	16,965
Total expenditures	<u>28,983,800</u>	<u>31,961,300</u>	<u>30,125,151</u>	<u>1,836,149</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,050</u>	<u>1,831,950</u>	<u>5,804,601</u>	<u>3,972,651</u>
Other Financing Sources (Uses)				
Capital lease	57,250	57,250	57,240	(10)
Transfers to other funds	-	(953,000)	(1,000,000)	(47,000)
Total other financing sources (uses)	<u>57,250</u>	<u>(895,750)</u>	<u>(942,760)</u>	<u>(47,010)</u>
Net Change In Fund Balance	112,300	936,200	4,861,841	3,925,641
Fund Balance - July 1	<u>18,516,950</u>	<u>18,516,950</u>	<u>18,516,920</u>	<u>(30)</u>
Fund Balance - June 30	<u>\$ 18,629,250</u>	<u>\$ 19,453,150</u>	<u>\$ 23,378,761</u>	<u>\$ 3,925,611</u>

City of Paramount, California

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
Other Grants
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 1,000	\$ 1,300	\$ 2,740	\$ 1,440
Intergovernmental revenues	6,068,350	2,217,200	2,059,307	(157,893)
Other revenue	-	1,500	1,800	300
Total revenues	6,069,350	2,220,000	2,063,847	(156,153)
Expenditures				
Current				
Community development	420,000	130,000	98,931	31,069
Public safety	297,000	359,800	335,299	24,501
Public works	78,050	181,900	109,055	72,845
Capital Outlay				
Streets, sidewalks and signals	4,314,300	1,161,850	1,002,219	159,631
Parks	1,015,000	415,650	418,238	(2,588)
Total expenditures	6,124,350	2,249,200	1,963,742	285,458
Excess (deficiency) of revenues over (under) expenditures	(55,000)	(29,200)	100,105	129,305
Net Change In Fund Balance	(55,000)	(29,200)	100,105	129,305
Fund Balance - July 1	276,600	276,600	276,567	(33)
Fund Balance - June 30	\$ 221,600	\$ 247,400	\$ 376,672	\$ 129,272

City of Paramount, California
Statement of Net Position - Proprietary Funds
June 30, 2021

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
Assets		
Current assets		
Cash and cash equivalents	\$ 5,385,337	\$ 2,082,877
Accounts receivable	2,541,472	-
Interest receivable	1,571	824
Prepaid items	8,351	-
Inventories	262,102	-
Total current assets	<u>8,198,833</u>	<u>2,083,701</u>
Noncurrent assets		
Capital assets		
Construction in progress	5,897,461	-
Land and water rights	2,270,763	-
Buildings and well improvements	10,863,475	2,243,969
Water mains	21,614,830	-
Water distribution equipment	6,953,290	-
Other water equipment	1,810,004	-
Furniture, machinery and equipment	466,224	664,414
Vehicles	634,206	546,216
Less accumulated depreciation	<u>(27,462,300)</u>	<u>(2,178,738)</u>
Total noncurrent assets	<u>23,047,953</u>	<u>1,275,861</u>
Total assets	<u>31,246,786</u>	<u>3,359,562</u>
Deferred Outflows of Resources		
Deferred outflows-OPEB	189,703	-
Deferred outflows-pensions	<u>667,827</u>	<u>-</u>
Total deferred outflows of resources	<u>857,530</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	1,111,110	-
Deposits payable	275,088	-
Interest payable	138,078	-
Current portion of compensated absences	6,040	-
Current portion of lease payable	28,143	-
Current portion of notes payable	<u>317,020</u>	<u>-</u>
Total current liabilities	<u>1,875,479</u>	<u>-</u>
Noncurrent liabilities		
Compensated absences - long term portion	70,269	-
Capital lease-long term portion	38,581	-
Net OPEB obligation	1,241,053	-
Net pension liability	2,881,239	-
Notes payable-long term portion	<u>10,236,115</u>	<u>-</u>
Total noncurrent liabilities	<u>14,467,257</u>	<u>-</u>
Total liabilities	<u>16,342,736</u>	<u>-</u>
Deferred Inflows of Resources		
Deferred inflows-OPEB	195,882	-
Deferred inflows-pensions	<u>198,012</u>	<u>-</u>
Total deferred inflows of resources	<u>393,894</u>	<u>-</u>
Net Position		
Net investment in capital assets	12,428,094	1,275,861
Unrestricted	<u>2,939,592</u>	<u>2,083,701</u>
Total net position	<u>\$ 15,367,686</u>	<u>\$ 3,359,562</u>

City of Paramount, California
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
Operating Revenues		
Charges for services	\$ 7,796,180	\$ -
Other revenues	26,050	-
Total operating revenues	<u>7,822,230</u>	<u>-</u>
Operating Expenses		
Water commission	3,121	-
Water system administration	1,322,492	-
Water production	5,492,646	-
Water distribution	1,204,386	-
Water customer service	223,111	-
Water billing	409,619	-
Other operating expenses	85,556	-
Depreciation	791,918	87,293
Total operating expenses	<u>9,532,849</u>	<u>87,293</u>
Operating income/(loss)	<u>(1,710,619)</u>	<u>(87,293)</u>
Nonoperating Revenues (Expenses)		
Interest revenue	17,668	5,196
Interest expense	(329,100)	-
Total nonoperating revenue (expense)	<u>(311,432)</u>	<u>5,196</u>
Income/(loss) before capital contributions	<u>(2,022,051)</u>	<u>(82,097)</u>
Transfers In	<u>-</u>	<u>1,000,000</u>
Change In Net Position	(2,022,051)	917,903
Total Net Position - July 1	<u>17,389,737</u>	<u>2,441,659</u>
Total Net Position - June 30	<u>\$ 15,367,686</u>	<u>\$ 3,359,562</u>

City of Paramount, California
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2021

	Business-type Activities- Water Enterprise Fund	Governmental Activities- Internal Service Fund
Operating Activities		
Receipts from customers and users	\$ 6,002,782	\$ -
Payments to suppliers	(7,322,515)	-
Payments to employees	(1,015,433)	-
Net Cash Provided by Operating Activities	<u>(2,335,166)</u>	<u>-</u>
Capital and Related Financing Activities		
Acquisition/issuance of capital assets	(4,187,231)	-
Principal paid on capital debt	(26,550)	-
Net Cash (Used) in Capital and Related Financing Activities	<u>(4,213,781)</u>	<u>-</u>
Non Capital and Related Financing Activities		
Transfers In	<u>-</u>	<u>1,000,000</u>
Investing Activities		
Interest income	<u>31,368</u>	<u>7,413</u>
Increase in cash and cash equivalents	(6,517,579)	1,007,413
Cash and Cash Equivalents, July 1	<u>11,902,916</u>	<u>1,075,464</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 5,385,337</u></u>	<u><u>\$ 2,082,877</u></u>
Reconciliation of Operating Income (Loss) To		
Net Cash Provided (Used) In Operating Activities		
Operating income (loss)	\$ (1,710,619)	\$ (87,293)
Adjustments to reconcile operating income (loss)		
to net cash provided (used) in operating activities:		
Depreciation expense	791,918	87,293
(Increase)/decrease in prepaid expense		
and deposits	11,141	-
(Increase)/decrease in inventory	(34,938)	-
(Increase)/decrease in accounts receivable	(1,819,448)	-
Increase/(decrease) in accounts payable		
and accrued liabilities	444,768	-
Increase/(decrease) in deposits payable	5,197	-
Increase/(decrease) in employee leave payable	607	-
Increase in pension liability and expense,		
deferred outflows, deferred inflows	49,257	-
Increase in OPEB liability and expense,		
deferred outflows, deferred inflows	<u>(73,049)</u>	<u>-</u>
Net cash provided by operating activities	<u><u>\$ (2,335,166)</u></u>	<u><u>\$ -</u></u>

City of Paramount, California
Statement of Net Position - Fiduciary Funds
June 30, 2021

	Successor Agency for the Paramount Redevelopment Agency	Custodial Funds
Assets		
Current assets		
Cash and investments	\$ 742,780	\$ 1,670
Restricted cash and investments	6,494,143	-
Interest receivable	4	-
Notes receivable	75	-
Prepaid insurance	27,499	-
Total current assets	<u>7,264,501</u>	<u>1,670</u>
Noncurrent assets		
Buildings and building improvements	358,067	-
Infrastructure	4,277,466	-
Less accumulated depreciation	<u>(3,195,893)</u>	<u>-</u>
Total noncurrent assets	<u>1,439,640</u>	<u>-</u>
Total assets	<u>8,704,141</u>	<u>\$ 1,670</u>
Deferred Outflows of Resources		
Deferred loss on refunding	<u>29,791</u>	
Liabilities		
Current liabilities		
Deposits payable	-	\$ 1,670
Interest payable	366,019	-
Bond debt-current portion	4,692,204	-
Total current liabilities	<u>5,058,223</u>	<u>1,670</u>
Noncurrent liabilities		
Bond debt-long term portion	24,324,129	-
Loans payable-long term portion	-	-
Deferred pass through payments	930,740	-
Total noncurrent liabilities	<u>25,254,869</u>	<u>-</u>
Total liabilities	<u>30,313,092</u>	<u>\$ 1,670</u>
Deferred Inflows of Resources		
Deferred gain on refunding	<u>213,672</u>	
Total deferred inflows of resources	<u>213,672</u>	
Net Position (Deficit)		
Held in trust for other governments	<u>\$ (21,792,832)</u>	

City of Paramount, California
Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund
Year Ended June 30, 2021

	Successor Agency for the Paramount Redevelopment Agency	Custodial Funds
Additions:		
Taxes	\$ 5,969,327	-
Interest and use of property	462	-
Total additions	<u>5,969,789</u>	<u>-</u>
Deductions:		
Program expenses	500,000	-
Administrative expenses	250,000	-
Depreciation	203,013	-
Interest and fiscal agent expenses	<u>1,050,273</u>	<u>-</u>
Total deductions	<u>2,003,286</u>	<u>-</u>
Total other additions and deductions	<u>-</u>	<u>-</u>
Change in Net Position	3,966,503	-
Net Position - July 1	<u>(25,759,335)</u>	<u>-</u>
Net Position - June 30	<u><u>\$ (21,792,832)</u></u>	<u><u>-</u></u>

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Note 1 - Summary of Significant Accounting Policies and Reporting Entity**Reporting Entity**

The City of Paramount (City) was incorporated January 30, 1957, under the general laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City is governed by a five-member council and operates under a Council-Manager form of government. The City is considered a "contract city" since it provides some of its municipal services through contracts with private entities or other governmental agencies.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

The City serves as the primary government for several entities which are included in the accompanying basic financial statements as blended component units as the City is financially accountable for them and they are governed by a board composed of City Council members. The component units are included because of a significant financial relationship with the City. Additionally, the component units provide services entirely, or almost entirely, to the City or for the benefit of the City. Lastly, the City has responsibility for repayment of debt of the component units. A brief description of these related entities and the method of incorporating their financial information in the accompanying basic financial statements are summarized as follows:

- The Paramount Housing Authority (Housing Authority) was established in December of 1984 pursuant to Section 34200 et seq., of the Health and Safety Code of the State of California. The Housing Authority is governed by a board composed of City Council members. The City's management has the operational responsibility for the component unit. The primary purpose of the Housing Authority is to help provide affordable housing assistance to low and moderate income persons. Financial activity for this entity is included in a Special Revenue Fund of the accompanying basic financial statements. There is no separate financial report issued with respect to the Housing Authority.
- The Paramount Parking Authority (Parking Authority) was established in June of 1982 in accordance with the Parking Law of 1949 commencing with Section 32500 of the State of California Streets and Highway Code. The Parking Authority is governed by a board composed of City Council members. Additionally, the Parking Authority provides services entirely to the City. The primary purpose of the Parking Authority is to fund and develop parking facilities in the Central Business District and throughout the City. Financial activity for this entity is included in a Capital Projects Fund of the accompanying basic financial statements. There is no separate financial report issued with respect to the Parking Authority.
- The Paramount Industrial Development Authority (Development Authority) was established in February of 1982 in accordance with the California Industrial Development Financing Act, Title 10, commencing with Section 91500 of the State of California Government Code. The Development Authority is governed by a board composed of City Council members. The City's management has the operational responsibility for the component unit. The primary purpose of the Industrial Development Authority is to increase opportunities for useful employment and contribute to the economic growth of the community by providing an alternative method to finance industrial development. During the 2021 fiscal year, there was no financial activity for this entity.

- The Paramount Public Financing Authority (Financing Authority) was established in July of 1991 pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the State of California Government Code. The Financing Authority is governed by a board composed of City Council members. Additionally, the Financing Authority provides services entirely to the City. The primary purpose of the Financing Authority is to purchase bonds issued by the Redevelopment Agency for financing and refinancing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by the Redevelopment Agency. On February 1, 2012 all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities.

New Accounting Pronouncements

Implemented during 2020-21

GASB Statement No. 84 - In January 2017, GASB issued Statement No. 84 - *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019. The City has implemented this statement effective July 1, 2020.

GASB Statement No. 90 - In September 2018, GASB issued Statement No. 90 - *Majority Equity Interests, An Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods beginning after December 15, 2019. The statement did not have a material impact to the City's financial statements.

GASB Statement No. 98 - In October 2021, the GASB issued Statement No. 98 - *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR* to replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for states and local governments. The City has early implemented this Statement.

Effective in Future Accounting Periods

GASB Statement No. 87 - In June 2017, GASB issued Statement No. 87 - *Leases*. The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 89 - In June 2018, GASB issued Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement is effective for reporting periods beginning after December 15, 2020. The City has not determined the effect of this Statement.

GASB Statement No. 91 - In May 2019, GASB issued Statement No. 91 - *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 92 - In January 2020, the GASB issued Statement No. 92 - *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 93 - In March 2020, the GASB issued Statement No. 93 - *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

GASB Statement No. 94 - In March 2020, the GASB issued Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. The City has not determined the effect of this Statement.

GASB Statement No. 96 - In May 2020, the GASB issued Statement No. 96 - *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. The City has not determined the effect of this Statement.

GASB Statement No. 97 - In June 2020, the GASB issued Statement No. 97 - *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The Statement is effective for reporting periods beginning after June 15, 2021. The City has not determined the effect of this Statement.

Basis of Accounting

The term basis of accounting refers to the timing of when revenues and expenditures or expenses are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements include separate columns for the governmental and business-type activities for the City.

These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets and infrastructure as well as long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents the 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. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Additionally, the City allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital contributions and grants. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital contributions and grants include revenues restricted to meeting the requirements of a particular capital function and may include grants and developer fees. Taxes and other items not properly included among program revenues are reported instead as general revenues.

In the Government-Wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets

This category groups all capital assets, net of related debt, including infrastructure, into one component of net position. Accumulated depreciation on these assets also reduces this category.

Restricted Net Position

This category presents net position with external restrictions imposed by creditors, grantors, contributions or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the City that are not externally restricted for any project or other purpose.

Fiduciary activities are excluded from the government-wide financial statements as those resources are not available for the City's programs.

Certain eliminations have been made as prescribed by GASB Statement No. 34 and its related pronouncements with regards to inter-fund activities, payables, and receivables. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Inter-fund services provided and used are not eliminated in the process of consolidation.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position and changes in net position presented in the Government-Wide Financial Statements. The General Fund and the American Rescue Plan Act Fund are the only governmental funds that met qualifications of GASB Statement No. 34 and are presented as major funds. In addition, the City has chosen to present one additional fund, the Other Grants Fund, as major per GASB Statement No. 34.

All governmental funds are accounted for on a "current financial resources" measurement focus and the modified accrual basis of accounting. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In general, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. On the other hand, for granting/reimbursable programs, the City considers revenues to be available if they are collected within 12 months of the end of the current fiscal year due to the extended nature of the reimbursement process. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are measurable and available. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items, with the exception of grants, are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund

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

Other Grants Fund

The Other Grants Fund is used to account for various operational and capital improvement grants that are either small in size or available for a limited time. The revenues are comprised of federal, state, county and private grants that are restricted as to their purpose.

American Rescue Plan Act Fund (ARPA)

The ARPA Fund is used to fund COVID-19 expenditures or negative economic impacts of COVID-19, revenue replacement for the provision of government services to the extent of the reduction of revenue due to COVID-19 public health emergency, premium pay for essential workers, and investment in water, sewer, and broadband infrastructure. The revenue is comprised of Federal grants passed through the State that are restricted to as to their purpose. No expenditures are recorded for the funds in fiscal year 2021 and the City did not record any budget.

Proprietary Funds

Proprietary funds follow the economic resources measurement of focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Accordingly, all assets, deferred outflows of resources, all liabilities (whether current or non-current) and deferred inflows of resources associated with their activity are included on their statement of net position. Their reported fund equity is presented as total net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, such as charges for water services. The principal operating revenues of the City's internal service fund are charges to other funds for services rendered. Operating expenses for the internal service fund include the cost of materials and supplies, maintenance of capital assets and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Water Enterprise Fund, which is the City's only major proprietary fund, is used to account for the activities of the City-owned water utility which provides service to approximately 7,700 accounts.

The City's internal service fund is presented in the proprietary funds financial statements and is used to finance and account for goods and services provided by one City department to other City departments including the purchase and maintenance of vehicles and equipment. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service funds are included in the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (general government, community development, public safety, etc.).

Description of Funds

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. Government 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.

The various funds are grouped into three broad fund categories with sub-account groups as follows:

Governmental Fund Types**General Fund**

The General Fund is used to account for all revenues and activities financed by the City except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed for specified purposes other than debt service or capital projects.

Capital Projects Funds

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition, or construction of capital facilities and other capital assets.

Proprietary Fund Types**Enterprise Fund**

The Enterprise Fund is used to account for operations that are financed in a manner similar to a private business enterprise where the intent of the City is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies. The Equipment Replacement Fund is included under this category to account for the timely replacement of the vehicles and major equipment used by general government departments on a regular basis.

Fiduciary Fund Type

Custodial Fund

The Custodial Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governments. The Custodial Fund is custodial in nature (assets equal liabilities) and does not have a spending or financial flow measurement focus. The majority of this fund relates to the delinquent trash assessments collected from the County on behalf of CalMet Services Incorporated. The Custodial Fund is not included in the government wide financial statements.

Private-Purpose Trust Funds

The Private-Purpose Trust Funds are used to account for assets held by the City in a trustee capacity to pay enforceable obligations of the former Paramount Redevelopment Agency and to account for property held by the Successor Agency for the Paramount Redevelopment Agency until its disposal through sale or transfer [Note 14]. The Private-Purpose Trust Funds are not included in the government-wide statements.

Fund Balance

- Fund balance is classified in accordance with GASB issued Statement No. 54, which classifies fund balance into five different components. The components are nonspendable, restricted, committed, assigned and unassigned.
- Nonspendable resources are not in spendable form or required to be maintained intact such as an endowment.
- Restricted resources are subject to externally enforceable legal restrictions or imposed by law through constitutional provisions or enabling legislation.
- Committed resources are constrained to specific purposes by a formal action of the City Council, the highest level of decision-making authority for the City, such as a resolution. The constraint remains binding unless removed in the same formal manner by the City Council. Council action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- Assigned resources are constrained, by the City's intent, to be used for specific purposes but are neither restricted nor committed. The City's Fund Balance Policy delegates to the Finance Director the authority to assign unrestricted fund balance amounts where the City's intent is for those amounts to be used for specific purposes. This delegation of authority is for the sole purpose of reporting these amounts in the annual financial statements.
- Unassigned within the General Fund are the residual resources, either positive or negative, in excess of what can be properly classified in one of the other four fund balance categories. This also includes the negative residual resources in excess of what can be properly classified as nonspendable, restricted, or committed within all other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to first apply restricted fund balance. When expenditures are incurred for purposes for which committed, assigned or unassigned fund balances are available, the City's policy is to first apply committed fund balance. It is at the discretion of the Council's designee to then apply the remaining expenditures to assigned or unassigned fund balance.

In June 22, 2021, the City passed a resolution, whereas the City will maintain a General Fund Reserve (unassigned) equal to \$13 million or not less than 35% of the appropriation budget total within the General Fund. The reserve can only be used with City Council approval and is committed to meet cash flows needs and unforeseen contingencies such as emergencies, revenue shortfalls, mandates, or unanticipated inflation. It is not intended for routine capital projects or general operations.

Land Held for Resale

Land Held for Resale primarily represents assets acquired in the redevelopment process and recorded at the lower of historical cost or estimated net realizable value. The major portion represents land and improvements owned by the City to further the redevelopment plan. When these properties are resold, any gain or loss on sale will be recognized as transactions are completed.

Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, fine art, computer equipment, vehicles and other equipment, are reported in the Government-Wide Financial Statements. In accordance with the provisions of GAAP, infrastructure assets related to governmental activities are reflected in the basic financial statements. Capital assets are defined by the City as fine art, computer equipment, vehicles, other equipment and intangible assets (i.e., software) with an initial individual cost of more than \$5,000; and land, land improvements, buildings and improvements, and infrastructure with costs of more than \$50,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated or annexed capital assets are recorded at estimated acquisition value at the date of donation or annexation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Depreciation is recorded in the Government-wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Land Improvements	20 years
Buildings and Improvements	10 - 50 years
Fine Art	20 years
Computer Equipment	5 years
Vehicles	6 - 7 years
Other Equipment	3 - 20 years
Infrastructure	15 - 100 years

Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. An annual budget for all governmental and proprietary funds is adopted by the City Council to provide guidance for the general operation of the City. Such budgets include estimated revenues and authorized appropriations for all governmental and proprietary funds, except for the Paramount Parking Authority fund. The annual budget is generally adopted in summary form by City Council resolution in July of each year. The resolution sets a combined appropriation of all funds for the operation of the component units.
2. The level of budgetary control over appropriations is at the activity level (i.e. General Government, Public Safety and Public Works). The City Manager may transfer appropriations within an activity, and he may transfer appropriations within a fund without City Council approval, provided the total appropriation at the activity level and the fund level does not change. Budgetary changes, including supplemental appropriations or appropriation reductions, are made by the City Council at a midyear budget review and at a year-end budget review. Expenditures may not exceed budgeted appropriations at the activity level.
3. The budget is formally integrated into the accounting system and employed as a management control device during the year for all funds.
4. Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles (GAAP). The modified accrual basis of accounting is employed in the preparation of the budget. Unencumbered budget appropriations lapse at the end of the fiscal year.
5. Under the California Constitution Article XIII B (commonly referred to as the Gann Appropriations Limitation), the City is restricted as to the amount of its annual appropriations. If proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or refunded to the taxpayers through revised tax rates or revised fee schedules. For the fiscal year ending June 30, 2021, appropriations subject to this limit were below the maximum allowed.
6. In the fund level of the Special Revenue Funds, expenditures in the Measure R, Measure M, Public Art Fees and Service Assessment funds exceeded budget estimates by \$5,685, \$67,548, \$16,470 and \$9 respectively. In the activity level of the Measure R fund, expenditure exceeded budget estimates in general government by \$ 12,008; in the Measure M fund, expenditure exceeded budget estimates in other community services and recreation by \$5,343 and on capital outlay by \$71,012; in the Public Art Fees, expenditure exceeded budget estimates in capital outlay by \$17,150; in the Service Assessment, expenditure exceeded in public works by \$1,576. The actual expenditures were higher than expected.

Compensated Absences

Compensated absences (unpaid vacation, sick leave and compensatory time) are recorded as expenditures in the fiscal year due and payable. For governmental activities, compensated absences are generally liquidated by the General Fund and for business-type activities, compensated absences are liquidated by the Water Enterprise fund. The liability associated with these benefits is reported in the government-wide statements.

Cash and Cash Equivalents

The City considers all cash and investments as being highly liquid as cash is pooled for investment purposes with other funds of the City.

Restricted Cash and Investments

Provisions of the City's trust agreements related to the Successor Agency's tax allocation bonds require that certain restricted investment accounts be established. These accounts are held by the fiscal agent and include funds for payment of principal and interest.

Cash and Investments

Cash and investments at year-end are stated at fair value. Cash and investments consisted of cash in demand deposit accounts, investments in the State Treasurer's Local Agency Investment Fund and U.S. Treasury Notes.

Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurements and Applications*, provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

Level 3 inputs are unobservable inputs for the asset or liability.

Inventories

Inventory in the Water Enterprise Fund consists principally of maintenance parts and miscellaneous supplies. The inventory is valued at cost on a first-in, first-out basis and is accounted for using the consumption method.

Property Tax Revenues

The County of Los Angeles levies property taxes on behalf of the City.

Property tax revenues are calculated annually in accordance with the Tax Equity Allocation (TEA) formula specified in Revenue and Taxation Code Section 97.35. Secured property taxes are levied against real property and are due and payable in two equal installments. The first installment is due on November 1 and becomes delinquent if not paid by December 10. The second installment is due on February 1 and becomes delinquent if not paid by April 10. Unsecured personal property taxes are due on July 1 each year. These taxes become delinquent if not paid by August 31. For the year ended June 30, 2021, property tax revenue to the City totaled \$2,763,914.

Prepays/Deposits

Prepays represent payments to vendors that reflect costs applicable to future accounting periods. Prepaid items are reported using the consumption method. Deposits are advance payments to vendors when orders are placed. Prepays and deposits are recorded in both the government-wide and fund financial statements.

Estimates

The City's management has made a number of estimates and assumptions relating to the amounts and disclosures in preparing these financial statements in conformity with generally accepted accounting principles. Actual results could differ from their estimates.

Amortization of Premiums/Discounts

Original issue premium on the issuance of long-term debt is amortized on a straight-line basis over the life of the debt. Unamortized premium related to the Tax Allocation Bonds of the former Paramount Redevelopment Agency has been included in the Successor Agency Trust.

Arbitrage

In accordance with Section 148 (f)(2) in the Internal Revenue Code of 1986, as amended, arbitrage on tax exempt debt offerings is reviewed every five years and the corresponding liability is accrued accordingly. There was no arbitrage liability as of June 30, 2021.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position of the City’s plan (OPEB Plan), and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1 , 2019 - June 30, 2020

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the City’s participation in the California Public Employees Retirement System (CalPERS) plan, and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

The City reports deferred outflows and inflows of resources. A deferred outflow of resources is a consumption of net position or fund balance by the government that is applicable to a future reporting period. A deferred inflow of resources represents an acquisition of net position or fund balance by the government that is applicable to a future period.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 45,915,323
Fiduciary Funds	
Cash and investments	744,450
Cash and investments - restricted	<u>6,494,143</u>
Total cash and investments	<u>\$ 53,153,916</u>
Cash and Investments as of June 30, 2021 consist of the following:	
Cash on hand	\$ 8,025
Deposits with financial institutions	6,075,705
Investments	<u>47,070,186</u>
Total cash and investments	<u>\$ 53,153,916</u>

Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code and the City's investment policy. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum	Maximum	Maximum
Local Agency Bonds	5 years	None	None
Certificates of Deposit	1 year	None	None
Negotiable Certificates of Deposit	1 year	30%	None
U.S. Treasury Obligations	5 years	None	None
Demand Deposits	None	None	\$15 million
Government/Federal Agency Instruments	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Prime Commercial Paper	270 days	25%	10%
Repurchase Agreements	30 days	20%	None
Medium-term Notes of Domestic Corporation	5 years	30%	None
State of California - LAIF	N/A	None	\$65 million
California County Investment Pools	N/A	None	None

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>
Federal Securities	None
Certificates of Deposit	None
Bank Repurchase Agreement	None
Money Market Fund	None
Investment Agreement	None
Local Agency Investment Fund	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 9 months.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

<u>Investment</u>	<u>Amount</u>	<u>Maturity of 12 Months of Less</u>
Local Agency Investment Fund	\$ 40,576,044	\$ 40,576,044
Money Market Fund	6,494,142	6,494,142
	<u>\$ 47,070,186</u>	<u>\$ 47,070,186</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy relating to a specific deposit or investment risk other than what has been defined by Government Code.

LAIF currently does not have a rating provided by a nationally recognized statistical rating organization. The City's money market funds invested with the Bond Trustee, the Bank of New York Mellon Trust Company, N.A. have been rated as AAA- by Standard & Poor's.

Concentration of Credit Risk

The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2021, \$7,391,545 of the deposits with financial institutions was held in excess of FDIC limits in accounts collateralized by the pledging institutions as described above.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is not registered with the Securities and Exchange Commission. The fair value of the City's investment in this pool is reported in the accompanying financial statements based on the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. Deposits and withdrawals are made on the basis of \$1 and not fair value, and, therefore, the inputs used to determine fair value are uncategorized, not defined as Level 1, Level 2, or Level 3 inputs.

The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has indicated to the City that as of June 30, 2021, the carrying amount (at amortized cost) of the pool was \$193,304,977,285 and the estimated fair value of the pool was \$193,321,015,759. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-back securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The City relied upon information provided by the State Treasurer in estimating the City's fair value position of its LAIF holding, which totaled \$40,576,044 at June 30, 2021.

Note 3 - Fair Value Classifications

Fair value measurements are categorized based on the valuation inputs used to measure fair value. The inputs used to measure fair value for the LAIF and money market investments are uncategorized, not defined as Level 1, Level 2, or Level 3.

Fair value of assets measured on a recurring basis at June 30, 2021, are as follows:

	<u>Fair Value</u>	<u>Uncategorized</u>
Money Market Funds	\$ 6,494,142	\$ 6,494,142
Local Agency Investment Fund	<u>40,576,044</u>	<u>40,576,044</u>
Totals	<u>\$ 47,070,186</u>	<u>\$ 47,070,186</u>

Note 4 - Retirement Plan and Other Post Retirement Benefits

Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the City's CalPERS 2.5% at 55 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired on or after January 1, 2013 are eligible for the City's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plans' provision and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous Plan	
	Tier 1 Prior to January 1, 2013	Tier 2 On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.0%
Required employee contribution rates	8.000%	7.000%
Required employer contribution rates	13.457%	7.686%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates, for all public employers, be determined on an annual basis by the actuary and shall be effective on July 1 following notice of the change in rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. 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 City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In fiscal year 2021, the City paid both the employer's and the employee's contributions for Classic Plan members and the employer's contributions for PEPR Plan members. The general fund, in the governmental activities and the water enterprise funds are the primary funds used to liquidate the pension liabilities.

During the fiscal year ended June 30, 2021, employer contributions to the Plan were \$3,241,174.

As of the fiscal year ended June 30, 2021, the City reported a net pension liability of \$23,984,002 for its proportionate share of the collective net pension liability.

The net pension liability of the Plan was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using actuarial roll forward procedures. The City's proportion of the collective net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	<u>Miscellaneous Plan</u>
Proportion - June 30, 2019	0.23550%
Proportion - June 30, 2020	<u>0.22039%</u>
Change - Increase (Decrease)	<u>0.01311%</u>

During the year ended June 30, 2021, the City recognized pension expense of \$3,651,754.

As of the fiscal year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 3,241,174	\$ -
Difference between expected and actual experience	1,235,740	-
Change in assumptions	-	171,032
Difference between employee's contributions and proportionate share of contributions	39,433 -	509,652 -
Change in Employer's proportion	462,492	1,019,158
Net differences between projected and actual earnings on plan investments	<u>712,352</u>	<u>-</u>
Total	<u>\$ 5,691,191</u>	<u>\$ 1,699,842</u>

The amount of \$3,241,174 reported as deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

<u>Fiscal Years Ending June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ (179,210)
2023	370,845
2024	227,135
2025	331,405
	<u>\$ 750,175</u>

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation report was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return (1)	7.15%
Mortality rate table (2)	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) Net of pension plan investment expense, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

Discount Rate

The Discount rate used to measure the total pension liability was 7.15% for the Plan for the June 30, 2020 measurement date. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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% 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% will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report which can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determine 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, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expense.

The table below reflects the 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.

Asset Class	New Strategic Allocation	Real Return Years 1-10*	Real Return Years 11+**
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 Asset	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

* An expected inflation of 2.0% used for this period

** An expected inflation of 2.92% used for this period

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net position liability for the Plan, calculated using the discount rate, as well as what the City's proportional share of 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:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Plan's Net Pension Liability/(Asset)	\$ 36,638,473	\$ 23,984,002	\$ 13,503,436

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Other Post Retirement Benefits Other than Pensions

At June 30, 2021 net OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follows:

	Governmental Activities	Business-Type Activities	Total
Deferred outflows of resources	\$ 1,383,287	\$ 189,703	\$ 1,572,990
Net OPEB liabilities	\$ 9,162,226	\$ 1,241,053	\$ 10,403,279
Deferred inflows of resources	\$ 1,414,760	\$ 195,882	\$ 1,610,642

Plan Description

The City provides an agent multiple-employer defined benefit healthcare plan and pays certain post-retirement health insurance premium payments on behalf of qualifying retired employees and their eligible dependents or survivors. The CalPERS Board of Administration has sole and exclusive control and power over the administration and investment of the plan (sometimes also referred to as CERBT). The City pays 100% of the cost of retiree health benefits for those employees who retired prior to January 1, 2011 and 85% for those who retired subsequent to December 31, 2010. CalPERS is responsible for administering the benefits for the retirees. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street Sacramento, California 95814.

Employees with a minimum service of five years in a PERS agency who are at least 50 years of age at retirement qualify to receive the post-retirement benefits. Currently, 64 retirees meet these requirements and are covered under the eligibility requirements but only 49 are currently participating in the program. Membership in the plan consisted of the following at June 30, 2020 (Measurement date):

Active plan members	90
Inactive employees or beneficiaries currently receiving benefit payments	49
Inactive employees entitled to but not yet receiving benefit payments	15
	<hr/>
	154
	<hr/>

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2021, the City's cash contributions to the plan including the implied subsidy were \$1,472,000. The general fund, in the governmental activities and the water enterprise funds are the primary funds used to liquidate the OPEB liabilities.

Funding Policy and Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2020
Valuation Date	June 30, 2019
Contribution Policy	Phase-in of full pre-funding: full ADC in 2027/28, approximately 75% paid in prior 2 fiscal years
Investment Rate of Return	6.75%
Discount Rate	6.75%
	Same as projected long term rate of return.
	Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Salary Increases	Aggregate - 3%
	Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
	Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Healthcare participation	90% if currently waived
	100% if currently covered

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate rates of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	
Assumed Long-Term Rate Inflation		2.75%
Expected Long-Term Rate of Return		6.75%

The Expected Long-Term Rate of Return is provided by CalPERS' Strategic Asset Allocation Overview in August 2011 – Strategy 1.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that expected City contributions will be made to keep sufficient plan assets to pay all benefits from the trust.

Change in Net OPEB Liability

The contributions from employer include implied subsidy benefit payments in the amount of \$76,000.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Measurement Date)	\$ 15,507,967	\$ 4,923,084	\$ 10,584,883
Changes Recognized for the Measurement Period			
Service cost	443,371	-	443,371
Interest on the total OPEB liability	1,057,467	-	1,057,467
Difference between expected and actual experience	-	-	-
Changes of assumptions	(287,656)	-	(287,656)
Contributions from the employer	-	1,219,000	(1,219,000)
Net investment income	-	178,197	(178,197)
Administrative expenses	-	(2,411)	2,411
Benefit payments and refunds	(570,330)	(570,330)	-
Net changes during July 1, 2019 to June 30, 2020	642,852	824,456	(181,604)
Balance at June 30, 2020 (Measurement Date)	\$ 16,150,819	\$ 5,747,540	\$ 10,403,279

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
\$ 12,652,262	\$ 10,403,279	\$ 8,556,871

Sensitivity of the net OPEB liability to changes in the health care cost trend rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020:

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost Trend Rates 6.5% decreasing to 3.0%	Healthcare Cost Trend Rates 7.5% decreasing to 4.0%	Healthcare Cost Trend Rates 8.5% decreasing to 5.0%
\$ 8,222,919	\$ 10,403,279	\$ 13,109,705

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB

For the fiscal year ended June 30, 2021, the City recognized OPEB expense of \$ 866,288.

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2021 were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,294,795
Changes in assumptions		315,847
Net difference between projected and actual earnings on OPEB plan investments	100,990	-
Employer contributions made subsequent to the measurement date	1,472,000	-
Total	\$ 1,572,990	\$ 1,610,642

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life for the 2019-2020 measurement period is 5.0 years.

The \$1,472,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

<u>Period Ended June 30,</u>	<u>Deferred Outflow/(Inflows) of Resources</u>
2022	\$ (303,858)
2023	(285,106)
2024	(276,834)
2025	(280,953)
2026	(311,935)
Thereafter	(50,966)
	<u>\$ (1,509,652)</u>

Note 5 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by the Massachusetts Mutual Life Insurance Company. It is available to all full-time employees and all part-time employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

Beginning in fiscal year 1998, existing assets in the Plan have been deemed to be in a qualified custodial account. The Custodian holds the Plan's assets for the exclusive benefit of participants and beneficiaries. The Plan's assets are not the legal property of the City and are not subject to the claims of the City's general creditors nor can they be used by the City for any purpose other than the payment of benefits to employees participating in the Plan or their designated beneficiaries. Therefore, deferred compensation funds are not shown on the City's basic financial statements. The City did not make any contributions to the plan for the current fiscal year.

Note 6 - Long-Term Liabilities

Summary of Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2021:

Governmental activities:

	Balance July 01, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 721,181	\$ 57,904	\$ 128,463	\$ 650,622	\$ 41,451
Capital leases	247,167	57,240	113,943	190,464	100,964
Total governmental activities	<u>\$ 968,348</u>	<u>\$ 115,144</u>	<u>\$ 242,406</u>	<u>\$ 841,086</u>	<u>\$ 142,415</u>

Business-type activities:

	Balance July 01, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Direct placement					
Note payable - IBank	\$ 10,860,410	\$ -	\$ 307,275	\$ 10,553,135	\$ 317,020
Compensated absences	75,703	6,413	5,807	76,309	6,040
Capital leases	93,274	-	26,550	66,724	28,143
Total business-type activities	<u>\$ 11,029,387</u>	<u>\$ 6,413</u>	<u>\$ 339,632</u>	<u>\$ 10,696,168</u>	<u>\$ 351,203</u>

Note Payable – California Infrastructure and Economic Development Bank (IBank)

In May 2010, an agreement was made between the California Infrastructure and Economic Development Bank (IBank) and the City of Paramount for a loan of \$5,500,000 under the Bergeson-Peace Infrastructure and Economic Development Bank Act. The purpose of the loan is to construct a water well and other water treatment facilities. The loan is to be repaid by August 2039, over 30 years at 3.31% annual interest. The City has pledged net system revenues of the Water Fund to the repayment of the note. A Net system deficit of \$ 589,601 was recognized in the current year. During the year, interest of \$140,030 and principal of \$155,329 were paid leaving an outstanding balance of \$4,152,558.

For the 2010 loan, the City may at any time request IBank to prepay all or a portion of the principal component of the purchase price. The City must provide IBank with its prepayment request in writing and at least sixty (60) days prior to the requested prepayment or reduction date.

In May 2018, an agreement was made between the California Infrastructure and Economic Development Bank (IBank) and the City of Paramount for a loan of \$6,700,000 under the Infrastructure State Revolving Fund Program. The purpose of the loan is to construct a water well and other water treatment facilities. The loan is to be repaid by August 2047, over 30 years at 3.03% annual interest. The City has pledged net system revenues of the Water Fund to the repayment of the note. A Net system deficit of \$ 589,601 was recognized in the current year. During the year, interest of \$196,239 and principal of \$151,946 were paid leaving an outstanding balance of \$6,400,577.

For the 2018 loan, the City is not permitted to prepay all or a portion of the outstanding principal component of the purchase price during the prohibited prepayment period which commences with the effective date and ends with the date that is ten (10) years after the effective date. After the prohibited prepayment period, the City must provide IBANK with its prepayment request in writing and at least ninety (90) days prior to the requested prepayment or reduction date.

Debt service requirements on long-term debt at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2022	\$ 317,020	\$ 326,360	\$ 643,380
2023	327,075	316,144	643,219
2024	337,449	305,605	643,054
2025	348,154	294,731	642,885
2026	359,198	283,578	642,776
2027 - 2031	1,974,344	1,236,368	3,210,712
2032 - 2036	2,308,145	897,261	3,205,406
2037 - 2041	2,400,583	505,628	2,906,211
2042 - 2046	1,510,812	218,735	1,729,547
2047	670,355	20,395	690,750
	<u>\$ 10,553,135</u>	<u>\$ 4,404,805</u>	<u>\$ 14,957,940</u>

Note 7 - Leases

Capital Leases

The City has entered into capital lease obligations for certain vehicles purchased under financing leases. Such leases require annual payments of principal and interest, with an interest rate of 3.25% to 6.90%, and will be fully amortized by the year 2025.

Vehicles leased under capital leases as of June 30, 2021 are included in capital assets as follows:

	Governmental Activities	Business-type Activities
Acquisitions	\$ 611,733	\$ 267,685
Less accumulated depreciation	<u>(151,621)</u>	<u>(59,444)</u>
Net book value	<u>\$ 460,112</u>	<u>\$ 208,241</u>

Future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2021 are:

<u>Year ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ 95,441	\$ 32,462
2023	67,548	21,283
2024	35,022	21,283
2025	<u>12,979</u>	<u>-</u>
Total minimum lease payments	\$ 210,989	\$ 75,029
Less amount representing interest	<u>(25,309)</u>	<u>(14,218)</u>
Present value of future minimum lease payments	<u><u>\$ 185,680</u></u>	<u><u>\$ 60,811</u></u>

Note 8 - Capital Assets and Depreciation

The following table presents the capital assets activity for the year ended June 30, 2021.

	Beginning Balance July 1, 2020	Increases	Decreases	Ending Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 14,849,080	\$ -	\$ -	\$ 14,849,080
Construction in progress	4,299,183	1,403,705	1,325,711	4,377,177
Total capital asset not being depreciated	19,148,263	1,403,705	1,325,711	19,226,257
Capital assets, being depreciated				
Land improvements	25,132,199	-	-	25,132,199
Buildings and improvements	19,338,194	-	-	19,338,194
Fine arts	1,213,202	13,320	-	1,226,522
Computer equipment	278,232	27,447	11,518	294,161
Vehicles	2,626,492	-	12,850	2,613,642
Other equipment	2,407,587	243,162	65,747	2,585,002
Infrastructure	114,192,234	3,843,294	-	118,035,528
Total capital asset being depreciated	165,188,140	4,127,223	90,115	169,225,248
Less accumulated depreciation for				
Land improvements	17,352,857	788,444	-	18,141,301
Buildings and improvements	12,137,353	484,417	-	12,621,770
Fine arts	902,565	32,938	-	935,503
Computer equipment	191,909	33,315	11,518	213,706
Vehicles	2,144,681	126,501	12,850	2,258,332
Other equipment	2,011,064	188,387	65,747	2,133,704
Infrastructure	76,683,543	4,349,680	-	81,033,223
Total accumulated depreciation	111,423,972	6,003,682	90,115	117,337,539
Total capital assets, being depreciated, net	53,764,168	(1,876,459)	-	51,887,709
Governmental activities capital assets, net	\$ 72,912,431	\$ (472,754)	\$ 1,325,711	\$ 71,113,966

City of Paramount, California

Notes to Financial Statements

June 30, 2021

	Beginning Balance July 1, 2020	Increases	Decreases	Ending Balance June 30, 2021
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,270,763	\$ -	\$ -	\$ 2,270,763
Construction in progress	2,443,940	3,453,521	-	5,897,461
Total capital asset not being depreciated	4,714,703	3,453,521	-	8,168,224
Capital assets, being depreciated:				
Buildings and wells	10,863,475	-	-	10,863,475
Mains	21,614,830	-	-	21,614,830
Distribution equipment	6,953,290	-	-	6,953,290
Other equipment	1,810,004	-	-	1,810,004
Tools	23,089	-	-	23,089
Vehicles	634,206	-	-	634,206
Computer equipment	443,135	-	-	443,135
Total Capital Asset Being Depreciated	42,342,029	-	-	42,342,029
Less accumulated depreciation for:				
Buildings and wells	4,655,874	305,403	-	4,961,277
Mains	13,659,159	354,673	-	14,013,832
Distribution equipment	5,765,660	66,880	-	5,832,540
Other equipment	1,705,911	8,853	-	1,714,764
Tools	23,089	-	-	23,089
Vehicles	452,499	34,789	-	487,288
Computer equipment	408,190	21,320	-	429,510
Total Accumulated Depreciation	26,670,382	791,918	-	27,462,300
Total Capital Assets, Being Depreciated, Net	15,671,647	(791,918)	-	14,879,729
Business Type Activities Capital Assets, Net	\$ 20,386,350	\$ 2,661,603	\$ -	\$ 23,047,953

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General government	\$ 314,593
Community development	892
Public safety	31,054
Community services and recreation	870,632
Public works	4,786,511
Total depreciation expense – governmental activities	\$ 6,003,682
Business-Type Activities	
Water	\$ 791,918

Note 9 - Interfund Transactions

Interfund Balances

The following summarizes interfund receivables and payables at June 30, 2021:

Due to the General Fund from:

Major Fund	
Other Grants	\$ 628,485
Non-major Funds	
Community Development Block Grant	314,069
HOME Partnership Act	61,020
CDBG Coronavirus	433,216
After School Education and Safety	83,234
Total non-major funds	891,539
Total due to the general fund	\$ 1,520,024

Due To/From

The amounts due to the General Fund from the Other Grants, Community Development Block Grant, HOME Partnership Act, CDBG Coronavirus fund and After School Education and Safety funds are short-term loans to provide cash flow.

Note 10 - Notes Receivable

Summary of Notes Receivable

The following is a summary of notes receivable by fund at June 30, 2021:

<u>HOME Partnership Act</u>	
Home Improvement Loan Program	\$ 116,429
Senior Housing Note Receivable	948,500
Allowance for Deferred Note Receivable	(948,500)
HOME Partnership Act Total	116,429
<u>Paramount Housing Authority</u>	
Affordable Home Ownership Program-Clearwater Court	424,186
Home Improvement Loan Program	35,690
Microburst Loan Program	7,417
Paramount Housing Authority Total	467,293
Total Notes Receivable	\$ 583,722

The corresponding fund balance has been classified as restricted in the accompanying financial statements.

HOME Improvement Loan Program

The HOME Improvement Loan Program is designed to assist homeowners with their required contribution to the cost of a home improvement project. The program provides interest free loans up to \$8,000 to cover up to 100% of the homeowner's contribution. The loans are secured by a Deed of Trust and become due upon the sale, refinancing, or transfer of the property. The total amount outstanding is \$ 116,429 at June 30, 2021.

HOME Senior Housing Loan

On June 27, 2012, the City entered into a 20-year-forgivable loan agreement with the Gold Key Development to develop a senior housing at 8421 Adams. The loan had an outstanding balance of \$948,500 as of June 30, 2021. The entire loan amount is recorded as a note receivable with an allowance to deferred note receivable as the City does not anticipate to receiving any cash payments from the borrower.

Affordable Home Ownership Program – Clearwater Court

During Fiscal Year 1994, the Paramount Redevelopment Agency implemented an Affordable Home Ownership Program designed to assist first-time homebuyers with the purchase of a home. The Agency assisted six homebuyers by providing secured second trust deeds totaling \$510,816, which would significantly reduce their monthly mortgage payments. The notes plus accrued interest are due upon sale of the property. However, if the homeowner resides in the property for thirty years, the note plus accrued interest is forgiven. The total amount outstanding is \$424,186 at June 30, 2021. On June 27, 2012 the Affordable Home Ownership Loans were transferred from the Successor Agency to the Paramount Housing Authority.

Microburst Loan Program

In September 2000, the Paramount Redevelopment Agency entered into loan agreements with six residential property owners for amounts ranging from \$2,000 to \$9,990, for a total of \$32,890. The Agency provided the loans to assist with the rehabilitation of the owner's homes resulting from a microburst (severe wind) storm on April 18, 2000. The loans bear a 3.812% interest rate and have amortization periods from three to thirty years beginning in September 2000. The total amount outstanding is \$7,417 at June 30, 2021.

Home Improvement Loan Program

During Fiscal Year 2008, the Paramount Redevelopment Agency implemented a Home Improvement Loan Program designed to assist homeowners with their required contribution to the cost of a home improvement project. The program provides interest free loans up to \$8,000 to cover up to 100% of the homeowner's contribution. The loans are secured by a Deed of Trust and become due upon the sale, refinancing, or transfer of the property. The total amount outstanding is \$35,690 at June 30, 2021.

Note 11 - Fund Balance

The City's governmental fund balances at June 30, 2021 are presented below:

	General	Other Grants	American Rescue Plan Act	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid Items	\$ 135,486	\$ -	\$ -	\$ -	\$ 135,486
Land Held for Resale	236,544	-	-	-	236,544
	<u>372,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>372,030</u>
Restricted for					
Environmental Concerns	-	199,300	-	847,970	1,047,270
Housing Programs	-	-	-	391,982	391,982
Housing Programs-Land Held for Resale	-	-	-	412,498	412,498
Housing Programs-Notes Receivable	-	-	-	583,722	583,722
Special Event Services	-	157,672	-	823,929	981,601
Public Safety	-	19,700	-	108,859	128,559
After School Program	-	-	-	114,818	114,818
Disability Access and Education	-	-	-	39,792	39,792
Public Access	-	-	-	129,797	129,797
Public Transit	-	-	-	3,597,839	3,597,839
Parking Authority	-	-	-	535,000	535,000
Road Maintenance	-	-	-	1,447,534	1,447,534
Sewer Maintenance	-	-	-	235,566	235,566
	<u>-</u>	<u>376,672</u>	<u>-</u>	<u>9,269,306</u>	<u>9,645,978</u>
Committed to					
Community Cultural Services	-	-	-	286,923	286,923
Storm Drain	-	-	-	428,620	428,620
General Plan	-	-	-	679,468	679,468
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,395,011</u>	<u>1,395,011</u>
Assigned to					
Capital Improvement Projects	4,550,444	-	-	-	4,550,444
Paramount Education Partnership	250,000	-	-	-	250,000
Public Employee Retirement	2,514,500	-	-	-	2,514,500
Insurance	30,000	-	-	-	30,000
COVID	53,657	-	-	-	53,657
Settlement Reserve	641,271	-	-	-	641,271
Community Development	276,556	-	-	-	276,556
	<u>8,316,428</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,316,428</u>
Unassigned	<u>14,690,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,690,303</u>
Total fund balance	<u>\$ 23,378,761</u>	<u>\$ 376,672</u>	<u>\$ -</u>	<u>\$ 10,664,317</u>	<u>\$ 34,419,750</u>

Note 12 - Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

California Joint Powers Insurance Authority (CJPIA)

The City of Paramount is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 118 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

- **Liability Coverage**

Each member pays an annual contribution at the beginning of the coverage period. A retrospective adjustment is then conducted annually thereafter, for coverage years 2012-13 and prior. Coverage years 2013-14 and forward are not subject to routine annual retrospective adjustment. The total funding requirement for primary self-insurance programs is based on an actuarial analysis. Costs are allocated to individual agencies based on payroll and claims history, relative to other members of the risk-sharing pool.

Claims are pooled separately between police and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$100,000 to \$500,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$500,000 to \$50 million, are distributed based on the outcome of cost allocation within the first and second loss layers.

The overall coverage limit for each member, including all layers of coverage, is \$50 million per occurrence. Subsidence losses also have a \$50 million per occurrence limit. The coverage structure is composed of a combination of pooled self-insurance, reinsurance, and excess insurance. Additional information concerning the coverage structure is available on the Authority's website: <https://cjpia.org/coverage/risk-sharing-pools/>.

- Workers' Compensation Program

Claims are pooled separately between public safety (police and fire) and general government exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$75,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$75,000 to \$200,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$200,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2020-21 the Authority's pooled retention is \$1 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$1 million. Coverage from \$1 million to \$5 million is purchased through reinsurance policies, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

- Purchased Insurance

Pollution Legal Liability Insurance

The City of Paramount participates in the pollution legal liability insurance program which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Paramount. Coverage is on a claims-made basis. There is a \$250,000 deductible. The Authority has an aggregate limit of \$20 million.

Property Insurance

The City of Paramount participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Paramount property is currently insured according to a schedule of covered property submitted by the City of Paramount to the Authority. City of Paramount property currently has all-risk property insurance protection in the amount of \$54,896,633. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

Earthquake and Flood Insurance

The City of Paramount purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Paramount property currently has earthquake protection in the amount of \$5,251,875. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

Crime Insurance

The City of Paramount purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority.

Special Event Tenant User Liability Insurance

The City of Paramount further protects against liability damages by requiring tenant users of certain property to purchase low-cost tenant user liability insurance for certain activities on agency property. The insurance premium is paid by the tenant user and is paid to the City of Paramount according to a schedule. The City of Paramount then pays for the insurance. The insurance is facilitated by the Authority.

Claims Activity

During the past three fiscal years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage in 2020-21.

Automobile Comprehensive and Collision Insurance

The City is self-insured for comprehensive and collision coverage on its vehicle fleet. On-premises property insurance coverage for the fleet is provided through Lexington Insurance Company.

Health Insurance

Health insurance is provided for all qualified full-time employees. Medical insurance coverage is provided by the California Public Employees' Retirement System (PERS). PERS offers several medical insurance plans, including preferred provider organizations and health maintenance organizations. Dental insurance is provided through private insurance companies. A standard indemnity plan and a network dental plan are offered. Vision insurance is provided through a private insurance company.

Note 13 - Litigation

Claims for damages alleged against the City are generally referred to a claims adjuster through CJPIA. Management believes that there is minimal exposure to the City on these matters and that no case so reported exceeds existing liability coverage. There are other civil suits filed against the City. In the opinion of the City's legal counsel, the plaintiff's chances of prevailing in these claims are remote, and the potential liability of the City for such claims in the event of adverse judgment will be minimal and should not have a material adverse effect on the financial position of the various funds and account groups of the City.

Note 14 - Successor Agency Trust for Assets of Former Redevelopment Agency**General Discussion**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Paramount that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 31, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12:002.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Redevelopment Obligation Retirement Private-Purpose Trust Fund Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying fiduciary financial statements as follows:

Redevelopment Obligation Retirement Private-Purpose Trust Fund	
Cash and investments	\$ 742,780
Cash and investments - restricted	6,494,143
	<hr/>
Total cash and investments	\$ 7,236,923
	<hr/>

Cash and investments as of June 30, 2021 consist of the following:

Deposits with financial institutions	\$ 737,772
Investments	6,499,151
	<hr/>
Total cash and investments	\$ 7,236,923
	<hr/>

Successor Agency Long-Term Debt

	Balance July 1, 2020	Compounded Interest	Debt Retired	Balance June 30, 2021	Due Within One Year
1998 Tax Allocation Bonds	\$ 10,190,781	\$ 552,499	\$ -	\$ 10,743,280	\$ -
2015 Refunding Bonds	12,970,000	-	3,010,000	9,960,000	3,160,000
Unamortized premium-2015	1,066,275	-	345,819	720,456	345,818
2010 Tax Allocation Bonds	8,775,000	-	1,130,000	7,645,000	1,195,000
Unamortized discount	(61,017)	-	(8,614)	(52,403)	(8,614)
Deferred Pass Through	930,740	-	-	930,740	-
Total long-term debt	<u>\$ 33,871,779</u>	<u>\$ 552,499</u>	<u>\$ 4,477,205</u>	<u>\$ 29,947,073</u>	<u>\$ 4,692,204</u>

1998 Tax Allocation Refunding Bonds

In February 1998, the Agency issued \$3,122,050 of Tax Allocation Refunding Bonds to refund the 1993B Compound Interest Tax Allocation Bonds and provide additional funds in furtherance of the Redevelopment Plan. The 1998 Bonds have a maturity value of \$14,050,000 with all interest and principal payable at maturity. The bonds mature August 1, 2026 and are compounded annually at 5.35%. Accordingly, as of June 30, 2021, interest of \$522,499 was added to the outstanding debt. At maturity, the bonds will have a value as follows:

Due Date	Principal	Interest	Total
2026	<u>\$ 7,423,881</u>	<u>\$ 6,626,119</u>	<u>\$ 14,050,000</u>

2010 Tax Allocation Bonds

In June 2010, the Paramount Redevelopment Agency issued \$12,290,000 of 2010 Tax Allocation Bonds. The 2010 Tax Allocation Bonds consist of \$8,430,000 of Series A Bonds with coupon rates ranging from 5.0% to 5.5% and \$3,860,000 of Series B Taxable Bonds with coupon rates of 5.193% and 6.235%. The aggregate combined True Interest Cost (TIC) of the 2010 Bonds is 5.573%. Net Interest Cost (NIC) of the 2010 bonds is 5.498%. Interest is paid semi-annually on February 1 and August 1 of each year.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 1,195,000	\$ 366,463	\$ 1,561,463
2023	1,250,000	305,338	1,555,338
2024	1,315,000	240,391	1,555,391
2025	1,075,000	178,475	1,253,475
2026	1,125,000	120,725	1,245,725
2027-28	1,685,000	73,097	1,758,097
	<u>\$ 7,645,000</u>	<u>\$ 1,284,488</u>	<u>\$ 8,929,488</u>

2015 Tax Allocation Refunding Bonds

In June 2015, the Successor Agency issued \$23,665,000 of 2015 Tax allocation Refunding Bonds to current refund the 2003 Tax Allocation Refunding Bonds. The 2015 Tax Allocation Refunding Bonds consist of \$23,665,000 of Serial Bonds with coupon rates ranging from 2% to 5%. Interest is paid semi-annually on February 1 and August 1 of each year and the annual debt service payments are kept at approximately \$3,650,000. As of June 30, 2021, the outstanding balance was \$9,960,000, the unamortized bond premium was \$720,456 and the outstanding balance of the deferred amount on refunding was \$213,672.

Below is a schedule of the remaining debt service:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,160,000	\$ 409,000	\$ 3,569,000
2023	3,315,000	247,125	3,562,125
2024	3,485,000	82,125	3,567,125
	<u>\$ 9,960,000</u>	<u>\$ 738,250</u>	<u>\$ 10,698,250</u>

Deferred Pass-Through-Los Angeles County

On June 4, 1991 the Paramount Redevelopment Agency entered into a tax sharing agreement with the County of Los Angeles. As part of that agreement, the County deferred receipt of its share of the annual tax increment revenue generated by Project Area #2 until July 1, 2031. As of June 30, 2021, the balance due is \$930,740.

Capital Assets and Depreciation

	<u>Beginning Balance July 01, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfer to City</u>	<u>Ending Balance June 30, 2021</u>
Capital assets, being depreciated					
Buildings and improvements	\$ 358,067	\$ -	\$ -	\$ -	\$ 358,067
Infrastructure	4,277,466	-	-	-	4,277,466
Total capital asset being depreciated	<u>4,635,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,635,533</u>
Less accumulated depreciation for					
Buildings and improvements	332,073	9,096	-	-	341,169
Infrastructure	2,660,807	193,917	-	-	2,854,724
Total accumulated depreciation	<u>2,992,880</u>	<u>203,013</u>	<u>-</u>	<u>-</u>	<u>3,195,893</u>
Total capital assets, being depreciated, net	<u>\$ 1,642,653</u>	<u>\$ (203,013)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,439,640</u>

Notes Receivable**Commercial Rehabilitation Loan Program**

During FY 2008, the Paramount Redevelopment Agency implemented a Commercial Rehabilitation Loan Program designed to assist business property owners with their required contribution to the cost of a commercial rehabilitation project. The program provides interest free loans up to \$50,000 to cover up to one half of the business property owner's contribution. The loans have a term of 5 years, are secured by a Deed of Trust and become due upon the sale, refinancing or transfer of the property. The total amount outstanding is \$75 at June 30, 2021.

Note 15 - American Rescue Plan Act of 2021 (ARPA)

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law by President Biden to guarantee direct relief to cities, towns and villages in the United States. The U.S. Department of the Treasury is responsible for overseeing this unprecedented program that provides a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery. The City was awarded \$18,895,185, which needs to be obligated by December 31, 2024, and received fifty percent (50%) of the funds on June 1, 2021 in the amount of \$9,447,592.. The amount was set aside as unearned revenue while the City waits for the final ruling on the use and administration of the grant.

Note 16 – Subsequent Events**Pension Obligations Bonds- Federally Taxable, Series 2021**

In November 2021, the City of Paramount issued Pension Obligations Bonds, federally taxable, Series 2021, in the amount of \$17,365,000. Interest on the bonds is paid as part of a fixed rate between 0.56% and 2.519% payable on June 1 and December 1 of each year commencing on June 1, 2022. Principal payments are due annually in various amounts commencing June 1, 2023 through June 1, 2038. The Bonds are being issued to pay the City's currently unamortized, unfunded accrued liability to the California Public Employees' Retirement System ("CalPERS") for the benefit of the City employees and retirees, to fund capitalized interest on the Bonds through June 1, 2022 and pay the costs of issuing the Bonds.

Required Supplementary Information
June 30, 2021

City of Paramount, California

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City of Paramount, California
Schedule of the City's Proportionate Share of the Net Pension Liability
As of June 30, 2021
Last Ten Fiscal Years*

	Measurement Date						
	06/30/2014	06/30/2015	06/30/2016	06/30/2017	06/30/2018	06/30/2019	06/30/2020
Plan's proportion of the net pension liability/(asset)	0.19059%	0.23388%	0.23126%	0.23087%	0.22167%	0.23350%	0.22039%
Plan's proportionate share of the net pension liability/(asset)	\$ 11,859,567	\$ 16,053,473	\$ 20,010,860	\$ 22,896,454	\$ 21,361,148	\$ 23,926,634	\$ 23,984,002
Plan's covered payroll	\$ 6,334,225	\$ 6,029,967	\$ 6,206,549	\$ 6,190,935	\$ 6,387,917	\$ 6,657,324	\$ 6,727,793
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	187.23%	266.23%	322.42%	369.84%	334.40%	359.40%	356.49%
Plan's fiduciary net position as a percentage of the plan's total pension liability	79.82%	78.40%	74.06%	73.31%	75.26%	77.73%	77.71%

*Fiscal Year 2015 was the first year of implementation; therefore, only seven years are shown.

City of Paramount, California
Schedule of the City's Pension Plan Contributions
As of June 30, 2021
Last Ten Fiscal Years*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 1,225,048	\$ 1,402,641	\$ 1,552,328	\$ 1,764,757	\$ 2,094,439	\$ 2,386,867	\$ 2,644,674
Contributions in relation to the actuarially determined contribution	<u>(1,225,048)</u>	<u>(1,402,641)</u>	<u>(1,552,328)</u>	<u>(2,644,757)</u>	<u>(2,094,439)</u>	<u>(2,886,867)</u>	<u>(3,241,174)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (880,000)</u>	<u>\$ -</u>	<u>\$ (500,000)</u>	<u>\$ (596,500)</u>
Covered payroll	\$ 6,029,967	\$ 6,206,549	\$ 6,190,935	\$ 6,387,917	\$ 6,657,324	\$ 6,727,793	\$ 6,860,335
Contributions as a percentage of covered payroll	20.316%	22.599%	25.074%	41.402%	31.461%	42.910%	47.245%

*Fiscal Year 2015 was the first year of implementation; therefore, only seven years are shown.

City of Paramount, California
Schedule of the City's Changes in Net OPEB Liability and Related Ratios
As of June 30, 2021
Last Ten Fiscal Years*

Measurement period	2016-17	2017-18	2018-19	2019-20
Total OPEB liability				
Service cost	\$ 437,000	\$ 450,017	\$ 463,518	\$ 443,371
Interest	978,000	1,045,580	1,116,530	1,057,467
Differences between expected and actual experience	-	-	(1,821,464)	-
Assumption changes	-	-	(97,284)	(287,656)
Benefit payments, including refunds of employee contributions	(432,000)	(453,910)	(462,020)	(570,330)
Net change in total OPEB liability	983,000	1,041,687	(800,720)	642,852
Total OPEB liability - beginning	14,284,000	15,267,000	16,308,687	15,507,967
Total OPEB liability - ending (a)	<u>\$ 15,267,000</u>	<u>\$ 16,308,687</u>	<u>\$ 15,507,967</u>	<u>\$ 16,150,819</u>
OPEB fiduciary net position				
Contributions - employer	\$ 903,000	\$ 1,013,000	\$ 1,102,000	\$ 1,219,000
Net investment income	262,000	258,903	251,956	178,197
Benefit payments, including refunds of employee contributions	(432,000)	(453,910)	(462,020)	(570,330)
Administrative expense	(2,000)	(5,979)	(866)	(2,411)
Net change in plan fiduciary net position	731,000	812,014	891,070	824,456
Plan fiduciary net position - beginning	2,489,000	3,220,000	4,032,014	4,923,084
Plan fiduciary net position - ending (b)	<u>\$ 3,220,000</u>	<u>\$ 4,032,014</u>	<u>\$ 4,923,084</u>	<u>\$ 5,747,540</u>
Plan net OPEB liability - ending (a) - (b)	<u>\$ 12,047,000</u>	<u>\$ 12,276,673</u>	<u>\$ 10,584,883</u>	<u>\$ 10,403,279</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>21.09%</u>	<u>24.72%</u>	<u>31.75%</u>	<u>35.59%</u>
Covered-employee payroll	<u>\$ 6,473,000</u>	<u>\$ 6,679,479</u>	<u>\$ 7,069,939</u>	<u>\$ 6,727,793</u>
Plan net OPEB liability as a percentage of covered-employee payroll	<u>186.11%</u>	<u>183.80%</u>	<u>149.72%</u>	<u>154.63%</u>

*Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation; therefore, only four years are shown.

City of Paramount, California
Schedule of the City's OPEB Contributions
Years Ended June 30, 2021
Last Ten Fiscal Years*

	2017-18	2018-19	2019-20	2020-21
Actuarially determined contribution	\$ 1,462,000	\$ 1,565,000	\$ 1,613,000	\$ 1,472,000
Contributions in relation to the actuarially determined contribution	(1,013,000)	(1,102,000)	(1,219,000)	(1,472,000)
Contribution deficiency (excess)	<u>\$ 449,000</u>	<u>\$ 463,000</u>	<u>\$ 394,000</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,679,479	\$ 7,069,939	\$ 6,727,793	\$ 6,548,566
Contributions as a percentage of covered-employee payroll	15.17%	15.59%	18.12%	22.48%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Amortization Period	13.9 - year average period for 2020/21
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% for 2076 and later years
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

*Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation; therefore, only four years are shown.

Supplementary Information

June 30, 2021

City of Paramount, California

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The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes, other than debt service or capital projects.

Community Development Block Grant Fund

To account for restricted revenues received under the Housing and Community Development Act through the Department of Housing and Urban Development.

Home Partnership Act Fund

To account for restricted revenues received under the HOME Investments Partnership Act through the Department of Housing and Urban Development.

Paramount Housing Authority

To account for restricted assets received from the former Paramount Redevelopment Agency as its affordable housing successor.

After School Education and Safety Fund

To account for restricted revenues received to be used in the establishment of local after school education enrichment programs.

State Gasoline Tax Fund

To account for restricted revenues received from the State of California to be used for street maintenance, right-of-way acquisition and street construction.

Traffic Safety Fund

To account for restricted revenues received from traffic fines to be used for traffic safety purposes.

Waste Reduction Fees Fund

To account for restricted revenue received through charges collected on refuse bills for the implementation of programs to reduce the flow of refuse going to landfills.

AB2766 Subvention Funds

To account for restricted revenues received through the South Coast Air Quality Management District to be used to reduce air pollution from motor vehicles and for costs associated with the implementation of the California Clean Air Act of 1988.

Disability Access and Education Fund

To account for restricted revenues received by requiring a \$1 tax for any application for a local business license or equivalent license or permit. This revenue will be used to fund the expanded Certified Access Specialist Program required by this bill. There is no accompanying schedule for this fund as there was no adopted budget.

SB1 Road Maintenance & Rehabilitation Account (RMRA)

To account for restricted revenues received through the State of California to be used for road and street maintenance and rehabilitation.

Proposition A Transit Tax Fund

To account for restricted revenues received through the Los Angeles County Metropolitan Transportation Authority to be used to provide transportation services.

Proposition C Transit Tax Fund

To account for restricted revenues received through the Los Angeles County Metropolitan Transportation Authority to be used to provide transportation services and street repairs.

Measure R Transit Tax Fund

To account for funds received through the Los Angeles County Metropolitan Transportation Authority restricted for transportation services and street construction, improvement, and maintenance.

Measure M Transit Tax Fund

To account for funds received through the Los Angeles County Metropolitan Transportation Authority restricted for transportation services and street construction, improvement, and maintenance.

Measure W Safe Clean Water Fund

To account for funds received through the Los Angeles County special parcel tax restricted for modernizing the water system to better protect the public health and the environment, and maximize a cleaner, locally controlled water supply.

Sewer Reconstruction Fund

To account for restricted revenues from charges collected on construction permits to be used for the reconstruction of sewers.

Public Art Fees Fund

To account for fees committed for the acquisition and maintenance of public art.

Public Access Fees Fund

To account for fees restricted for the construction of public access facilities.

Storm Drain Fees Fund

To account for fees committed to be used for a storm drain master plan.

General Plan Fees Fund

To account for fees committed to be used for a general plan update master plan.

Community Development Block Grant Coronavirus Fund

To account for restricted revenues received through the Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) of 2020 to be used to respond to COVID-19 pandemic.

Service Assessments Fund

To account for committed revenues received from services provided to private properties through service assessments.

Paramount Parking Authority Fund

To account for acquisition and development of parking facilities in the City. There is no accompanying schedule for this fund as there was no adopted budget.

City of Paramount, California
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax
Assets					
Cash and investments	\$ -	\$ -	\$ 382,518	\$ -	\$ 445,380
Accounts receivable	344,342	78,687	9,607	205,226	238
Interest receivable	-	-	-	138	269
Notes receivable (net)	-	116,429	467,293	-	-
Land held for resale	-	-	412,498	-	-
Total assets	<u>\$ 344,342</u>	<u>\$ 195,116</u>	<u>\$ 1,271,916</u>	<u>\$ 205,364</u>	<u>\$ 445,887</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 27,737	\$ 17,667	\$ 143	\$ 7,312	\$ 32,360
Deposit payable	2,536	-	-	-	-
Due to other funds	314,069	61,020	-	83,234	-
Total liabilities	<u>344,342</u>	<u>78,687</u>	<u>143</u>	<u>90,546</u>	<u>32,360</u>
Fund Balances					
Restricted	-	116,429	1,271,773	114,818	413,527
Committed	-	-	-	-	-
Total fund balances	<u>-</u>	<u>116,429</u>	<u>1,271,773</u>	<u>114,818</u>	<u>413,527</u>
Total liabilities and fund balances	<u>\$ 344,342</u>	<u>\$ 195,116</u>	<u>\$ 1,271,916</u>	<u>\$ 205,364</u>	<u>\$ 445,887</u>

(Continued)

City of Paramount, California
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

Special Revenue					
	Traffic Safety	Waste Reduction Fees	AB2766 Subvention	Disability Access and Education	SB1 Road Maint & Rehab (RMRA)
Assets					
Cash and investments	\$ 97,023	\$ 406,589	\$ 391,698	\$ 37,794	\$ 1,259,276
Accounts receivable	11,771	6,705	18,414	1,969	187,361
Interest receivable	65	308	290	29	897
Notes receivable (net)	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 108,859</u>	<u>\$ 413,602</u>	<u>\$ 410,402</u>	<u>\$ 39,792</u>	<u>\$ 1,447,534</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Deposit payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	108,859	413,602	410,402	39,792	1,447,534
Committed	-	-	-	-	-
Total fund balances	<u>108,859</u>	<u>413,602</u>	<u>410,402</u>	<u>39,792</u>	<u>1,447,534</u>
Total liabilities and fund balances	<u>\$ 108,859</u>	<u>\$ 413,602</u>	<u>\$ 410,402</u>	<u>\$ 39,792</u>	<u>\$ 1,447,534</u>

(Continued)

City of Paramount, California
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Proposition A Transit Tax	Proposition C Transit Tax	Measure R Transit Tax	Measure M Transit Tax	Measure W Safe Clean Water
Assets					
Cash and investments	\$ 1,435,760	\$ 569,006	\$ 929,287	\$ 879,072	\$ 444,662
Accounts receivable	24	-	-	-	-
Interest receivable	1,010	437	668	611	339
Notes receivable (net)	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 1,436,794</u>	<u>\$ 569,443</u>	<u>\$ 929,955</u>	<u>\$ 879,683</u>	<u>\$ 445,001</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 122,866	\$ 87,132	\$ 208	\$ 7,830	10,633
Deposit payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>122,866</u>	<u>87,132</u>	<u>208</u>	<u>7,830</u>	<u>10,633</u>
Fund Balances					
Restricted	1,313,928	482,311	929,747	871,853	434,368
Committed	-	-	-	-	-
Total fund balances	<u>1,313,928</u>	<u>482,311</u>	<u>929,747</u>	<u>871,853</u>	<u>434,368</u>
Total liabilities and fund balances	<u>\$ 1,436,794</u>	<u>\$ 569,443</u>	<u>\$ 929,955</u>	<u>\$ 879,683</u>	<u>\$ 445,001</u>

(Continued)

City of Paramount, California
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue				
	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees	General Plan Fees
Assets					
Cash and investments	\$ 235,388	\$ 306,503	\$ 118,059	\$ 428,296	\$ 678,955
Accounts receivable	-	-	11,843	-	-
Interest receivable	178	220	89	324	513
Notes receivable (net)	-	-	-	-	-
Land held for resale	-	-	-	-	-
Total assets	<u>\$ 235,566</u>	<u>\$ 306,723</u>	<u>\$ 129,991</u>	<u>\$ 428,620</u>	<u>\$ 679,468</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 19,800	\$ 194	\$ -	\$ -
Deposit payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>19,800</u>	<u>194</u>	<u>-</u>	<u>-</u>
Fund Balances					
Restricted	235,566	-	129,797	-	-
Committed	-	286,923	-	428,620	679,468
Total fund balances	<u>235,566</u>	<u>286,923</u>	<u>129,797</u>	<u>428,620</u>	<u>679,468</u>
Total liabilities and fund balances	<u>\$ 235,566</u>	<u>\$ 306,723</u>	<u>\$ 129,991</u>	<u>\$ 428,620</u>	<u>\$ 679,468</u>

(Continued)

City of Paramount, California
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	CDBG Coronavirus	Service Assessments	Total	Paramount Parking Authority	
Assets					
Cash and investments	\$ -	\$ 406	\$ 9,045,672	\$ -	\$ 9,045,672
Accounts receivable	476,184	427	1,352,798	-	1,352,798
Interest receivable	-	-	6,385	-	6,385
Notes receivable (net)	-	-	583,722	-	583,722
Land held for resale	-	-	412,498	535,000	947,498
Total assets	<u>\$ 476,184</u>	<u>\$ 833</u>	<u>\$ 11,401,075</u>	<u>\$ 535,000</u>	<u>\$ 11,936,075</u>
Liabilities and Fund Balances			-		
Liabilities			-		
Accounts payable	\$ 42,968	\$ 833	377,683	\$ -	\$ 377,683
Deposit payable	-	-	2,536	-	2,536
Due to other funds	433,216	-	891,539	-	891,539
Total liabilities	<u>476,184</u>	<u>833</u>	<u>1,271,758</u>	<u>-</u>	<u>1,271,758</u>
Fund Balances					
Restricted	-	-	8,734,306	535,000	9,269,306
Committed	-	-	1,395,011	-	1,395,011
Total fund balances	<u>-</u>	<u>-</u>	<u>10,129,317</u>	<u>535,000</u>	<u>10,664,317</u>
Total liabilities and fund balances	<u>\$ 476,184</u>	<u>\$ 833</u>	<u>\$ 11,401,075</u>	<u>\$ 535,000</u>	<u>\$ 11,936,075</u>

City of Paramount, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue				
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax
Revenues					
Interest and use of property	\$ -	\$ -	\$ -	\$ 518	\$ 1,067
Intergovernmental revenues	665,242	129,958	-	2,171,157	1,205,611
Charges for services	-	-	-	-	-
Other revenues	-	-	9,607	60	-
Total revenues	665,242	129,958	9,607	2,171,735	1,206,678
Expenditures					
Current					
General government	119,351	36,893	-	-	-
Community development	42,062	93,065	3,100	-	-
Public safety	423,867	-	-	-	-
Community services and recreation	-	-	-	2,171,158	-
Public works	79,962	-	-	-	862,724
Capital outlay					
Streets, sidewalks and signals	-	-	-	-	-
Parks	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	665,242	129,958	3,100	2,171,158	862,724
Excess (deficiency) of revenues over (under) expenditures	-	-	6,507	577	343,954
Net Change In Fund Balances	-	-	6,507	577	343,954
Fund Balances - July 1	-	116,429	1,265,266	114,241	69,573
Fund Balances - June 30	\$ -	\$ 116,429	\$ 1,271,773	\$ 114,818	\$ 413,527

(Continued)

City of Paramount, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue				
	Traffic Safety	Waste Reduction Fees	AB2766 Subvention	Disability Access and Education	SB1 Road Maint & Rehab (RMRA)
Revenues					
Interest and use of property	\$ 149	\$ 1,857	\$ 1,705	\$ 161	\$ 3,477
Intergovernmental revenues	108,710	-	72,419	-	1,028,166
Charges for services	-	78,397	-	8,917	-
Other revenues	-	-	-	-	-
Total revenues	108,859	80,254	74,124	9,078	1,031,643
Expenditures					
Current					
General government	-	12,907	11,995	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	-	-	-	-
Public works	-	23,329	-	-	-
Capital outlay					
Streets, sidewalks and signals	-	-	-	-	-
Parks	-	-	-	-	-
Other	-	-	-	-	-
Total expenditures	-	36,236	11,995	-	-
Excess (deficiency) of revenues over (under) expenditures	108,859	44,018	62,129	9,078	1,031,643
Net Change In Fund Balances	108,859	44,018	62,129	9,078	1,031,643
Fund Balances - July 1	-	369,584	348,273	30,714	415,891
Fund Balances - June 30	\$ 108,859	\$ 413,602	\$ 410,402	\$ 39,792	\$ 1,447,534

(Continued)

City of Paramount, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue				
	Proposition A Transit Tax	Proposition C Transit Tax	Measure R Transit Tax	Measure M Transit Tax	Measure W Safe Clean Water
Revenues					
Interest and use of property	\$ 5,748	\$ 4,362	\$ 4,105	\$ 3,754	\$ 620
Intergovernmental revenues	1,116,610	926,186	695,600	788,142	642,325
Charges for services	1,153	-	-	-	-
Other revenues	-	1,655	-	-	-
Total revenues	1,123,511	932,203	699,705	791,896	642,945
Expenditures					
Current					
General government	61,971	78,250	62,308	41,493	-
Community development	18,898	-	-	-	-
Public safety	112,349	-	-	-	-
Community services and recreation	483,040	-	-	-	-
Public works	51,090	74,637	18,057	23,343	208,577
Capital outlay					
Streets, sidewalks and signals	-	1,119,418	487,820	557,562	-
Parks	-	-	-	-	-
Other	56,475	-	-	-	-
Total expenditures	783,823	1,272,305	568,185	622,398	208,577
Excess (deficiency) of revenues over (under) expenditures	339,688	(340,102)	131,520	169,498	434,368
Net Change In Fund Balances	339,688	(340,102)	131,520	169,498	434,368
Fund Balances - July 1	974,240	822,413	798,227	702,355	-
Fund Balances - June 30	\$ 1,313,928	\$ 482,311	\$ 929,747	\$ 871,853	\$ 434,368

(Continued)

City of Paramount, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue				
	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees	General Plan Fees
Revenues					
Interest and use of property	\$ 1,116	\$ 1,531	\$ 556	\$ 2,008	\$ 3,162
Intergovernmental revenues	-	-	-	-	-
Charges for services	3,939	60,230	47,871	14,700	29,400
Other revenues	-	-	-	-	-
Total revenues	5,055	61,761	48,427	16,708	32,562
Expenditures					
Current					
General government	-	-	5,068	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Capital outlay					
Streets, sidewalks and signals	-	-	-	-	-
Parks	-	13,320	-	-	-
Other	-	97,150	81,327	-	-
Total expenditures	-	110,470	86,395	-	-
Excess (deficiency) of revenues over (under) expenditures	5,055	(48,709)	(37,968)	16,708	32,562
Net Change In Fund Balances	5,055	(48,709)	(37,968)	16,708	32,562
Fund Balances - July 1	230,511	335,632	167,765	411,912	646,906
Fund Balances - June 30	\$ 235,566	\$ 286,923	\$ 129,797	\$ 428,620	\$ 679,468

(Continued)

City of Paramount, California
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue			Capital Project	Total Nonmajor Governmental Funds
	CDBG Coronavirus	Service Assessments	Total	Paramount Parking Authority	
Revenues					
Interest and use of property	\$ -	\$ -	\$ 35,896	\$ -	\$ 35,896
Intergovernmental revenues	476,184	-	10,026,310	-	10,026,310
Charges for services	-	14,159	258,766	-	258,766
Other revenues	-	-	11,322	-	11,322
Total revenues	476,184	14,159	10,332,294	-	10,332,294
Expenditures					
Current					
General government	-	5,285	435,521	-	435,521
Community development	452,161	-	609,286	-	609,286
Public safety	24,023	-	560,239	-	560,239
Community services and recreation	-	-	2,654,198	-	2,654,198
Public works	-	8,874	1,350,593	-	1,350,593
Capital outlay					
Streets, sidewalks and signals	-	-	2,164,800	-	2,164,800
Parks	-	-	13,320	-	13,320
Other	-	-	234,952	-	234,952
Total expenditures	476,184	14,159	8,022,909	-	8,022,909
Excess (deficiency) of revenues over (under) expenditures	-	-	2,309,385	-	2,309,385
Net Change In Fund Balances	-	-	2,309,385	-	2,309,385
Fund Balances - July 1	-	-	7,819,932	535,000	8,354,932
Fund Balances - June 30	\$ -	\$ -	\$ 10,129,317	\$ 535,000	\$ 10,664,317

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Community Development Block Grant
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,127,650	\$ 732,800	\$ 665,242	\$ (67,558)
Expenditures				
Current				
General government	146,350	106,350	119,351	(13,001)
Community development	451,000	131,000	42,062	88,938
Public safety	411,250	411,250	423,867	(12,617)
Public works	119,050	84,200	79,962	4,238
Total expenditures	1,127,650	732,800	665,242	67,558
Net Change In Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
HOME Partnership Act
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 218,350	\$ 213,350	\$ 129,958	\$ (83,392)
Expenditures				
Current				
General government	30,850	25,850	36,893	(11,043)
Community development	187,500	187,500	93,065	94,435
Total expenditures	218,350	213,350	129,958	83,392
Net Change In Fund Balance	-	-	-	-
Fund Balance - July 1	106,700	116,450	116,429	(21)
Fund Balance - June 30	\$ 106,700	\$ 116,450	\$ 116,429	\$ (21)

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Paramount Housing Authority
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other revenues	\$ 1,500	\$ 9,600	\$ 9,607	\$ 7
Expenditures				
Current				
Community development	700,000	10,000	3,100	6,900
Total expenditures	700,000	10,000	3,100	6,900
Excess (deficiency) of revenues over (under) expenditures	(698,500)	(400)	6,507	6,907
Net Change In Fund Balance	(698,500)	(400)	6,507	6,907
Fund Balance - July 1	1,265,300	1,265,300	1,265,266	(34)
Fund Balance - June 30	<u>\$ 566,800</u>	<u>\$ 1,264,900</u>	<u>\$ 1,271,773</u>	<u>\$ 6,873</u>

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
After School Education and Safety
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 750	\$ 550	\$ 518	\$ (32)
Intergovernmental revenues	2,116,700	2,177,750	2,171,157	(6,593)
Other revenues	10,000	50	60	10
Total revenues	2,127,450	2,178,350	2,171,735	(6,615)
Expenditures				
Current				
Community services and recreation	2,116,700	2,177,750	2,171,158	6,592
Excess (deficiency) of revenues over (under) expenditures	10,750	600	577	(23)
Net Change In Fund Balance	10,750	600	577	(23)
Fund Balance - July 1	117,250	114,250	114,241	(9)
Fund Balance - June 30	<u>\$ 128,000</u>	<u>\$ 114,850</u>	<u>\$ 114,818</u>	<u>\$ (32)</u>

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

State Gas Tax

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ -	\$ -	\$ 1,067	\$ 1,067
Intergovernmental revenues	1,302,800	1,186,300	1,205,611	19,311
Total revenues	1,302,800	1,186,300	1,206,678	20,378
Expenditures				
Current				
Public works	1,338,350	1,052,800	862,724	190,076
Excess (deficiency) of revenues over (under) expenditures	(35,550)	133,500	343,954	210,454
Net Change In Fund Balance	(35,550)	133,500	343,954	210,454
Fund Balance - July 1	35,800	69,550	69,573	23
Fund Balance - June 30	\$ 250	\$ 203,050	\$ 413,527	\$ 210,477

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Traffic Safety
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ -	\$ 150	\$ 149	\$ (1)
Intergovernmental revenues	75,000	75,000	108,710	33,710
Total revenues	75,000	75,150	108,859	33,709
Expenditures				
Current				
Public safety	75,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	75,150	108,859	33,709
Net Change In Fund Balance	-	75,150	108,859	33,709
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ 75,150	\$ 108,859	\$ 33,709

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Waste Reduction Fees
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 400	\$ 1,900	\$ 1,857	\$ (43)
Charges for services	98,000	98,000	78,397	(19,603)
Total revenues	98,400	99,900	80,254	(19,646)
Expenditures				
Current				
General government	-	-	12,907	(12,907)
Public works	59,300	68,650	23,329	45,321
Total expenditures	59,300	68,650	36,236	32,414
Excess (deficiency) of revenues over (under) expenditures	39,100	31,250	44,018	12,768
Net Change In Fund Balance	39,100	31,250	44,018	12,768
Fund Balance - July 1	331,350	369,600	369,584	(16)
Fund Balance - June 30	<u>\$ 370,450</u>	<u>\$ 400,850</u>	<u>\$ 413,602</u>	<u>\$ 12,752</u>

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
AB2766 Subvention Funds
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 300	\$ 1,750	\$ 1,705	\$ (45)
Intergovernmental revenues	68,000	68,000	72,419	4,419
Total revenues	68,300	69,750	74,124	4,374
Expenditures				
Current				
General government	3,800	13,800	11,995	1,805
Community development	-	39,500	-	39,500
Public works	12,000	-	-	-
Total expenditures	15,800	53,300	11,995	41,305
Excess (deficiency) of revenues over (under) expenditures	52,500	16,450	62,129	45,679
Net Change In Fund Balance	52,500	16,450	62,129	45,679
Fund Balance - July 1	343,900	348,250	348,273	23
Fund Balance - June 30	\$ 396,400	\$ 364,700	\$ 410,402	\$ 45,702

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Disability Access and Education Fees

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 50	\$ 150	\$ 161	\$ 11
Charges for services	5,000	5,000	8,917	3,917
Total revenues	5,050	5,150	9,078	3,928
Excess (deficiency) of revenues over (under) expenditures	5,050	5,150	9,078	3,928
Net Change In Fund Balance	5,050	5,150	9,078	3,928
Fund Balance - July 1	27,150	30,700	30,714	14
Fund Balance - June 30	\$ 32,200	\$ 35,850	\$ 39,792	\$ 3,942

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

SB1 Road Maintenance & Rehabilitation Account

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 500	\$ 3,500	\$ 3,477	\$ (23)
Intergovernmental revenues	953,800	950,700	1,028,166	77,466
Total revenues	954,300	954,200	1,031,643	77,443
Expenditures				
Capital outlay				
Streets, sidewalks and signals	1,000,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(45,700)	954,200	1,031,643	77,443
Net Change In Fund Balance	(45,700)	954,200	1,031,643	77,443
Fund Balance - July 1	374,450	415,900	415,891	(9)
Fund Balance - June 30	<u>\$ 328,750</u>	<u>\$ 1,370,100</u>	<u>\$ 1,447,534</u>	<u>\$ 77,434</u>

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Proposition A Transit Tax
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 1,000	\$ 5,900	\$ 5,748	\$ (152)
Intergovernmental revenues	1,133,000	1,133,000	1,116,610	(16,390)
Charges for services	4,000	4,000	1,153	(2,847)
Total revenues	1,138,000	1,142,900	1,123,511	(19,389)
Expenditures				
Current				
General government	65,800	65,800	61,971	3,829
Community development	18,900	18,900	18,898	2
Public safety	115,700	115,700	112,349	3,351
Community services and recreation	620,600	505,160	483,040	22,120
Public works	49,100	49,100	51,090	(1,990)
Capital outlay				
Other	274,000	108,000	56,475	51,525
Total expenditures	1,144,100	862,660	783,823	78,837
Excess (deficiency) of revenues over (under) expenditures	(6,100)	280,240	339,688	59,448
Net Change In Fund Balance	(6,100)	280,240	339,688	59,448
Fund Balance - July 1	1,005,300	974,250	974,240	(10)
Fund Balance - June 30	\$ 999,200	\$ 1,254,490	\$ 1,313,928	\$ 59,438

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Proposition C Transit Tax
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 1,500	\$ 4,500	\$ 4,362	\$ (138)
Intergovernmental revenues	939,800	939,800	926,186	(13,614)
Other revenues	3,200	3,200	1,655	(1,545)
Total revenues	944,500	947,500	932,203	(15,297)
Expenditures				
Current				
General government	71,500	71,500	78,250	(6,750)
Public works	94,100	94,100	74,637	19,463
Capital outlay				
Streets, sidewalks and signals	1,272,600	1,362,600	1,119,418	243,182
Total expenditures	1,438,200	1,528,200	1,272,305	255,895
Excess (deficiency) of revenues over (under) expenditures	(493,700)	(580,700)	(340,102)	240,598
Net Change In Fund Balance	(493,700)	(580,700)	(340,102)	240,598
Fund Balance - July 1	806,550	822,400	822,413	13
Fund Balance - June 30	\$ 312,850	\$ 241,700	\$ 482,311	\$ 240,611

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Measure R Transit Tax
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 1,000	\$ 4,200	\$ 4,105	\$ (95)
Intergovernmental revenues	704,900	704,900	695,600	(9,300)
Total revenues	705,900	709,100	699,705	(9,395)
Expenditures				
Current				
General government	50,300	50,300	62,308	(12,008)
Public works	19,350	19,350	18,057	1,293
Capital outlay				
Streets, sidewalks and signals	1,002,600	492,850	487,820	5,030
Total expenditures	1,072,250	562,500	568,185	(5,685)
Excess (deficiency) of revenues over (under) expenditures	(366,350)	146,600	131,520	(15,080)
Net Change In Fund Balance	(366,350)	146,600	131,520	(15,080)
Fund Balance - July 1	817,750	798,200	798,227	27
Fund Balance - June 30	\$ 451,400	\$ 944,800	\$ 929,747	\$ (15,053)

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Measure M Transit Tax
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 500	\$ 4,000	\$ 3,754	\$ (246)
Intergovernmental revenues	798,800	798,800	788,142	(10,658)
Total revenues	799,300	802,800	791,896	(10,904)
Expenditures				
Current				
General government	50,300	50,300	41,493	8,807
Public works	18,000	18,000	23,343	(5,343)
Capital outlay				
Streets, sidewalks and signals	1,415,000	486,550	557,562	(71,012)
Total expenditures	1,483,300	554,850	622,398	(67,548)
Excess (deficiency) of revenues over (under) expenditures	(684,000)	247,950	169,498	(78,452)
Net Change In Fund Balance	(684,000)	247,950	169,498	(78,452)
Fund Balance - July 1	714,750	702,350	702,355	5
Fund Balance - June 30	\$ 30,750	\$ 950,300	\$ 871,853	\$ (78,447)

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Measure W Safe Clean Water
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	500	650	620	(30)
Intergovernmental revenues	500,000	642,300	642,325	25
Total revenues	500,500	642,950	642,945	(5)
Expenditures				
Current				
Public works	318,000	257,000	208,577	48,423
Excess (deficiency) of revenues over (under) expenditures	182,500	385,950	434,368	48,418
Net Change In Fund Balance	182,500	385,950	434,368	48,418
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ 182,500	\$ 385,950	\$ 434,368	\$ 48,418

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Sewer Reconstruction Fees
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 500	\$ 1,150	\$ 1,116	\$ (34)
Charges for services	1,500	1,500	3,939	2,439
Total revenues	2,000	2,650	5,055	2,405
Excess (deficiency) of revenues over (under) expenditures	2,000	2,650	5,055	2,405
Net Change In Fund Balance	2,000	2,650	5,055	2,405
Fund Balance - July 1	230,250	230,500	230,511	11
Fund Balance - June 30	<u>\$ 232,250</u>	<u>\$ 233,150</u>	<u>\$ 235,566</u>	<u>\$ 2,416</u>

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Art Fees
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 500	\$ 1,550	\$ 1,531	\$ (19)
Charges for services	50,000	50,000	60,230	10,230
Total revenues	50,500	51,550	61,761	10,211
Expenditures				
Current				
General government	3,000	-	-	-
Capital outlay				
Parks	14,000	14,000	13,320	680
Other	6,000	80,000	97,150	(17,150)
Total expenditures	23,000	94,000	110,470	(16,470)
Excess (deficiency) of revenues over (under) expenditures	27,500	(42,450)	(48,709)	(6,259)
Net change in fund balance	27,500	(42,450)	(48,709)	(6,259)
Fund balance - July 1	381,900	335,650	335,632	(18)
Fund balance - June 30	\$ 409,400	\$ 293,200	\$ 286,923	\$ (6,277)

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Public Access Fees
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 300	\$ 550	\$ 556	\$ 6
Charges for services	35,000	35,000	47,871	12,871
Total revenues	35,300	35,550	48,427	12,877
Expenditures				
Current				
General government	5,000	10,000	5,068	4,932
Capital outlay				
Other	71,000	85,150	81,327	3,823
Total expenditures	76,000	95,150	86,395	8,755
Excess (deficiency) of revenues over (under) expenditures	(40,700)	(59,600)	(37,968)	21,632
Net Change In Fund Balance	(40,700)	(59,600)	(37,968)	21,632
Fund Balance - July 1	158,950	167,750	167,765	15
Fund Balance - June 30	<u>\$ 118,250</u>	<u>\$ 108,150</u>	<u>\$ 129,797</u>	<u>\$ 21,647</u>

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Storm Drain Fees

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 500	\$ 2,000	\$ 2,008	\$ 8
Charges for services	15,000	15,000	14,700	(300)
Total revenues	15,500	17,000	16,708	(292)
Excess (deficiency) of revenues over (under) expenditures	15,500	17,000	16,708	(292)
Net Change In Fund Balance	15,500	17,000	16,708	(292)
Fund Balance - July 1	416,600	411,900	411,912	12
Fund Balance - June 30	\$ 432,100	\$ 428,900	\$ 428,620	\$ (280)

City of Paramount, California
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
General Plan Fees
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest and use of property	\$ 1,000	\$ 1,000	\$ 3,162	\$ 2,162
Charges for services	30,000	30,000	29,400	(600)
Total revenues	31,000	31,000	32,562	1,562
Expenditures				
Current				
Community development	320,000	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(289,000)	31,000	32,562	1,562
Net Change In Fund Balance	(289,000)	31,000	32,562	1,562
Fund Balance - July 1	656,900	646,900	646,906	6
Fund Balance - June 30	<u>\$ 367,900</u>	<u>\$ 677,900</u>	<u>\$ 679,468</u>	<u>\$ 1,568</u>

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Community Development Block Grant Coronavirus

Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ -	\$ 859,350	\$ 476,184	\$ (383,166)
Expenditures				
Current				
Community development	-	779,350	452,161	327,189
Public safety	-	80,000	24,023	55,977
Total expenditures	-	859,350	476,184	383,166
Net Change In Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

City of Paramount, California

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
Service Assessments
Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 14,150	\$ 14,150	\$ 14,159	\$ 9
Expenditures				
Current				
General government	3,700	3,700	5,285	(1,585)
Public works	10,450	10,450	8,874	1,576
Total expenditures	14,150	14,150	14,159	(9)
Net Change In Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	\$ -	\$ -	\$ -	\$ -

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

CONTENTS	PAGE
Financial Trends	113
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	118
These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.	
Debt Capacity	121
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	126
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	129
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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Table 1
City of Paramount
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015*	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 86,007,798	\$ 84,587,747	\$ 82,967,732	\$ 79,511,962	\$ 79,690,688	\$ 79,225,417	\$ 76,381,563	\$ 75,437,457	\$ 72,665,264	\$ 70,923,502
Restricted	6,772,029	5,656,443	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235	5,553,952	6,161,908	11,040,989
Unrestricted	<u>17,915,349</u>	<u>11,481,563</u>	<u>15,872,421</u>	<u>2,027,521</u>	<u>8,844</u>	<u>(2,208,468)</u>	<u>(6,436,004)</u>	<u>(5,371,456)</u>	<u>(5,601,349)</u>	<u>(1,963,088)</u>
Total governmental activities net position	<u>110,695,176</u>	<u>101,725,753</u>	<u>105,213,192</u>	<u>88,187,139</u>	<u>84,008,536</u>	<u>81,198,827</u>	<u>75,819,794</u>	<u>75,619,953</u>	<u>73,225,823</u>	<u>80,001,403</u>
Business-type activities:										
Net investment in capital assets	17,403,891	16,723,703	16,918,341	16,981,731	17,905,387	17,328,598	9,979,726	16,275,296	16,132,664	12,428,094
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>2,056,849</u>	<u>2,257,666</u>	<u>2,489,718</u>	<u>894,214</u>	<u>709,203</u>	<u>1,517,233</u>	<u>7,573,532</u>	<u>1,556,622</u>	<u>1,257,073</u>	<u>2,939,592</u>
Total business-type activities net position	<u>19,460,740</u>	<u>18,981,369</u>	<u>19,408,059</u>	<u>17,875,945</u>	<u>18,614,590</u>	<u>18,845,831</u>	<u>17,553,258</u>	<u>17,831,918</u>	<u>17,389,737</u>	<u>15,367,686</u>
Primary government:										
Net investment in capital assets	103,411,689	101,311,450	99,886,073	96,493,693	97,596,075	96,554,015	86,361,289	91,712,753	88,797,928	83,351,596
Restricted	6,772,029	5,656,443	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235	5,553,952	6,161,908	11,040,989
Unrestricted	<u>19,972,198</u>	<u>13,739,229</u>	<u>18,362,139</u>	<u>2,921,735</u>	<u>718,047</u>	<u>(691,235)</u>	<u>1,137,528</u>	<u>(3,814,834)</u>	<u>(4,344,276)</u>	<u>976,504</u>
Total primary government net position	<u>\$ 130,155,916</u>	<u>\$ 120,707,122</u>	<u>\$ 124,621,251</u>	<u>\$ 106,063,084</u>	<u>\$ 102,623,126</u>	<u>\$ 100,044,658</u>	<u>\$ 93,373,052</u>	<u>\$ 93,451,871</u>	<u>\$ 90,615,560</u>	<u>\$ 95,369,089</u>

* Numbers reflect the implementation of GASB Statement No. 68.

Source:
 City of Paramount audited financial statements

Table 2
City of Paramount
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental activities:										
General government	\$ 6,280,451	\$ 6,012,729	\$ 6,202,608	\$ 6,409,474	\$ 6,846,940	\$ 7,308,976	\$ 7,184,690	\$ 7,088,630	\$ 7,357,400	\$ 7,348,010
Community development	3,009,795	6,180,794	2,148,884	2,172,414	5,007,589	2,039,989	2,461,135	1,926,054	2,405,848	3,142,509
Public safety	10,753,840	10,336,307	10,284,334	10,662,749	11,218,541	11,139,959	11,888,055	11,862,334	12,179,427	12,749,502
Community services and recreation	6,346,691	5,970,063	5,804,838	6,074,382	5,830,850	6,330,295	6,368,824	6,413,969	6,121,450	5,864,047
Public works	9,693,782	10,362,260	9,994,449	10,015,353	10,571,784	10,620,526	10,611,799	10,440,155	12,053,263	12,475,482
Community redevelopment	1,141,067	-	-	-	-	-	-	-	-	-
Interest on long-term debt	1,783,849	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>39,009,475</u>	<u>38,862,153</u>	<u>34,435,113</u>	<u>35,334,372</u>	<u>39,475,704</u>	<u>37,439,745</u>	<u>38,514,503</u>	<u>37,731,142</u>	<u>40,117,388</u>	<u>41,579,550</u>
Business-type activities:										
Water	<u>7,817,399</u>	<u>8,407,375</u>	<u>7,481,502</u>	<u>7,392,150</u>	<u>7,685,532</u>	<u>7,677,359</u>	<u>8,581,886</u>	<u>7,793,957</u>	<u>8,178,235</u>	<u>9,861,949</u>
Total business-type activities expenses	<u>7,817,399</u>	<u>8,407,375</u>	<u>7,481,502</u>	<u>7,392,150</u>	<u>7,685,532</u>	<u>7,677,359</u>	<u>8,581,886</u>	<u>7,793,957</u>	<u>8,178,235</u>	<u>9,861,949</u>
Total primary government expenses	<u>46,826,874</u>	<u>47,269,528</u>	<u>41,916,615</u>	<u>42,726,522</u>	<u>47,161,236</u>	<u>45,117,104</u>	<u>47,096,389</u>	<u>45,525,099</u>	<u>48,295,623</u>	<u>51,441,499</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	238,127	247,460	168,882	291,859	199,877	167,554	185,444	191,359	222,426	193,393
Community development	266,767	294,847	404,963	347,387	508,124	381,084	486,252	381,846	229,201	603,104
Public safety	85,670	113,786	134,285	125,707	119,425	130,937	108,650	138,403	107,691	84,128
Community services and recreation	376,772	277,548	266,170	257,191	264,633	282,814	213,050	215,788	96,963	60,415
Public works	564,201	575,323	595,654	528,391	759,040	675,278	826,430	772,886	614,480	790,144
Operating grants and contributions	8,587,267	8,696,248	8,240,015	8,035,786	7,541,476	7,409,586	8,574,899	7,971,987	8,100,026	9,449,889
Capital grants and contributions	<u>1,713,695</u>	<u>5,814,106</u>	<u>2,508,509</u>	<u>1,564,891</u>	<u>2,419,414</u>	<u>2,840,656</u>	<u>3,226,132</u>	<u>3,252,151</u>	<u>3,524,293</u>	<u>4,577,817</u>
Total governmental activities										
program revenues	<u>11,832,499</u>	<u>16,019,318</u>	<u>12,318,478</u>	<u>11,151,212</u>	<u>11,811,989</u>	<u>11,887,909</u>	<u>13,620,857</u>	<u>12,924,420</u>	<u>12,895,080</u>	<u>15,758,890</u>
Business-type activities:										
Charges for services:										
Water	<u>7,370,900</u>	<u>7,839,725</u>	<u>7,815,043</u>	<u>7,040,916</u>	<u>6,972,036</u>	<u>7,812,294</u>	<u>7,946,567</u>	<u>7,750,500</u>	<u>7,589,241</u>	<u>7,796,180</u>
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,368</u>	<u>166,689</u>	<u>-</u>	<u>-</u>
Total business-type activities										
program revenues	<u>7,370,900</u>	<u>7,839,725</u>	<u>7,815,043</u>	<u>7,040,916</u>	<u>6,972,036</u>	<u>7,812,294</u>	<u>8,052,935</u>	<u>7,917,189</u>	<u>7,589,241</u>	<u>7,796,180</u>
Total primary government										
program revenues	<u>19,203,399</u>	<u>23,859,043</u>	<u>20,133,521</u>	<u>18,192,128</u>	<u>18,784,025</u>	<u>19,700,203</u>	<u>21,673,792</u>	<u>20,841,609</u>	<u>20,484,321</u>	<u>23,555,070</u>

Table 2
City of Paramount
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Net revenues (expenses):										
Governmental activities	(27,176,976)	(22,842,835)	(22,116,635)	(24,183,160)	(27,663,715)	(25,551,836)	(24,893,646)	(24,806,722)	(27,222,308)	(25,820,660)
Business-type activities	(446,499)	(567,650)	333,541	(351,234)	(713,496)	134,935	(528,951)	123,232	(588,994)	(2,065,769)
Total net revenues (expenses)	(27,623,475)	(23,410,485)	(21,783,094)	(24,534,394)	(28,377,211)	(25,416,901)	(25,422,597)	(24,683,490)	(27,811,302)	(27,886,429)
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales tax	5,886,981	5,721,757	5,770,919	5,568,430	6,129,480	7,278,424	7,712,771	8,449,883	8,265,394	9,459,141
In-Lieu Sales Tax	1,710,472	2,164,088	1,951,154	1,916,619	1,293,617	-	-	-	-	-
Transaction & Use Tax	-	-	-	-	-	-	-	-	-	5,585,397
Utility Users tax	2,426,819	2,361,447	2,185,548	2,289,871	3,981,658	3,679,314	3,757,405	3,735,391	3,484,876	3,261,854
Franchise Tax	1,616,412	1,607,796	1,650,478	1,706,318	1,635,366	1,637,474	1,784,998	1,818,389	1,885,967	1,904,943
Property Tax	6,837,573	2,288,559	1,882,437	2,041,764	2,052,016	2,099,550	2,306,211	2,341,486	2,563,106	2,763,914
Business License	1,039,603	1,000,305	1,015,413	990,573	977,307	962,675	947,111	988,043	893,150	893,927
Investment earnings	165,976	43,815	37,375	40,885	64,064	97,769	202,802	362,253	320,851	116,104
Motor Vehicle license fees, unrestricted	4,811,668	5,007,600	5,179,714	5,346,425	5,468,904	5,779,305	6,068,259	6,355,849	6,915,240	7,362,208
Other revenues	459,967	1,188,517	264,751	518,840	386,535	303,949	647,385	555,587	505,206	1,248,752
Special item-Housing Authority	(689,800)	-	-	-	-	-	-	-	-	-
Special items-housing assets	776,760	-	-	-	-	-	-	-	-	-
Extraordinary item-Redevelopment Agency	39,366,500	(7,510,472)	5,666,285	-	1,496,165	903,667	484,475	-	-	-
Transfers	-	-	-	-	-	-	-	-	(5,612)	(1,000,000)
Total governmental activities	64,408,931	13,873,412	25,604,074	20,419,725	23,485,112	22,742,127	23,911,417	24,606,881	24,828,178	31,596,240
Business-type activities:										
Investment income	6,188	4,342	4,461	9,144	13,483	24,536	56,884	100,630	90,318	17,668
Other revenues	51,576	83,937	88,688	117,285	54,673	48,722	56,697	54,798	50,883	26,050
Extraordinary item-Redevelopment Agency	-	-	-	528,516	1,383,986	23,048	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	5,612	-
Total business-type activities	57,764	88,279	93,149	654,945	1,452,142	96,306	113,581	155,428	146,813	43,718
Total primary government	64,466,695	13,961,691	25,697,223	21,074,670	24,937,254	22,838,433	24,024,998	24,762,309	24,974,991	31,639,958
Changes in net position										
Governmental activities	37,231,955	(8,969,423)	3,487,439	(3,763,435)	(4,178,603)	(2,809,709)	(982,229)	(199,841)	(2,394,130)	5,775,580
Business-type activities	(388,735)	(479,371)	426,690	303,711	738,646	231,241	(415,370)	278,660	(442,181)	(2,022,051)
Total primary government	\$ 36,843,220	\$ (9,448,794)	\$ 3,914,129	\$ (3,459,724)	\$ (3,439,957)	\$ (2,578,468)	\$ (1,397,599)	\$ 78,819	\$ (2,836,311)	\$ 3,753,529

Source:
 City of Paramount audited financial statements

Table 3
City of Paramount
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund:										
Nonspendable	\$ 6,147,210	\$ 60,472	\$ 3,510,869	\$ 3,605,980	\$ 355,213	\$ 273,028	\$ 276,969	\$ 558,425	\$ 299,648	\$ 372,030
Assigned	3,053,827	3,053,827	3,213,827	3,563,827	3,563,827	2,620,286	3,675,028	4,613,579	5,419,180	8,316,428
Unassigned	11,335,035	11,464,951	11,618,168	11,809,618	12,121,484	12,557,530	12,647,525	12,776,116	12,798,092	14,690,303
Total general fund	<u>20,536,072</u>	<u>14,579,250</u>	<u>18,342,864</u>	<u>18,979,425</u>	<u>16,040,524</u>	<u>15,450,844</u>	<u>16,599,522</u>	<u>17,948,120</u>	<u>18,516,920</u>	<u>23,378,761</u>
All other governmental funds:										
Nonspendable	806,732	535,000	535,000	535,000	535,000	-	-	-	-	-
Restricted	5,192,466	4,147,477	4,764,186	4,974,082	4,309,004	4,909,124	6,448,479	6,245,337	7,237,049	9,645,978
Committed	928,290	973,966	1,073,853	1,138,574	1,130,117	1,130,425	1,406,939	1,412,888	1,394,450	1,395,011
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,927,488</u>	<u>\$ 5,656,443</u>	<u>\$ 6,373,039</u>	<u>\$ 6,647,656</u>	<u>\$ 5,974,121</u>	<u>\$ 6,039,549</u>	<u>\$ 7,855,418</u>	<u>\$ 7,658,225</u>	<u>\$ 8,631,499</u>	<u>\$ 11,040,989</u>

Source:
City of Paramount audited financial statements

Table 4

City of Paramount

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 19,517,860	\$ 15,143,952	\$ 14,455,949	\$ 14,513,575	\$ 16,069,444	\$ 15,657,437	\$ 16,508,496	\$ 17,333,192	\$ 17,092,493	\$ 23,869,176
Licenses and permits	620,042	606,991	658,584	640,375	788,472	717,919	814,146	802,010	620,630	765,869
Fines & Penalties	697,242	686,297	702,539	680,755	727,000	738,338	921,744	835,477	820,853	825,192
Interest & use of property	337,192	185,157	97,981	149,617	152,768	161,069	293,406	493,133	437,853	181,255
Intergovernmental revenues	13,518,656	17,521,505	12,854,869	13,162,209	13,628,376	14,146,748	15,780,459	15,546,234	16,553,788	19,447,825
Charges for services	780,270	786,309	867,591	820,285	985,224	866,124	949,527	840,076	590,600	905,546
Other	<u>2,315,994</u>	<u>2,471,296</u>	<u>1,328,269</u>	<u>2,898,830</u>	<u>1,461,768</u>	<u>1,438,161</u>	<u>1,771,286</u>	<u>1,663,979</u>	<u>1,593,822</u>	<u>2,331,030</u>
Total revenues	<u>37,787,256</u>	<u>37,401,507</u>	<u>30,965,782</u>	<u>32,865,646</u>	<u>33,813,052</u>	<u>33,725,796</u>	<u>37,039,064</u>	<u>37,514,101</u>	<u>37,710,039</u>	<u>48,325,893</u>
Expenditures										
Current:										
General government	5,209,576	4,975,287	5,108,701	5,621,050	5,533,812	5,737,211	6,117,349	5,910,580	6,679,602	7,150,058
Community development	2,288,451	6,112,305	2,040,185	2,155,118	4,908,494	1,640,630	1,962,771	1,613,310	1,955,450	3,144,315
Public safety	10,648,671	10,255,992	10,238,432	10,672,716	11,080,181	10,744,979	11,629,250	11,677,073	11,876,632	12,721,146
Community services & recreation	5,133,584	4,666,373	4,635,635	4,667,924	4,861,967	4,950,485	5,219,398	5,162,728	5,032,344	4,996,113
Public works	6,064,354	5,857,785	5,751,998	5,807,592	6,173,761	6,892,265	6,674,196	6,872,059	7,316,460	7,691,666
Pass through and other fees	619,608	-	-	-	-	-	-	-	-	-
Community redevelopment	2,142,400	-	-	-	-	-	-	-	-	-
Debt service:										
Principal retirement	2,628,019	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	1,475,925	-	-	-	-	-	-	-	-	-
Capital Outlay										
Water	851,396	-	-	-	-	-	106,368	166,689	5,612	-
Streets, sidewalks and signals	1,071,402	1,675,407	1,369,624	1,921,144	3,758,222	3,093,146	2,223,530	4,077,088	2,872,345	3,185,722
Parks	284,389	4,695,650	468,524	788,748	566,101	1,165,442	245,589	285,050	230,656	739,645
Civic Center improvements	-	-	-	-	-	-	-	-	-	-
Downtown Parking Lot	-	-	-	-	-	-	-	-	-	-
Other	<u>1,145,428</u>	<u>1,189,175</u>	<u>156,017</u>	<u>320,176</u>	<u>542,950</u>	<u>205,254</u>	<u>408,034</u>	<u>517,709</u>	<u>296,411</u>	<u>483,137</u>
Total expenditures	<u>39,563,203</u>	<u>39,427,974</u>	<u>29,769,116</u>	<u>31,954,468</u>	<u>37,425,488</u>	<u>34,429,412</u>	<u>34,586,485</u>	<u>36,282,286</u>	<u>36,265,512</u>	<u>40,111,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,775,947)</u>	<u>(2,026,467)</u>	<u>1,196,666</u>	<u>911,178</u>	<u>(3,612,436)</u>	<u>(703,616)</u>	<u>2,452,579</u>	<u>1,231,815</u>	<u>1,444,527</u>	<u>8,214,091</u>
Other financing sources (uses):										
Transfers in	4,071,946	-	-	-	-	-	35,249	312,985	-	-
Transfers out	(4,071,946)	-	(170,000)	-	-	-	(135,249)	(543,485)	-	(1,000,000)
Capital Lease	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,493</u>	<u>150,090</u>	<u>97,547</u>	<u>57,240</u>
Payment to bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(170,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,493</u>	<u>(80,410)</u>	<u>97,547</u>	<u>(942,760)</u>
Extraordinary and special items:										
Special item-Housing Authority	(689,800)	-	-	-	-	-	-	-	-	-
Special item-housing assets	776,760	-	-	-	-	-	-	-	-	-
Extraordinary item-RDA	<u>(21,213,472)</u>	<u>(5,201,400)</u>	<u>3,453,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total extraordinary and special items	<u>(21,126,512)</u>	<u>(5,201,400)</u>	<u>3,453,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>484,475</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (22,902,459)</u>	<u>\$ (7,227,867)</u>	<u>\$ 4,480,210</u>	<u>\$ 911,178</u>	<u>\$ (3,612,436)</u>	<u>\$ (703,616)</u>	<u>\$ 2,964,547</u>	<u>\$ 1,151,405</u>	<u>\$ 1,542,074</u>	<u>\$ 7,271,331</u>
Debt service as a percentage of noncapital expenditures	12.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source:
City of Paramount audited financial statements

Table 5
City of Paramount
Taxable Sales by Category
 Last Ten Calendar Years
 (in thousands of dollars)

	Calendar Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Apparel Stores	\$ 19,369	\$ 21,505	\$ 23,100	\$ 22,999	\$ 22,718	\$ 22,954	\$ 19,971	\$ 20,746	\$ 20,803	\$ 18,176
Food Stores	23,844	25,460	25,097	24,989	25,551	22,141	20,589	21,936	22,665	25,257
Eating and Drinking Places	41,717	45,700	47,485	51,696	57,716	62,348	69,583	75,944	79,620	72,511
Building Materials	59,313	60,174	63,384	64,578	85,481	99,688	108,049	103,876	114,502	123,355
Auto Dealers and Supplies	13,840	14,271	14,941	13,531	15,294	16,959	17,004	16,212	12,373	17,916
Service Stations	107,582	107,611	100,545	98,520	81,019	67,146	72,252	83,100	88,083	63,259
Other Retail Stores	102,001	101,673	101,401	101,268	101,743	107,051	97,628	102,865	101,220	105,717
All Other Outlets	374,435	389,616	387,318	391,536	331,778	325,153	352,689	380,354	412,964	434,861
Total	\$ 742,101	\$ 766,010	\$ 763,271	\$ 769,117	\$ 721,300	\$ 723,440	\$ 757,765	\$ 805,033	\$ 852,230	\$ 861,052
Sales and Use Tax rate	9.75%	9.75%	8.75%	8.75%	9.00%	9.00%	9.50%	9.50%	9.50%	10.25%

Note:

The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

Sources:

State of California Board of Equalization
 The HdL Companies

Table 6
City of Paramount
Direct and Overlapping Sales Tax Rates
 Last Ten Calendar Years

Calendar Year Ended December 31	City Direct Rate	L.A. County Transportation Authority	L.A. County Transportation Commission	<u>Local Rate Levied by State</u>		State of California	Total Sales Tax Rate
				County Transportation	City Operations		
2011	0.00%	0.50%	1.00%	0.25%	0.75%	6.25%	8.75%
2012	0.00%	0.50%	1.00%	0.25%	0.75%	6.25%	8.75%
2013	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2014	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2015	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2016	0.00%	0.50%	1.00%	0.25%	0.75%	6.50%	9.00%
2017	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%
2018	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%
2019	0.00%	0.50%	1.00%	0.50%	0.25%	7.25%	9.50%
2020	0.75%	0.50%	1.00%	0.50%	0.25%	7.25%	10.25%

Notes:

Effective July 1, 2004, 1/4% of the local rate levied by the State for the City's operations was shifted to the State to create a dedicated revenue source to repay bonds issued under the California Economic Recovery Bond Act. Revenue lost through the shift is backfilled to the City with property tax revenue from the County Education Revenue Augmentation Fund (ERAF).

Sources:

California State Board of Equalization
 The HdL Companies

Table 7
City of Paramount
Principal Sales Tax Producers
 Current Year and Nine Years Ago

2021		2012	
ANC Vehicle Wash Systems of AZ	Light Industrial/Printers	American Honda Finance Corp	Auto Lease
Arco AM PM	Service Stations	Arco	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Border Tire	Automotive Supply Stores	Arco AM PM	Service Stations
Chemco	Drugs/Chemicals	Arco AM PM	Service Stations
Cort Furniture Rental	Home Furnishings	Ardyss International	Specialty Stores
Del Amo Motorsports of LA	Boats/Motorcycles	Chao Petroleum	Service Stations
Drees Wood Products	Contractors	Chemco	Drugs/Chemicals
Falcon Fuels	Petroleum Product/Equipment	Chevron	Service Stations
HD Supply	Building Materials	Chevron	Service Stations
Home Depot	Building Materials	Cort Furniture Rental	Home Furnishings
Hub Construction Specialties	Building Materials	Drees Wood Products	Contractors
Jankovich	Petroleum Product/Equipment	Falcon Fuels	Petroleum Prod/Equipment
McDonalds	Quick-Service Restaurants	GCR Tire Center	Automotive Supply Stores
Northgate Market	Grocery Stores	Hardy Roofing Materials	Contractors
Pacific Gypsum Supply	Contractors	HD Supply	Building Materials
Petro Bras	Service Stations	Home Depot	Building Materials
Premium Windows	Contractors	Jankovich	Petroleum Prod/Equipment
Ross	Family Apparel	Lindsay Lumber	Building Materials
Sams Roofing Material	Building Materials	Paramount Petroleum	Petroleum Prod/Equipment
SS Fuel	Service Stations	Rapid Gas	Service Stations
Stater Bros	Grocery Stores	Ross Dress for Less	Family Apparel
Surface Preparation Solutions	Heavy Industrial	Sams Roofing Material	Building Materials
United Oil	Service Stations	Walmart Supercenter	Discount Dept Stores
Walmart Supercenter	Discount Department Stores	Weber Metals	Heavy Industrial

Percent of Fiscal Year Total 61.03%

66.16%

Period: July 2020 thru March 2021

July 2011 thru March 2012

Notes:

Firms listed alphabetically

Sources:

State of California Board of Equalization
 The HdL Companies

Table 8
City of Paramount
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income	Debt Per Capita
	Loan Payable	Tax Allocation Bonds	Capital Leases	Total Governmental Activities	Loan and Notes Payable	Capital Leases	Total Business-type Activities			
2012	\$ -	\$ -	\$ -	\$ -	\$ 6,298,478	\$ -	\$ 6,298,478	\$ 6,298,478	0.81%	\$ 115.31
2013	-	-	-	-	5,966,563	-	5,966,563	5,966,563	0.77%	108.38
2014	-	-	-	-	5,629,520	-	5,629,520	5,629,520	0.71%	102.21
2015	-	-	-	-	5,287,159	-	5,287,159	5,287,159	0.68%	93.74
2016	-	-	-	-	4,939,285	-	4,939,285	4,939,285	0.59%	88.32
2017	-	-	138,482	138,482	4,774,580	90,145	4,864,725	5,003,207	0.59%	89.34
2018	-	-	203,363	203,363	11,303,775	101,313	11,405,088	11,608,451	1.27%	209.17
2019	-	-	261,439	261,439	11,158,240	61,981	11,220,221	11,481,660	1.21%	207.02
2020	-	-	247,167	247,167	10,860,411	93,274	10,953,685	11,200,852	1.14%	202.91
2021	-	-	190,464	190,464	10,553,135	66,724	10,619,859	10,810,323	NA	NA

Notes:

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

NA denote information that is unavailable.

Percentage of Personal Income and Debt Per Capita are calculated using personal income and population as shown on Table 13.

The debt included in the governmental activities columns (with the exception of capital leases) prior to FY2012 was debt of the Paramount Redevelopment Agency. With the elimination of redevelopment in the State of California effective February 1, 2012, that debt was transferred to a private-purpose trust fund. The governmental activities have no other long-term debt.

Table 9
City of Paramount
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30	<u>Outstanding General Bonded Debt</u>		Percent of Assessed Value	Per Capita
	Tax Allocation Bonds	Total		
2012	\$ -	\$ -	0.00%	\$ -
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	-	-	0.00%	-
2020	-	-	0.00%	-
2021	-	-	0.00%	-

Notes:

Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

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

The outstanding general bonded debt listed prior to FY2012 was debt of the Paramount Redevelopment Agency. With the elimination of redevelopment in the State of California on February 1, 2012, that debt was transferred to a private-purpose trust fund.

Table 10
City of Paramount
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

City Assessed Valuation		\$	2,770,776,387	
Redevelopment Agency Incremental Valuation			<u>1,855,664,776</u>	
Total Assessed Valuation		\$	<u>4,626,441,163</u>	
	Percentage Applicable (2)	Outstanding Debt 6/30/21		Estimated Share of Overlapping Debt
Overlapping Debt Repaid with Property Taxes:				
Metropolitan Water District (1)	0.290%	\$ 13,101,783	\$	38,058
Cerritos Community College District Debt Service	0.006%	392,415,943		22,269
Compton Community College District Debt Service	19.211%	123,531,175		23,731,661
Compton Unified School District Debt Service	0.618%	241,803,776		1,493,393
Downey Unified School District Debt Service	0.021%	259,233,240		55,319
Paramount Unified School District Debt Service	66.166%	<u>212,927,487</u>		<u>140,884,542</u>
Total overlapping debt repaid with property taxes		<u>1,243,013,404</u>		<u>166,225,242</u>
Total overlapping debt		<u>\$ 1,243,013,404</u>		166,225,242
City direct debt				<u>190,464</u>
Total direct and overlapping debt				<u>\$ 166,415,706</u>

Notes:

This report reflects debt which is being repaid through voter-approved property tax indebtedness. It excludes mortgage revenue, tax allocation bonds, interim financing obligations, non-bonded capital lease obligations and certificates of participation, unless provided by the City. Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.

(1) This fund is a portion of a larger agency, and is responsible for debt in areas outside the city.

(2) The percentage applicable was estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's taxable assessed value.

Sources:

LA County Assessor and Auditor Combined 2020/2021 Lien Date Tax Rolls
HdL Coren & Cone

Table 11
City of Paramount
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed valuation	\$ 3,040,467,902	\$ 3,145,453,787	\$ 3,257,456,687	\$ 3,363,331,783	\$ 3,441,673,952	\$ 3,635,948,857	\$ 3,815,902,453	\$ 3,999,245,043	\$ 4,341,952,634	\$ 4,626,441,163
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	760,116,976	786,363,447	814,364,172	840,832,946	860,418,488	908,987,214	953,975,613	999,811,261	1,085,488,159	1,156,610,291
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	114,017,546	117,954,517	122,154,626	126,124,942	129,062,773	136,348,082	143,096,342	149,971,689	162,823,224	173,491,544
Total net debt applicable to limit: General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 114,017,546</u>	<u>\$ 117,954,517</u>	<u>\$ 122,154,626</u>	<u>\$ 126,124,942</u>	<u>\$ 129,062,773</u>	<u>\$ 136,348,082</u>	<u>\$ 143,096,342</u>	<u>\$ 149,971,689</u>	<u>\$ 162,823,224</u>	<u>\$ 173,491,544</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value.

Effective with the 1981-1982 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

The City of Paramount has no bonded indebtedness

Source:

Los Angeles County Assessor 2020/2021 Combined Tax Rolls
HdL Coren & Cone

Table 12
City of Paramount
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year Ended June 30	Loan Payable					Tax Allocation Bonds			
	Water Revenue	Less Operating Expenses	Net Available Revenue	Annual Debt Service	Coverage	Tax Increment	Debt Service		Coverage
							Principal	Interest	
2012	\$ 7,422,476	\$ 7,032,056	\$ 390,420	\$ 327,257	1.19	\$ 3,484,375	\$ 2,590,000	\$ 1,407,585	0.87
2013	7,923,662	7,432,887	490,775	327,193	1.50	-	-	-	-
2014	7,903,731	6,352,232	1,551,499	327,133	4.74	-	-	-	-
2015	7,158,201	6,345,799	812,402	327,066	2.48	-	-	-	-
2016	7,026,709	6,629,599	397,110	326,996	1.21	-	-	-	-
2017	7,861,016	6,599,223	1,261,793	326,923	3.86	-	-	-	-
2018	8,003,264	7,453,498	549,766	327,018	1.68	-	-	-	-
2019	7,805,298	6,783,159	1,022,139	431,415	2.37	-	-	-	-
2020	7,640,124	7,130,558	509,566	643,685	0.79	-	-	-	-
2021	7,822,230	8,740,930	(918,700)	643,535	(1.43)	-	-	-	-

Notes:

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

Water revenue does not include interest.

Operating expenses do not include interest or depreciation expenses.

On February 1, 2012, redevelopment agencies in the State of California were eliminated and the assets and liabilities of the Paramount Redevelopment Agency were transferred to a private-purpose trust fund. The FY2012 data for the tax allocation bonds represents the final 7 months of activity for the redevelopment agency. Though the coverage is less than the debt service payment was made using available fund balance.

Source:

City of Paramount

Table 13
City of Paramount
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year Ended December 31	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)
2011	54,368	\$755,117	\$13,889	17.8%
2012	54,624	\$774,568	\$14,180	13.6%
2013	55,051	\$774,898	\$14,076	11.3%
2014	55,076	\$788,468	\$14,316	9.6%
2015	56,400	\$776,609	\$13,769	7.9%
2016	55,923	\$830,147	\$14,844	6.2%
2017	56,000	\$849,607	\$15,171	4.8%
2018	55,497	\$913,372	\$16,458	5.1%
2019	55,461	\$952,036	\$17,165	4.8%
2020	55,200	\$985,228	\$17,848	14.2%

Sources:

(1) California State Department of Finance

(2) 2004-2009: estimates of income based on the last available census; 2010 and later: most recent American Community Survey

(3) California Employment Development Department

Table 14
City of Paramount
Principal Employers
Current Year and Nine Years Ago

Employer	2021		2012	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Paramount Unified School District	1,967	13.0%	1,750	11.9%
Weber Metals	667	4.0%	482	3.3%
Kindred Hospital / Promise Hospital	458	3.0%	577	3.9%
Ralphs Grocery #403	420	3.0%	175	1.2%
Carlton Forge Works	372	2.0%	370	2.5%
Wal-Mart Store # 2110	359	2.0%	294	2.0%
City of Paramount	304	2.0%	370	2.5%
Affinity Healthcare Center	240	2.0%		
M V Public Transportation	209	1.0%		
The Home Depot #1037	204	1.0%	173	1.2%
Golden State Engineering, Inc.	200	1.0%	211	1.4%
Northgate Supermarket #17	170	1.0%		
Geropsychiatric Contract Services	159	1.0%	151	1.0%
Paramount Petroleum		0.0%	197	1.3%
Total	5,729	36.0%	4,750	32.2%

Note:

Blank areas denote information that is unavailable.

Sources:

City of Paramount business license database
Paramount Unified School District Human Resources Department
City of Paramount Human Resources Department

Table 15
Full-Time Equivalent City Employees
by Function
 Last Ten Fiscal Years

Function	Full-time and Part-time Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	23.4	26.0	25.0	26.7	25.7	25.8	26.2	27.7	28.7	29.1
Community Development	9.0	8.0	8.5	8.6	8.8	9.0	9.7	9.9	9.9	9.0
Public Safety	26.2	25.8	24.9	24.1	27.7	25.2	26.4	23.6	24.6	24.4
Community Services and Recreation	85.3	85.7	81.1	81.1	84.8	88.0	78.0	72.1	69.5	68.4
Public Works	43.4	47.2	44.4	45.6	47.9	44.5	42.8	43.3	43.3	46.5
Total	187.3	192.7	183.9	186.1	194.9	192.5	183.1	176.6	176.0	177.4

Note:

The City of Paramount Water Department is included in other functions.

Source:

City of Paramount

Table 16
City of Paramount
Operating Indicators
by Function
 Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Community Development										
Permits	1,005	1,017	1,292	1,260	1,438	1,245	1,315	1,207	907	1,135
Inspections	6,384	5,030	8,059	8,336	9,408	11,617	13,460	13,051	9,308	7,904
Public Safety:										
Arrests	1,545	1,549	1,689	1,670	1,523	1,389	1,264	1,286	1,318	1,285
Parking Citations Issued	11,524	10,806	12,239	11,187	14,348	13,524	17,723	15,541	13,238	15,294
Community Services and Recreation:										
Number of Recreation Classes	33	41	20	24	29	38	47	33	25	18
Number of Facility Rentals	543	601	591	621	683	722	724	580	453	57
Public Works:										
Street Resurfacing (miles)	1.50	1.10	0.77	1.18	1.25	0.14	0.61	5.98	0.53	3.72
Water:										
Average Daily Consumption (thousands of gallons)	6,131	6,074	5,923	5,710	5,250	5,704	5,872	4,846	4,530	4,794

Notes:

Indicators are not available for the general government function.
 Community Development data is based on a calendar year.
 Blanks indicate that information is not available.

Sources:

Los Angeles Sheriff's Department Management Information System.
 Various City departments.

Table 17
City of Paramount
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Community Services and Recreation:										
Parks	9	10	10	10	11	11	11	11	11	11
Community Centers	5	5	5	5	5	5	5	5	5	5
Public Works:										
Streets (miles)	73	73	73	73	73	73	73	73	73	73
Streetlights	3,087	3,087	3,087	3,087	3,087	3,099	3,099	3,099	3,099	3,100
Traffic Signals	55	55	55	55	55	56	56	56	56	56
Water:										
Water Mains (miles)	127	127	127	127	127	127	127	127	127	127
Number of Service Connections	7,538	7,542	7,351	7,356	7,378	7,398	7,414	7,429	7,374	7,381
Average Daily Consumption (gallons)	6,131,505	6,074,084	5,922,666	5,709,551	5,249,976	5,703,739	5,871,834	4,845,868	4,929,535	4,794,883
Plant Capacity (gallons per minute)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000

Note:
Indicators are not available for the community development, public safety or general government functions.

Source:
Various City departments.