



Heritage Festival



Eco-Friendly Fair



Heritage Festival

# City of Paramount, California Comprehensive Annual Financial Report



Heritage Festival

July 1, 2018 to June 30, 2019

Fiscal Year 2019



# Comprehensive Annual Financial Report

CITY OF PARAMOUNT, CA  
FISCAL YEAR ENDED  
JUNE 30, 2019

PARAMOUNT CITY COUNCIL

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TOM HANSEN, MAYOR  
DARYL HOFMEYER, VICE MAYOR  
LAURIE GUILLEN, COUNCILMEMBER  
PEGGY LEMONS, COUNCILMEMBER

JOHN MORENO, CITY MANAGER

Prepared by the Finance Department



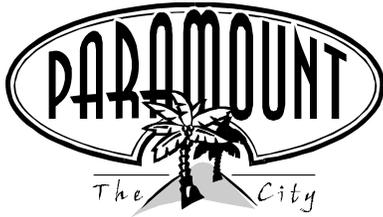
# Table of Contents

	<b>Page</b>	
<b>Introductory Section</b>	iii	Letter of Transmittal
	ix	Officials of the City of Paramount
	x	Organizational Chart of the City of Paramount
	xi	Certificate of Achievement for Excellence in Financial Reporting: Government Finance Officers Association
<b>Financial Section</b>	1	Independent Auditors' Report
	3	Management's Discussion & Analysis
		<b><u>BASIC FINANCIAL STATEMENTS:</u></b>
		GOVERNMENT-WIDE FINANCIAL STATEMENTS:
	12	Statement of Net Position
	13	Statement of Activities
		FUND FINANCIAL STATEMENTS:
	14	Balance Sheet - Governmental Funds
	15	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
	16	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
	17	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
	18	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (General Fund)
	19	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Other Grants)
	20	Statement of Net Position - Proprietary Funds
	21	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
	22	Statement of Cash Flows - Proprietary Funds
	23	Statement of Net Position - Fiduciary Funds
	24	Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund
	25	Notes to Basic Financial Statements
		<b><u>REQUIRED SUPPLEMENTARY INFORMATION:</u></b>
	54	Schedule of the City's Proportionate Share of the Net Pension Liability Schedule of the City's Pension Plan Contributions
	55	Schedule of the City's Changes in Net OPEB Liability and Related Rates Schedule of the City's OPEB Contributions
		<b><u>INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES (SUPPLEMENTARY INFORMATION):</u></b>
		GOVERNMENTAL FUNDS:
	60	Combining Balance Sheet - Nonmajor Governmental Funds
	64	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

## Table of Contents (Continued)

<b>Financial Section</b>	<b>Page</b>	
(cont.)		Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Nonmajor Governmental Funds - Special Revenue Funds:
	69	Community Development Block Grant
	70	HOME Partnership Act
	71	Paramount Housing Authority
	72	After School Education and Safety
	73	State Gas Tax
	74	Traffic Safety
	75	Waste Reduction Fees
	76	AB2766 Subvention Funds
	77	Disability Access and Education Fees
	78	SB1 Road Maintenance & Rehabilitation Account
	79	Storm Drain Fees
	80	Proposition A Transit Tax
	81	Proposition C Transit Tax
	82	Measure R Transit Tax
	83	Measure M Transit Tax
	84	Sewer Reconstruction Fees
	85	Public Art Fees
	86	Public Access Fees
	87	General Plan Fees
	88	Service Assessments
		Statement of Changes in Assets and Liabilities:
	90	City Agency Fund

<b>Statistical Section</b>	<b>Page / Table</b>	
	93 / 1	Net Position by Component - Last Ten Fiscal Years
	94 / 2	Changes in Net Position - Last Ten Fiscal Years
	96 / 3	Fund Balances of Governmental Funds - Last Ten Fiscal Years
	97 / 4	Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years
	98 / 5	Taxable Sales by Category – Last Ten Calendar Years
	99 / 6	Direct and Overlapping Sales Tax Rates – Last Ten Calendar Years
	100/7	Principal Sales Tax Producers – Current Year and Nine Years Ago
	101/8	Ratios of Outstanding Debt by Type – Last Ten Fiscal Years
	102/9	Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
	103/10	Direct and Overlapping Governmental Activities Debt – As of June 30, 2018
	104/11	Legal Debt Margin Information – Last Ten Fiscal Years
	105/12	Pledged-Revenue Coverage – Last Ten Fiscal Years
	106/13	Demographic and Economic Statistics – Last Ten Calendar Years
	107/14	Principal Employers – Current and Nine Years Ago
	108/15	Full-time Equivalent City Employees by Function – Last Ten Fiscal Years
	109/16	Operating Indicators by Function – Last Ten Fiscal Years
	110/17	Capital Asset Statistics by Function – Last Ten Fiscal Years



TOM HANSEN  
Mayor

DARYL HOFMEYER  
Vice Mayor

LAURIE GUILLEN  
Councilmember

PEGGY LEMONS  
Councilmember

BRENDA OLMOS  
Councilmember

December 17, 2019

Honorable City Council and Residents of the City of Paramount

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**INTRODUCTION** It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Paramount for the fiscal year ended June 30, 2019. 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 Auditors' 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.

**INTRODUCTION**  
(cont.)

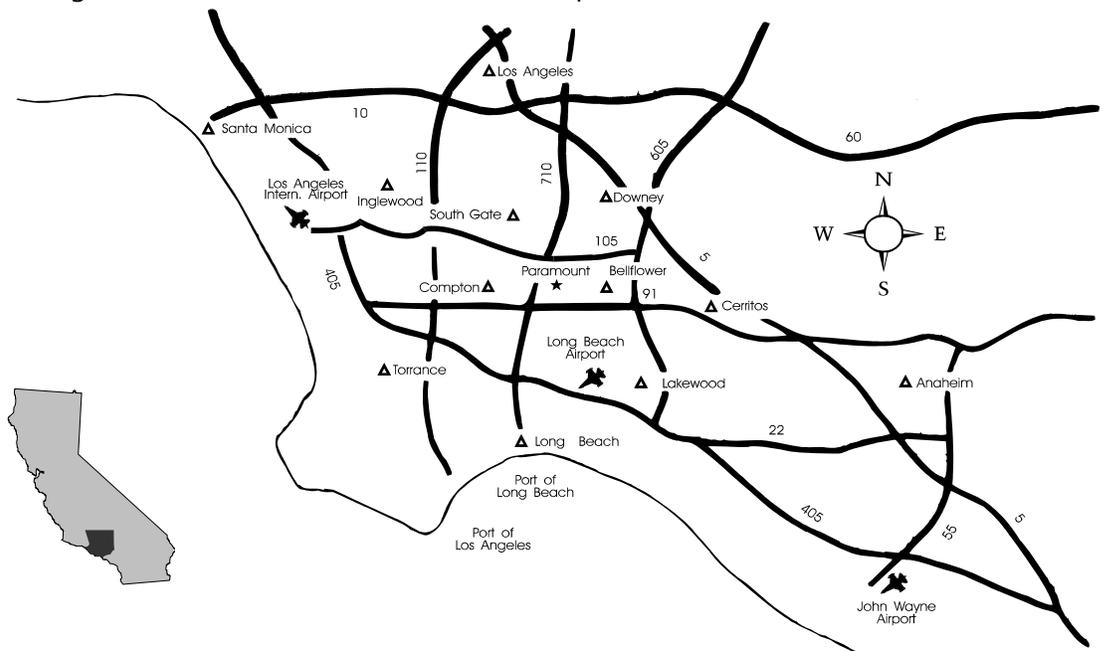
To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and fairly presents the financial position and results of operations of the City of Paramount and its related organizations. We have an established internal control structure designed to ensure accurate financial reporting and to safeguard our assets, and to 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 Auditors' 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 was incorporated as a City.

Today a modern city, Paramount provides a broad range of municipal services. Approximately five square miles in size, Paramount has over 55,000 residents and over 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.



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**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.

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**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.

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**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 2.420% 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.

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**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 47-49) describes in depth the premium and liability coverage of the members.

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**ACCOMPLISH-  
MENTS &  
OUTLOOK**

The City ended the Fiscal Year (FY) 2019 with an increase in the unrestricted fund balance of approximately \$161,580.

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

The City prides itself on providing high-quality local services for its residents. Additionally, the City is committed to transparent, responsible budgetary and financial practices; this strategy has allowed for the continued provision of critical services. Unfortunately, the effort to maintain the high level of services for our residents remains 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. To address this situation, which is fast approaching a structural deficit, a Public Safety and Essential City Services Measure will be put before Paramount voters in March 2020 providing a three-quarter-cent sales tax increase that, if approved by Paramount voters, would:

- Maintain levels of public safety, including Sheriff's patrols and school safety officers
- Repair streets, sidewalks and potholes
- Address homelessness
- Avoid cuts to youth violence prevention and after-school programs
- Keep parks and other public areas safe and clean
- Maintain storm drains to prevent flooding
- Protect local programs for seniors

The proposed local funding measure would require strict accountability and be subject to independent financial audits. By law, no money could be taken away by the State or the County. Currently Paramount receives one tenth of the revenues collected from the current 9.5% sales tax – the rest goes to the State and County. If approved by voters, 100% of the three-quarter cent increase in sales tax will stay 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, with a recent string of recent successes including a number of eatery openings.

In February 2019, 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.

### Capital Improvements

During FY 2019, 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 continued our drought tolerant median conversion projects. At the Paramount Pond, our popular public downtown plaza, we completed resurfacing the decorative ice-like overlay. We also completed the renovation of the Paramount gym bathroom.

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

Complementing our public improvements, in FY 2019 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 2020, we have budgeted \$6,302,550 in street and sidewalk improvements to complete more miles of arterial and neighborhood streets resurfacing; \$6,732,350 in water improvements which includes plans to complete the design and construction of a new water well, \$430,000 in park improvements, and about \$257,800 on a variety of special projects including the civic center fountain upgrade. In terms of private property assistance programs, we have budgeted \$532,500 toward rehabilitation programs.

In FY 2020, we will also continue the Success through Academics and Recreation (S.T.A.R.) 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 after-school academic assistance and recreational activities for students in grades kindergarten through eighth. Not only does it help students with homework and physical fitness, but the program also works in concert with the Paramount Education Partnership to strengthen the overall educational resources available to Paramount residents. S.T.A.R. has become one of the single largest operating programs for the City.

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. Just as importantly, we are able to provide this without placing a financial burden on our customers. In FY 2016, we started the design and drilling of a new water well located at Garfield and Jackson. 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 in FY 2020. 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.

We proactively maintain and improve our water system while keeping our water rates among the lowest in the area. In FY 2019, for single-family residential service, our typical bimonthly bill of \$106.96 was lower than 11 of 14 neighboring water agencies.

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**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 comprehensive annual financial report for the fiscal year ended June 30, 2018. The City has received 36 Certificate of Achievement

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**CERTIFICATES  
OF  
ACHIEVEMENT**  
(cont.)

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 comprehensive annual financial report. 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 comprehensive annual financial report 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.

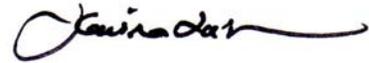
**ACKNOWLEDGE-  
MENTS**

The continued maintenance and improvement of the Comprehensive Annual 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



Karina Lam Liu, Finance Director

# Roster of Officials

City of Paramount, CA  
on June 30, 2019

## **CITY COUNCIL**

Tom Hansen, Mayor  
Daryl Hofmeyer, Vice Mayor  
Laurie Guillen, Councilmember  
Peggy Lemons, Councilmember

### **Parks & Recreation Commission**

Frank Barraza, Chairman  
Charles Garcia, Vice Chairman,  
Alexander Garcia, Commissioner  
Charlene Landry, Commissioner  
Margaret Mondragon, Commissioner

### **Planning Commission**

James Hyde, Chairman  
Harlen Gilham, Vice Chairman  
Jaime Abrego, Commissioner  
Ernie Esparza, Commissioner  
Jaime Lopez, Commissioner

### **Public Safety Commission**

Moses Huerta, Chairman  
Wilma Cuellar-Stallings, Vice Chairman  
Todd Bousema, Commissioner  
Marcelina Bridges, Commissioner  
Biviano Favela, Commissioner

### **Public Works Commission**

Russ Hanson, Chairman  
Rosemary Vasquez, Vice Chairman  
Eileen Aparicio, Commissioner  
Rosemary Mendez, Commissioner  
Linda Timmons, Commissioner

### **Senior Services Commission**

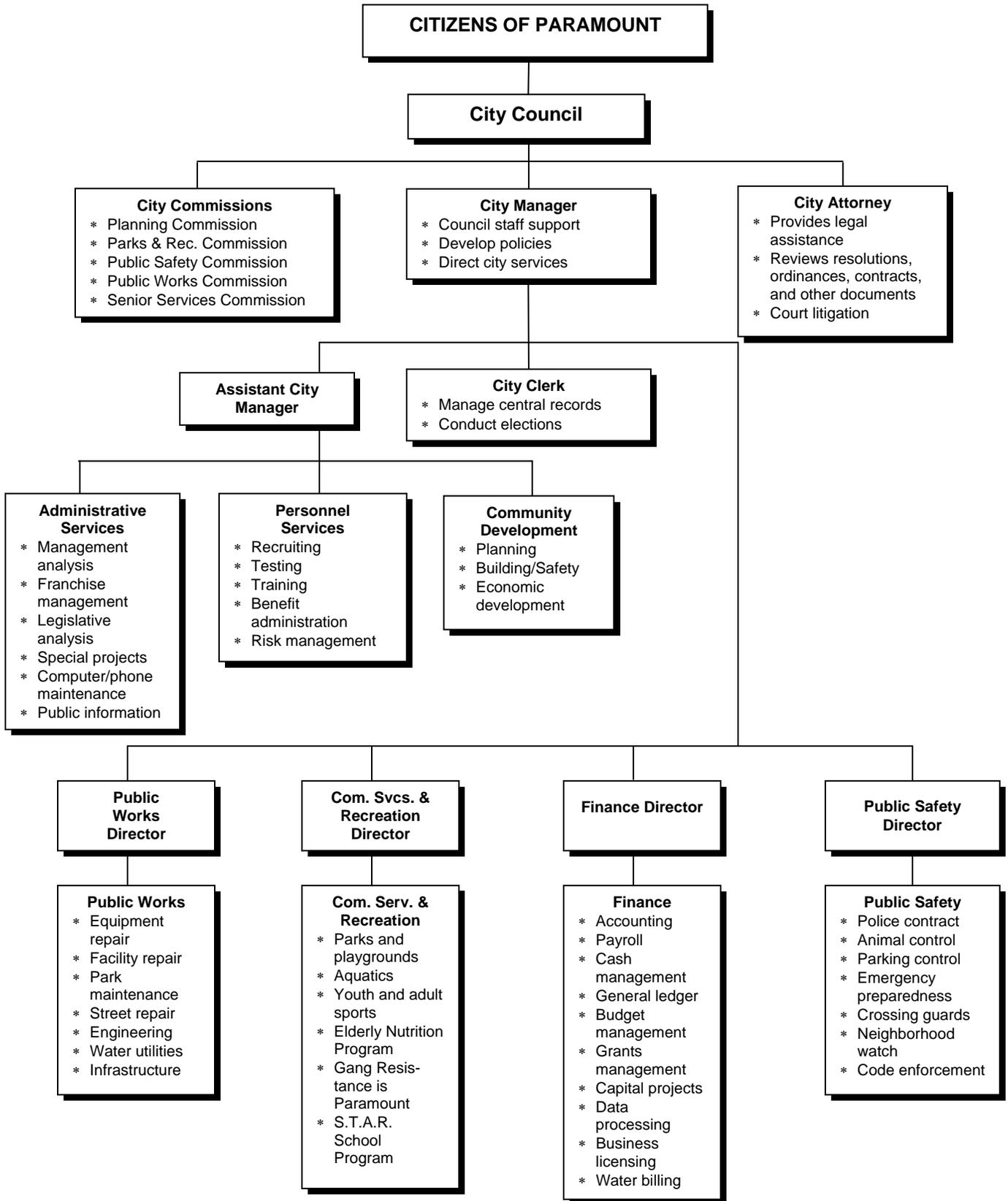
James Stevens, Chairman  
Claudia Quinones, Vice Chairman  
Alicia Anderson, Commissioner  
Virginia Chavez, Commissioner  
Cleone Hatwan, Commissioner

## **City Officials**

John Moreno, City Manager  
John E. Cavanaugh, City Attorney  
Kevin Chun, Assistant City Manager  
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, 2019

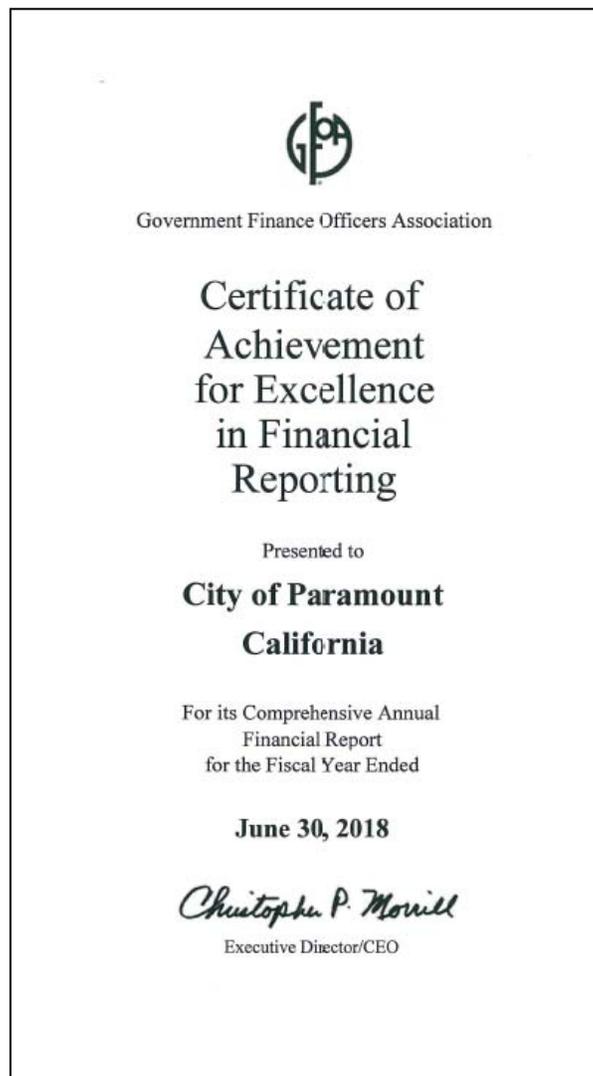


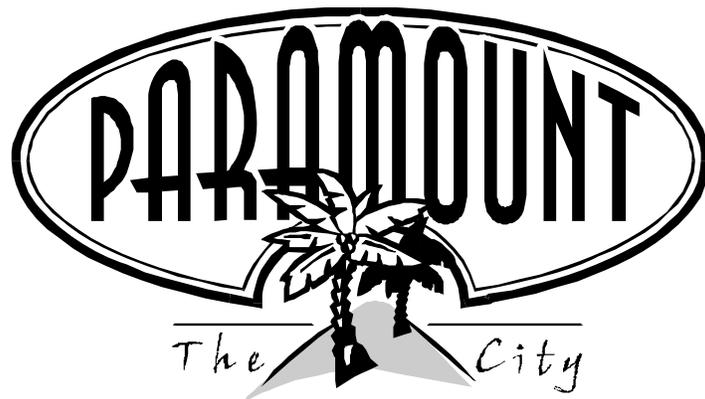
## Award for Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Paramount for our Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018.

In order to be awarded a Certificate of Achievement for Excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual 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.







CPAs & BUSINESS ADVISORS

## 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, 2019, 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, 2019, 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 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 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 11, 2019 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.



Rancho Cucamonga, California  
December 11, 2019

City of Paramount  
**Management's Discussion and Analysis**  
June 30, 2019

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, 2019. 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 vii 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 2019 by \$93,451,871 (net position). This amount decreased by \$78,819 from last year.
- As of June 30, 2019, the City's governmental funds reported combined fund balances of \$25,606,345. Of this amount, \$558,432 or approximately 2% of the total fund balances is non-spendable, \$6,245,337 or approximately 24% is restricted, \$1,412,888 or approximately 6% is committed, \$4,613,579 or approximately 18% is assigned and \$12,776,118 or approximately 50% 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 \$12,776,116, or about 48% of the total General Fund expenditures.
- On February 1, 2012, the Paramount Redevelopment Agency (PRA), along with all local redevelopment agencies in California, was dissolved pursuant to Assembly Bill 1X 26. As a result, the City assumed the role of Successor Agency to wind down the affairs of the PRA including payment of approved obligations. The balances of the Successor Agency are reported in a private-purpose trust fund (fiduciary fund) and are excluded from the government-wide statements. Detailed information can be found in Notes 14 of the Notes to Basic Financial Statements.

**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 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 12 and 13 of this report.

The City implements Governmental Accounting Standards Board (GASB) pronouncements as mandated. New accounting pronouncements can be found on pages 25 through 27 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 22 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 and Other Grants fund, which are considered to be major funds. Data from the other 20 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 14 through 19 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 20 through 22 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 23 through 24.

**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 25 through 52 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 54 through 55.

**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 60 through 90 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, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 30,302,044	\$ 27,341,263	\$ 12,706,136	\$ 12,179,332	\$ 43,008,180	\$ 39,520,595
Capital assets, net	75,698,896	76,584,926	20,795,517	21,384,814	96,494,413	97,969,740
Total assets	106,000,940	103,926,189	33,501,653	33,564,146	139,502,593	137,490,335
Deferred outflows of resources	5,157,754	7,137,252	692,139	957,142	5,849,893	8,094,394
Current liabilities	3,636,025	2,074,349	849,420	1,110,444	4,485,445	3,184,793
Long-term liabilities	30,526,917	31,664,998	15,331,698	15,659,713	45,858,615	47,324,711
Total liabilities	34,162,942	33,739,347	16,181,118	16,770,157	50,344,060	50,509,504
Deferred inflows of resources	1,375,799	1,504,300	180,756	197,873	1,556,555	1,702,173
Net position						
Net investment in capital assets	75,437,457	76,381,563	16,275,296	9,979,726	91,712,753	86,361,289
Restricted	5,553,952	5,874,235	-	-	5,553,952	5,874,235
Unrestricted	(5,371,456)	(6,436,004)	1,556,622	7,573,532	(3,814,834)	1,137,528
Total net position	\$ 75,619,953	\$ 75,819,794	\$ 17,831,918	\$ 17,553,258	\$ 93,451,871	\$ 93,373,052

The City's total assets increased from \$137,490,335 to \$139,502,593 in the fiscal year and the City's total liabilities decreased from \$50,509,504 to \$50,344,060. Pension and Other Post-Employment Benefits (OPEB) related deferred outflows of resources decreased from \$8,094,394 to \$5,849,893 and deferred inflows of resources decreased from \$1,702,173 to \$1,556,555. For further information, please refer to Footnotes # 4. As a whole, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of

City of Paramount  
Management's Discussion and Analysis  
June 30, 2019

resources by \$93,451,871 at June 30, 2019, an increase of \$78,819 from the prior year, primarily due higher revenue combined with lower expenses during the fiscal year.

**Governmental activities.** The following condensed summary of activities of the City's governmental activities for the year ended June 30, 2019 shows total net position equal to \$75,619,953 or \$199,841 less than the prior year. The decrease is primarily the result of revenue not keeping up with expenses.

**Business-type activities.** Business type activities' net position increased from \$17,553,258 to \$17,831,918. Total revenue decreased \$93,899 and there was also a decrease in expenses totaling \$787,929.

City of Paramount - Summary of Changes in Net Position  
Year Ended June 30, 2019 and 2018

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues						
Charges for services	\$ 1,700,282	\$ 1,819,826	\$ 7,750,500	\$ 7,946,567	\$ 9,450,782	\$ 9,766,393
Operating contributions and grants	7,971,987	8,574,899	-	-	7,971,987	8,574,899
Capital contributions and grants	3,252,151	3,226,132	166,689	106,368	3,418,840	3,332,500
General revenues						
Sales tax	8,449,883	7,712,771	-	-	8,449,883	7,712,771
Utility user's tax	3,735,391	3,757,405	-	-	3,735,391	3,757,405
Property tax	2,341,486	2,306,211	-	-	2,341,486	2,306,211
Other taxes	2,806,432	2,732,109	-	-	2,806,432	2,732,109
Investment earnings	362,253	202,802	100,630	56,884	462,883	259,686
Motor vehicle license fee	6,355,849	6,068,259	-	-	6,355,849	6,068,259
Other revenue	555,587	647,385	54,798	56,697	610,385	704,082
Total revenues	<u>37,531,301</u>	<u>37,047,799</u>	<u>8,072,617</u>	<u>8,166,516</u>	<u>45,603,918</u>	<u>45,214,315</u>
Program Expenses						
General government	7,088,630	7,184,690	-	-	7,088,630	7,184,690
Community development	1,926,054	2,461,135	-	-	1,926,054	2,461,135
Public safety	11,862,334	11,888,055	-	-	11,862,334	11,888,055
Community services & recreation	6,413,969	6,368,824	-	-	6,413,969	6,368,824
Public works	10,440,155	10,611,799	-	-	10,440,155	10,611,799
Water	-	-	7,793,957	8,581,886	7,793,957	8,581,886
Total expenses	<u>37,731,142</u>	<u>38,514,503</u>	<u>7,793,957</u>	<u>8,581,886</u>	<u>45,525,099</u>	<u>47,096,389</u>
Excess (deficiency) before contributions, special and extraordinary items & transfers	(199,841)	(1,466,704)	278,660	(415,370)	78,819	(1,882,074)
Special item-Redevelopment Agency	-	484,475	-	-	-	484,475
Change in net position	<u>(199,841)</u>	<u>(982,229)</u>	<u>278,660</u>	<u>(415,370)</u>	<u>78,819</u>	<u>(1,397,599)</u>
Net position, beginning of year	75,819,794	76,802,023	17,553,258	17,968,628	93,373,052	94,770,651
Net position, end of year	<u>\$ 75,619,953</u>	<u>\$ 75,819,794</u>	<u>\$ 17,831,918</u>	<u>\$ 17,553,258</u>	<u>\$ 93,451,871</u>	<u>\$ 93,373,052</u>

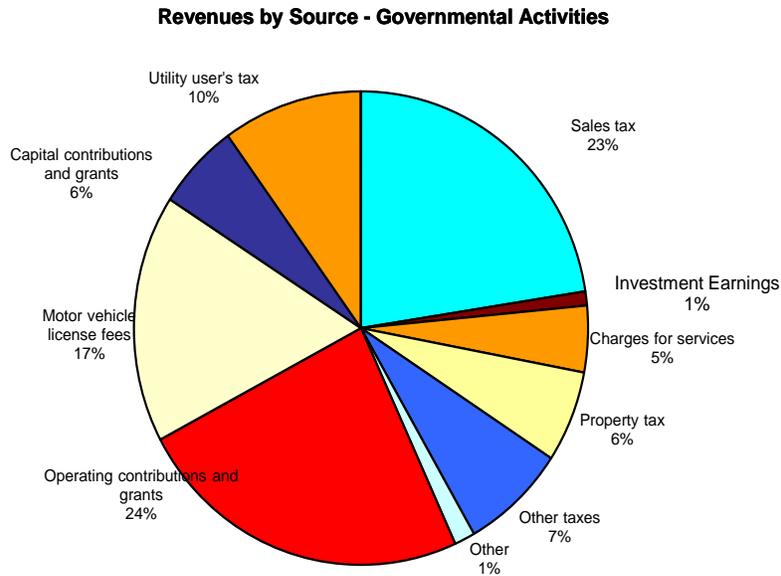
**Revenues**

- The decrease in charges for services in the amount of \$119,544 is mainly due to decrease in new development activities in the City.
- The decrease in operating contributions and grants of \$602,912 is primarily due to higher number of CDBG and HOME projects in FY 2018 compared to FY 2019 and decrease in other revenue.
- Sales tax revenues increased a total of \$737,112 in FY 2019 mainly related to the higher fuel prices and higher point of sale transactions in the City.

**Expenses**

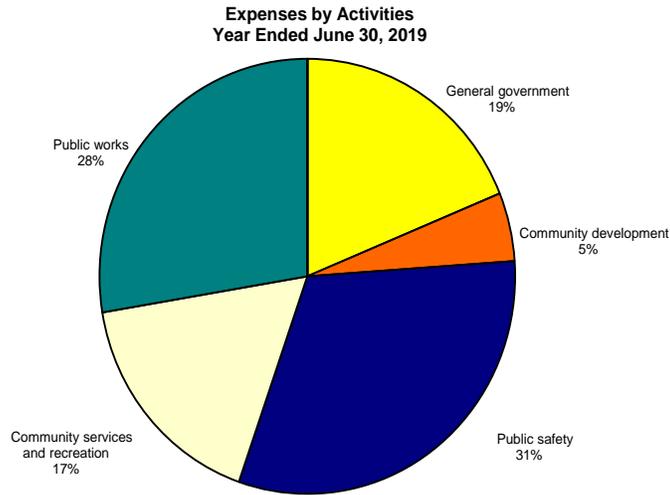
- The decrease in general government of \$96,060 is mainly the result of personnel vacancy during the fiscal year and the one time website redesign expenses in FY 2018.
- The decrease in community development of \$535,081 is mainly related to economic development savings.
- The decrease in public safety of \$25,721 is mainly related savings in Sheriff services due to vacancies.
- The increase in community services and recreation of \$45,145 is mainly due to the increase in funding of ASES grant with corresponding increase in expenses.
- The decrease in public works of \$171,644 is mainly related to personnel savings.

- The decrease in water expenses of \$787,929 is mainly related to decrease in purchased water and other operational cost.



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:
  - \$2,007,736 After School Education and Safety Grant for the Success Through Academics and Recreation (S.T.A.R.) Program
  - \$1,122,716 Proposition A Transit Tax
  - \$1,139,413 State Gas Tax
  - \$1,026,939 SB1 Road Maintenance & Rehabilitation Account
  - \$931,261 Proposition C Transit Tax
  - \$787,438 Measure M
  - \$703,991 Community Development Block Grant
  - \$698,647 Measure-R Transit Tax



- The top three expense activities were Public Safety 31%, Public Works 28% and General Government at 19%.

**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 \$25,606,345, an increase of \$1,151,405 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 50% of the ending balance, \$12,776,116, 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 2% or \$558,425 consists of non-spendable fund balances for land held for resale (\$236,544) and prepaids/deposits (\$321,881); approximately 24% or \$6,245,337 consists of the restricted fund balances of various grants and fees (\$4,958,112) and the Paramount Housing Authority (\$1,287,225); approximately 6% or \$1,412,888 consists of committed fund balances for Public Art (\$320,262), Storm Drain (\$395,718) and General Plan (\$696,908); and approximately 18% or \$4,613,579 consists of assigned fund balances for Capital Projects (\$1,730,787), PERS reserve (\$2,014,500), Bond Proceeds & Settlements (\$588,292) 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 \$12,776,116, while total fund balance reached \$17,948,120. 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 64% of that same amount.

The total fund balance of the City's General Fund increased by \$1,348,598 during the current year, mainly related to increase in assigned fund balances such as PERS Reserve \$714,500 and Capital Improvement Project Reserve of \$230,500 and in nonspendable fund balance such as prepaids/deposits \$248,467.

The Other Grants Fund has a fund balance of \$379,517 or \$216,722 less than prior year. During FY 2019, we moved the Road Maintenance Rehabilitation Account fund allocation of \$312,985 to a separate fund.

**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 \$1,556,622 or \$6,016,910 less than the prior year. The decrease is mainly the reflection of the \$6.7 million loan taken to finance the construction of Water Well # 16.

**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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 16,575,200	\$ 16,749,150	\$ 17,333,192	\$ 584,042
Intergovernmental revenues	6,068,200	6,355,900	6,355,849	(51)
Other revenues	3,830,800	3,953,600	4,102,064	148,464
Total revenues	<u>26,474,200</u>	<u>27,058,650</u>	<u>27,791,105</u>	<u>732,455</u>
Expenditures				
Operations	26,772,100	26,688,150	25,364,663	1,323,487
Capital outlay	740,500	1,028,650	997,434	31,216
Total expenditures	<u>27,512,600</u>	<u>27,716,800</u>	<u>26,362,097</u>	<u>1,354,703</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,038,400)</u>	<u>(658,150)</u>	<u>1,429,008</u>	<u>2,087,158</u>
Other Financing Sources (Uses)				
Capital lease	150,100	150,100	150,090	(10)
Transfers to other funds	-	(230,500)	(230,500)	-
Total other financing sources (uses)	<u>150,100</u>	<u>(80,400)</u>	<u>(80,410)</u>	<u>(10)</u>
Net change in fund balances	(888,300)	(738,550)	1,348,598	2,087,148
Fund balance - July 1	16,599,550	16,599,550	16,599,522	(28)
Fund balance - June 30	<u>\$ 15,711,250</u>	<u>\$ 15,861,000</u>	<u>\$ 17,948,120</u>	<u>\$ 2,087,120</u>

**Changes between the Original Budget and the Final Budget**

On the revenue side, there was an increase of \$584,450 between the original budget and the final amended budget. The main portion of the increase was related to higher revenue projection for sales tax (\$200,000), and MVLFF (\$290,200). On the other hand, there was a decrease of \$83,950 in appropriations for operations and an increase of \$288,150 in capital improvement. 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 \$732,455 higher than the final amended amounts. On the expenditure side, there was an overall decrease totaling \$1,354,703 which mainly represents cost savings across all of the operating departments.

**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, 2019 amounted to \$96,494,413 (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, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 14,849,080	\$ 14,849,080	\$ 2,270,763	\$ 2,270,763	\$ 17,119,843	\$ 17,119,843
Construction in progress	4,708,569	2,831,305	2,212,107	2,045,418	6,920,676	4,876,723
Land improvements	8,644,785	9,572,751	-	-	8,644,785	9,572,751
Building and improvements	7,483,055	7,976,054	6,513,004	6,818,409	13,996,059	14,794,463
Machinery and equipment	1,520,368	1,203,977	1,489,300	258,176	3,009,668	1,462,153
Infrastructure	38,493,039	40,151,759	8,310,343	9,992,048	46,803,382	50,143,807
Total	\$ 75,698,896	\$ 76,584,926	\$ 20,795,517	\$ 21,384,814	\$ 96,494,413	\$ 97,969,740

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 \$45,858,615. Of this amount, \$15,331,698 is a liability of the Business-Type Activity.

**City of Paramount - Outstanding Liabilities  
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Notes payable from direct borrowing and direct placements	\$ -	\$ -	\$ 11,158,240	\$ 11,303,775	\$ 11,158,240	\$ 11,303,775
Capital leases	261,439	203,363	61,981	101,313	323,420	304,676
Net OPEB liability	10,806,246	10,609,461	1,470,427	1,437,539	12,276,673	12,047,000
Net pension liability	18,788,122	20,138,679	2,573,025	2,757,775	21,361,147	22,896,454
Employee leave payable	671,110	713,495	68,025	59,311	739,135	772,806
Total	\$ 30,526,917	\$ 31,664,998	\$ 15,331,698	\$ 15,659,713	\$ 45,858,615	\$ 47,324,711

The City's total liabilities had a net decrease of \$1,466,096 during the current fiscal year, largely due to the decrease in net pension liability and net 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 \$149,971,689 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**

The City prides itself on providing high-quality local services for its residents. Additionally, the City is committed to transparent, responsible budgetary and financial practices; this strategy has allowed for the continued provision of critical services. Unfortunately, the effort to maintain the high level of services for our residents remains 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. To address this situation, which is fast approaching a structural deficit, a Public Safety and Essential City Services Measure will be put before Paramount voters in March 2020 providing a three-quarter-cent sales tax increase that, if approved by Paramount voters, would:

- Maintain levels of public safety, including Sheriff's patrols and school safety officers
- Repair streets, sidewalks and potholes
- Address homelessness
- Avoid cuts to youth violence prevention and after-school programs
- Keep parks and other public areas safe and clean
- Maintain storm drains to prevent flooding
- Protect local programs for seniors

The proposed local funding measure would require strict accountability and be subject to independent financial audits. By law, no money could be taken away by the State or the County. Currently Paramount receives one tenth of the revenues collected from the current 9.5% sales tax – the rest goes to the State and County. If approved by voters, 100% of the three-quarter cent increase in sales tax will stay 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, with a recent string of recent successes including a number of eatery openings.

Since late October of 2016, the City has also faced challenges related to air quality in an industrial neighborhood detected by the South Coast Air Quality Management District (SCAQMD). It has been a learning process for the City to deal with this in terms of its understanding of the issues and its legal responsibilities, and has involved partnerships with other regulatory agencies, full transparency with community members, and unforeseen expenses. While the work is not done, great progress has been made. In June 2018, SCAQMD noted, "It is evident that ambient Cr6+ concentrations at all locations have declined substantially and are now within typical levels." On October 5, 2018, SCAQMD named Paramount a winner of the Model Community Achievement Award during its 30<sup>th</sup> Annual Clean Air Awards. The City was honored for its collaborations and its unprecedented amount of time, energy, and resources dedicated to dealing with these issues over the last two years.

In February 2019, 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.

### **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.

**City of Paramount**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental</b>	<b>Business-Type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 25,110,796	\$ 11,733,116	\$ 36,843,912
Receivables:			
Accounts	3,387,043	708,753	4,095,796
Interest	136,795	28,090	164,885
Notes (net)	573,985	-	573,985
Prepaid expenses and deposits	321,881	19,321	341,202
Inventories	-	216,856	216,856
Land held for resale	771,544	-	771,544
Capital assets			
Not being depreciated:			
Land and water rights	14,849,080	2,270,763	17,119,843
Construction in progress	4,708,569	2,212,107	6,920,676
Being depreciated, net of accumulated depreciation:			
Property and equipment	925,206	109,157	1,034,363
Buildings and land improvements	16,127,840	6,513,004	22,640,844
Water mains	-	8,310,343	8,310,343
Water distribution equipment	-	1,257,329	1,257,329
Vehicles	595,162	122,814	717,976
Infrastructure	38,493,039	-	38,493,039
Total assets	<u>106,000,940</u>	<u>33,501,653</u>	<u>139,502,593</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows-pensions	4,192,402	555,491	4,747,893
Deferred outflows-OPEB	965,352	136,648	1,102,000
Total deferred outflows of resources	<u>5,157,754</u>	<u>692,139</u>	<u>5,849,893</u>
<b>LIABILITIES</b>			
Accounts payable	3,546,344	434,648	3,980,992
Due to other governmental agencies	24,575	-	24,575
Accrued interest payable	-	146,074	146,074
Deposits payable	65,106	268,698	333,804
Long term liabilities:			
Due within one year	134,855	343,645	478,500
Due in more than one year	797,694	10,944,601	11,742,295
Net OPEB liability	10,806,246	1,470,427	12,276,673
Net pension liability	18,788,122	2,573,025	21,361,147
Total liabilities	<u>34,162,942</u>	<u>16,181,118</u>	<u>50,344,060</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows-pensions	1,297,527	169,676	1,467,203
Deferred inflows-OPEB	78,272	11,080	89,352
Total deferred inflows of resources	<u>1,375,799</u>	<u>180,756</u>	<u>1,556,555</u>
<b>NET POSITION</b>			
Net investment in capital assets	75,437,457	16,275,296	91,712,753
Restricted for:			
Community development	2,844,792	-	2,844,792
Public safety	151,671	-	151,671
Community services & recreation	557,075	-	557,075
Public works	2,000,414	-	2,000,414
Unrestricted	(5,371,456)	1,556,622	(3,814,834)
Total net position	<u>\$ 75,619,953</u>	<u>\$ 17,831,918</u>	<u>\$ 93,451,871</u>
See accompanying notes to basic financial statements.			

**City of Paramount**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

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
<b>GOVERNMENTAL ACTIVITIES:</b>							
General government	\$ 7,088,630	\$ 191,359	\$ 1,613,472	\$ -	\$ (5,283,799)	\$ -	\$ (5,283,799)
Community development	1,926,054	381,846	78,918	-	(1,465,290)	-	(1,465,290)
Public safety	11,862,334	138,403	1,599,991	-	(10,123,940)	-	(10,123,940)
Community services and recreation	6,413,969	215,788	3,017,530	24,339	(3,156,312)	-	(3,156,312)
Public works	10,440,155	772,886	1,662,076	3,227,812	(4,777,381)	-	(4,777,381)
Total governmental activities	37,731,142	1,700,282	7,971,987	3,252,151	(24,806,722)	-	(24,806,722)
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Water	7,793,957	7,750,500	-	166,689	-	123,232	123,232
Total primary government	\$ 45,525,099	\$ 9,450,782	\$ 7,971,987	\$ 3,418,840	(24,806,722)	123,232	(24,683,490)
<b>GENERAL REVENUES:</b>							
Taxes:							
					8,449,883	-	8,449,883
					3,735,391	-	3,735,391
					1,818,389	-	1,818,389
					2,341,486	-	2,341,486
					988,043	-	988,043
					362,253	100,630	462,883
					6,355,849	-	6,355,849
					555,587	54,798	610,385
					24,606,881	155,428	24,762,309
					(199,841)	278,660	78,819
					75,819,794	17,553,258	93,373,052
					\$ 75,619,953	\$ 17,831,918	\$ 93,451,871

See accompanying notes to basic financial statements.

**City of Paramount**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<u>Special Revenue</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and investments	\$ 16,667,240	\$ -	\$ 7,388,494	\$ 24,055,734
Accounts receivable	2,015,714	724,073	647,256	3,387,043
Interest receivable	94,058	1,021	37,104	132,183
Due from other funds	617,342	-	-	617,342
Prepaid expenditures and deposits	321,881	-	-	321,881
Notes receivable (net)	-	-	573,985	573,985
Land held for resale	236,544	-	535,000	771,544
Total assets	<u>\$ 19,952,779</u>	<u>\$ 725,094</u>	<u>\$ 9,181,839</u>	<u>\$ 29,859,712</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,914,978	\$ 15,915	\$ 1,615,451	\$ 3,546,344
Deposits payable	65,106	-	-	65,106
Due to other governmental agencies	24,575	-	-	24,575
Due to other funds	-	329,662	287,680	617,342
Total liabilities	<u>2,004,659</u>	<u>345,577</u>	<u>1,903,131</u>	<u>4,253,367</u>
Fund balances:				
Nonspendable	558,425	-	-	558,425
Restricted	-	379,517	5,865,820	6,245,337
Committed	-	-	1,412,888	1,412,888
Assigned	4,613,579	-	-	4,613,579
Unassigned	12,776,116	-	-	12,776,116
Total fund balances	<u>17,948,120</u>	<u>379,517</u>	<u>7,278,708</u>	<u>25,606,345</u>
Total liabilities and fund balances	<u>\$ 19,952,779</u>	<u>\$ 725,094</u>	<u>\$ 9,181,839</u>	<u>\$ 29,859,712</u>

See accompanying notes to basic financial statements.

**City of Paramount**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**June 30, 2019**

Fund Balances of Governmental Funds (page 14)	\$	25,606,345
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets of governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.</p>		74,231,447
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>		
Capital leases		(261,439)
Compensated absences		(671,110)
Net OPEB liability		(10,806,246)
Net pension liability		(18,788,122)
Deferred outflows related to pensions		4,192,402
Deferred outflows related to OPEB		965,352
Deferred inflows related to pensions		(1,297,527)
Deferred inflows related to OPEB		(78,272)
<p>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.</p>		2,527,123
Net Position of Governmental Activities		\$ 75,619,953

See accompanying notes to basic financial statements.

**City of Paramount**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Special Revenue</u>		<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Other Grants</u>		
<b>REVENUES</b>				
Taxes	\$ 17,333,192	\$ -	\$ -	\$ 17,333,192
Licenses and permits	802,010	-	-	802,010
Fines and penalties	835,477	-	-	835,477
Interest and use of property	362,162	3,525	127,446	493,133
Intergovernmental revenues	6,355,849	500,867	8,689,518	15,546,234
Charges for services	469,109	-	370,967	840,076
Other revenues	1,633,306	-	30,673	1,663,979
Total revenues	<u>27,791,105</u>	<u>504,392</u>	<u>9,218,604</u>	<u>37,514,101</u>
<b>EXPENDITURES</b>				
Current:				
General government	5,475,140	9,829	425,611	5,910,580
Community development	1,491,537	10,927	110,846	1,613,310
Public safety	10,912,559	141,533	622,981	11,677,073
Community services and recreation	2,322,312	-	2,840,416	5,162,728
Public works	5,163,115	187,855	1,521,089	6,872,059
Capital outlay:				
Water	166,689	-	-	166,689
Streets, sidewalks and signals	281,842	-	3,795,246	4,077,088
Parks	260,711	24,339	-	285,050
Other	288,192	33,646	195,871	517,709
Total expenditures	<u>26,362,097</u>	<u>408,129</u>	<u>9,512,060</u>	<u>36,282,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,429,008</u>	<u>96,263</u>	<u>(293,456)</u>	<u>1,231,815</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	150,090	-	-	150,090
Transfers in	-	-	312,985	312,985
Transfers out	(230,500)	(312,985)	-	(543,485)
Total other financing sources and uses	<u>(80,410)</u>	<u>(312,985)</u>	<u>312,985</u>	<u>(80,410)</u>
Net change in fund balances	1,348,598	(216,722)	19,529	1,151,405
Fund balances - July 1	16,599,522	596,239	7,259,179	24,454,940
Fund balances - June 30	<u>\$ 17,948,120</u>	<u>\$ 379,517</u>	<u>\$ 7,278,708</u>	<u>\$ 25,606,345</u>

See accompanying notes to basic financial statements.

**City of Paramount**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2019**

Net Change in Fund Balances - Total Governmental Funds \$ 1,151,405

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	4,852,949
Depreciation expense	(5,636,364)

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	(150,090)
Capital lease principal payment	92,014

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.

42,385

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	(196,785)
Net change in deferred outflows of resources related to OPEB	73,203
Net change in deferred inflows of resources related to OPEB	(12,220)

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	1,350,557
Net change in deferred outflows of resources related to pensions	(2,052,702)
Net change in deferred inflows of resources related to pensions	140,722

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.

145,085

Change in Net Position of Governmental Activities

\$ (199,841)

See accompanying notes to basic financial statements.

**City of Paramount**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 16,575,200	\$ 16,749,150	\$ 17,333,192	\$ 584,042
Licenses and permits	739,800	761,000	802,010	41,010
Fines and penalties	813,500	852,850	835,477	(17,373)
Interest and use of property	153,000	227,350	362,162	134,812
Intergovernmental revenues	6,068,200	6,355,900	6,355,849	(51)
Charges for services	420,000	427,500	469,109	41,609
Other revenues	1,704,500	1,684,900	1,633,306	(51,594)
Total revenues	26,474,200	27,058,650	27,791,105	732,455
<b>EXPENDITURES</b>				
Current:				
General government	6,160,750	5,882,250	5,475,140	407,110
Community development	1,925,900	1,943,300	1,491,537	451,763
Public safety	11,255,200	11,294,750	10,912,559	382,191
Community services and recreation	2,495,600	2,503,750	2,322,312	181,438
Public works	4,934,650	5,064,100	5,163,115	(99,015)
Capital Outlay:				
Water	-	180,000	166,689	13,311
Streets, sidewalks and signals	382,500	301,900	281,842	20,058
Parks	203,000	286,550	260,711	25,839
Other	155,000	260,200	288,192	(27,992)
Total expenditures	27,512,600	27,716,800	26,362,097	1,354,703
Excess (deficiency) of revenues over (under) expenditures	(1,038,400)	(658,150)	1,429,008	2,087,158
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease	150,100	150,100	150,090	(10)
Transfers to other funds	-	(230,500)	(230,500)	-
Total other financing sources (uses)	150,100	(80,400)	(80,410)	(10)
Net change in fund balance	(888,300)	(738,550)	1,348,598	2,087,148
Fund balance - July 1	16,599,550	16,599,550	16,599,522	(28)
Fund balance - June 30	\$ 15,711,250	\$ 15,861,000	\$ 17,948,120	\$ 2,087,120

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Other Grants**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 1,000	\$ 1,000	\$ 3,525	\$ 2,525
Intergovernmental revenues	2,018,250	476,700	500,867	24,167
Total revenues	<u>2,019,250</u>	<u>477,700</u>	<u>504,392</u>	<u>26,692</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	9,829	(9,829)
Community development	-	10,950	10,927	23
Public safety	100,800	145,800	141,533	4,267
Public works	148,850	165,650	187,855	(22,205)
Capital Outlay:				
Streets, sidewalks and signals	1,951,000	-	-	-
Parks	26,000	26,000	24,339	1,661
Other	-	49,700	33,646	16,054
Total expenditures	<u>2,226,650</u>	<u>398,100</u>	<u>408,129</u>	<u>(10,029)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(207,400)</u>	<u>79,600</u>	<u>96,263</u>	<u>16,663</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers to other funds	(313,000)	(313,000)	(312,985)	15
Total other financing sources	<u>(313,000)</u>	<u>(313,000)</u>	<u>(312,985)</u>	<u>15</u>
Net change in fund balance	(520,400)	(233,400)	(216,722)	16,678
Fund balance - July 1	596,250	596,250	596,239	(11)
Fund balance - June 30	<u>\$ 75,850</u>	<u>\$ 362,850</u>	<u>\$ 379,517</u>	<u>\$ 16,667</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 11,733,116	\$ 1,055,062
Accounts receivable	708,753	-
Interest receivable	28,090	4,612
Prepaid items	19,321	-
Inventory	216,856	-
Total current assets	12,706,136	1,059,674
Noncurrent assets:		
Capital assets:		
Construction in progress	2,212,107	-
Land and water rights	2,270,763	-
Land improvements	-	-
Buildings and well improvements	10,863,475	2,256,065
Water mains	21,614,830	-
Water distribution equipment	6,953,290	-
Other water equipment	1,805,497	-
Furniture, machinery and equipment	466,224	709,358
Vehicles	540,524	546,216
Less accumulated depreciation	(25,931,193)	(2,044,190)
Total noncurrent assets	20,795,517	1,467,449
Total assets	33,501,653	2,527,123
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows-OPEB	136,648	-
Deferred outflows-pensions	555,491	-
Total deferred outflows of resources	692,139	-
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	434,648	-
Deposits payable	268,698	-
Interest payable	146,074	-
Current portion of employee leave payable	4,710	-
Current portion of lease payable	41,106	-
Current portion of notes payable	297,829	-
Total current liabilities	1,193,065	-
Noncurrent liabilities:		
Employee leave payable-long term portion	63,316	-
Capital lease-long term portion	20,875	-
Net OPEB obligation	1,470,427	-
Net pension liability	2,573,025	-
Notes payable-long term portion	10,860,410	-
Total noncurrent liabilities	14,988,053	-
Total liabilities	16,181,118	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows-OPEB	11,080	-
Deferred inflows-pensions	169,676	-
Total deferred inflows of resources	180,756	-
<b>NET POSITION</b>		
Net investment in capital assets	16,275,296	1,467,449
Unrestricted	1,556,622	1,059,674
Total net position	\$ 17,831,918	\$ 2,527,123

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 7,750,500	\$ -
Other revenues	54,798	-
Total operating revenues	<u>7,805,298</u>	<u>-</u>
<b>OPERATING EXPENSES</b>		
Water commission	2,154	-
Water system administration	1,181,513	-
Water production	3,683,894	-
Water distribution	1,234,909	-
Water customer service	221,821	-
Water billing	371,688	-
Other operating expenses	87,180	-
Depreciation	803,599	102,615
Total operating expenses	<u>7,586,758</u>	<u>102,615</u>
Operating income/(loss)	<u>218,540</u>	<u>(102,615)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	100,630	17,200
Interest expense	(207,199)	-
Total nonoperating revenue (expense)	<u>(106,569)</u>	<u>17,200</u>
Income/(loss) before transfers	<u>111,971</u>	<u>(85,415)</u>
Transfers in	<u>-</u>	<u>230,500</u>
Capital contribution from General Fund	<u>166,689</u>	<u>-</u>
Change in net position	278,660	145,085
Total net position - July 1, as restated	<u>17,553,258</u>	<u>2,382,038</u>
Total net position - June 30	<u>\$ 17,831,918</u>	<u>\$ 2,527,123</u>

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Business-type Activities- Water Enterprise Fund</b>	<b>Governmental Activities- Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 7,593,848	\$ -
Payments to suppliers	(6,062,078)	-
Payments to employees	(961,120)	-
Other receipts	54,798	-
Net cash provided (used) in operating activities	625,448	-
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers In	-	230,500
Net cash provided (used) in capital and related financing activities	-	230,500
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(47,613)	-
Principal paid on capital debt	(184,868)	-
Interest paid on capital debt	(141,607)	-
Net cash provided (used) in capital and related financing activities	(374,088)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	92,098	15,467
Increase/(decrease) in cash and cash equivalents	343,458	245,967
Cash and cash equivalents, July 1	11,389,658	809,095
Cash and cash equivalents, June 30	\$ 11,733,116	\$ 1,055,062
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 218,540	\$ (102,615)
Adjustments to reconcile operating income (loss) to net cash provided (used) in operating activities:		
Depreciation expense	803,599	102,615
Increase in prepaid expense and deposits	(12,068)	-
Increase in inventory	(6,094)	-
(Increase)/decrease in accounts receivable	(156,652)	-
Increase/(decrease) in accounts payable and accrued liabilities	(328,948)	-
Increase in deposits payable	2,332	-
Increase in employee leave payable	8,715	-
Increase in net pension liability, deferred outflows, deferred inflows	76,801	-
Increase in OPEB liability, deferred outflows, deferred inflows	19,223	-
Net cash provided (used) in operating activities	\$ 625,448	\$ -

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2019**

	<b>Successor Agency for the Paramount Redevelopment Agency</b>	<b>City Agency Fund</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 805,255	\$ 89,131
Restricted cash and investments	6,233,177	-
Interest receivable	31	-
Notes receivable	75	-
Prepaid insurance	27,499	-
Total current assets	7,066,037	89,131
Noncurrent assets:		
Capital assets:		
Buildings and building improvements	358,067	-
Infrastructure	4,277,466	-
Less accumulated depreciation	(2,789,867)	-
Total noncurrent assets	1,845,666	-
Total assets	8,911,703	\$ 89,131
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	84,790	-
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	2,501	-
Deposits payable	-	89,131
Interest payable	539,244	-
Bond debt-current portion	4,262,204	-
Total current liabilities	4,803,949	89,131
Noncurrent liabilities:		
Bond debt-long term portion	32,416,951	-
Deferred pass through payments	930,740	-
Total noncurrent liabilities	33,347,691	-
Total liabilities	38,151,640	\$ 89,131
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on refunding	418,798	
<b>NET POSITION (DEFICIT)</b>		
Held in trust for other governments	\$ (29,573,945)	

See accompanying notes to the basic financial statements.

**City of Paramount**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Fund**  
**For the Year Ended June 30, 2019**

	<b>Successor Agency for the Paramount Redevelopment Agency</b>
Additions:	
Taxes	\$ 6,107,962
Interest and use of property	46,917
Total additions	6,154,879
Deductions:	
Program expenses	500,000
Administrative expenses	250,000
Depreciation	209,244
Interest and fiscal agent expenses of the former redevelopment agency	1,415,929
Total deductions	2,375,173
Change in net position	3,779,706
Net position - July 1	(33,353,651)
Net position - June 30	\$ (29,573,945)

See accompanying notes to the basic financial statements.

City of Paramount, CA  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
June 30, 2019

**(1) Summary of Significant Accounting Policies and Reporting Entity**

A. 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 2019 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.

B. New Accounting Pronouncements

Implemented during 2018-19

**GASB Statement No. 83**

In November 2016, GASB issued Statement No. 83 - *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to

its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of Statement 83 are effective for reporting periods beginning after June 15, 2018. This Statement has been implemented in the City's financial statements.

#### **GASB Statement No. 88**

In April 2018, GASB issued Statement No. 88 - *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of Statement 88 are effective for reporting periods beginning after June 15, 2018. This Statement has been implemented in the City's financial statements.

#### Effective in Future Accounting Periods

#### **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. The requirements of Statement 84 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City has not yet determined the impact of this Statement.

#### **GASB Statement No. 87**

In June 2017, GASB issued Statement No. 87 - *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of Statement 87 are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City has not yet determined the impact 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 (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements in Statement 89 are effective for fiscal years beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The City has not yet determined the impact of this Statement.

#### **GASB Statement No. 90**

In August 2018, GASB issued Statement No. 90 - *Majority Equity Interests-An amendment of GASB No. 14 & GASB No. 61*. The primary 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The requirements of Statement 90 are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The City has not yet determined the impact of this Statement.

#### **GASB Statement No. 91**

In May 2019, GASB issued Statement No. 91 - *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary

commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The City has not yet determined the impact of this Statement.

### C. 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 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 is the only governmental fund that met qualifications of GASB Statement No. 34 and is presented as a major fund. In addition, the City has chosen to present one additional fund, the Other Grants Fund, as part of the 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.

#### 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 7,600 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.).

#### D. 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:

City Agency Fund

The City Agency 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 City Agency 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 Agency 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.

E. 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.

F. 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.

G. 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

H. 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, 2019, appropriations subject to this limit were below the maximum allowed.
6. In the fund level of the Special Revenue Funds, expenditures in the fund level of the Special Revenue Funds, expenditures in After School Education and Safety, Traffic Safety, Waste Reduction Fee, SB1 Road Maintenance and Repair Act (RMRA), Proposition C Transit Tax, Service Assessments and Other Grants funds exceeded budget estimates by \$885, \$25,949, \$996, \$52,040, \$47,909,

\$427 and \$10,029 respectively. In the activity level of the After School Education and Safety, expenditure exceeded budget estimates in community services and recreation by \$885; in Traffic Safety, expenditure exceeded budget estimates in public safety by \$25,949; in Waste Reduction, expenditure exceeded budget estimates in general government by \$996; in SB1 Road Maintenance and Repair Act (RMRA), expenditure exceeds budget estimates in street capital outlay by \$52,040; in Proposition C Transit Tax, expenditure exceeds budget estimates in street capital outlay by \$74,275; in Service Assessments, expenditure exceeds budget estimates in general government by \$1,127; and in Other Grants, expenditure exceeded budget estimates in general government by \$9,829 and in public works by \$22,205. The actual expenditures were higher than expected.

I. 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.

J. 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.

K. 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.

L. 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 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 inactive markets.
- B. Quoted prices for identical or similar assets or liabilities in markets that is 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.

M. 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.

N. 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, 2019, property tax revenue to the City totaled \$2,341,486.

O. 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 government wide and fund financial statements.

P. 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.

Q. Amortization of Premiums

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.

R. 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 liability as of June 30, 2019.

S. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, 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 with certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 – June 30, 2018

T. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and 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.

U. 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.

**(2) Cash and Investments**

Cash and investments as of June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 36,843,912
Fiduciary funds:	
Cash and investments	894,386
Cash and investments - restricted	6,233,177
Total cash and investments	<u>\$ 43,971,475</u>

Cash and investments as of June 30, 2019 consist of the following:

Cash on hand	\$ 8,025
Deposits with financial institutions	10,275,639
Investments	33,687,811
Total cash and investments	<u>\$ 43,971,475</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 Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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	None
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.

Authorized Investment Type	Maximum Maturity
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 6 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:

Investment	Amount	Maturity of 12 Months of Less
Local Agency Investment Fund	\$ 27,454,634	\$ 27,454,634
Money Market Fund	6,233,177	6,233,177
	<u>\$ 33,687,811</u>	<u>\$ 33,687,811</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 accounts 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, 2019, \$4,996,982 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, 2019, the carrying amount (at amortized cost) of the pool was \$105,633,660,465 and the estimated fair value of the pool was \$105,814,483,092. 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 \$27,454,634 at June 30, 2019.

**(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, 2019, are as follows:

June 30, 2019	Fair Value	Uncategorized
Money Market Account	\$ 6,233,177	\$ 6,233,177
Local Agency Investment Fund	27,454,634	27,454,634
Totals	<u>\$ 33,687,811</u>	<u>\$ 33,687,811</u>

**(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, 2019, are summarized as follows:

	Miscellaneous Plan	
	Tier 1	Tier 2
	Prior to January 1, 2013	On or after January 1, 2013
Hire date	January 1, 2013	January 1, 2013
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	7.643%	6.703%

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 2019, the City paid both the employer's and the employee's contributions for Classic Plan members and the employer's contributions for PEPRA 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, 2019, employer contributions to the Plan were \$2,094,439.

As of the fiscal year ended June 30, 2019, the City reported a net pension liability of \$21,361,147 for its proportionate share of the collective net pension liability.

The net pension liability of the Plan was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, 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, 2017 and 2018 was as follows:

	Miscellaneous Plan
Proportion - June 30, 2017	0.23087%
Proportion - June 30, 2018	0.22167%
Change - Increase (Decrease)	<u>-0.00920%</u>

During the year ended June 30, 2019, the City recognized pension expense of \$2,732,663.

As of the fiscal year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Pension contributions subsequent to measurement date	\$ 2,094,439	\$ -
Difference between expected and actual experience	540,688	-
Change in assumptions	1,838,405	-
Difference between employee's contributions and proportionate share of contributions	138,015	(479,418)
Change in Employer's proportion	30,742	(987,785)
Net differences between projected and actual earnings on plan investments	105,604	-
Total	<u>\$ 4,747,893</u>	<u>\$ (1,467,203)</u>

The amount of \$2,094,439 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Fiscal Year Ending June 30	Deferred Outflow s/(Inflow s) of Resources
2020	\$ 1,474,629
2021	740,900
2022	(837,146)
2023	(192,132)
	<u>\$ 1,186,251</u>

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation report was determined using the following actuarial assumptions:

Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return (1)	7.50%
Mortality rate table (2)	Derived using CalPERS' Membership Data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

Discount Rate

The Discount rate used to measure the total pension liability was 7.15% for the Plan for the June 30, 2018 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS confirmed the materiality threshold for the difference in the calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the Discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the fiscal year ended 2018-2019. CalPERS will continue to check the materiality of the difference in the calculation until such time as it has changed its methodology.

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

In determining the long-term expected rate of return, 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 (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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%	Current Discount Rate	Discount Rate + 1%
	6.15%	7.15%	8.15%
Plan's Net Pension Liability/(Asset)	\$ 32,977,737	\$ 21,361,147	\$ 11,771,843

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, 2019 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:			
Employer contributions made subsequent to the measurement date	\$ 965,352	\$ 136,648	\$ 1,102,000
Net OPEB liabilities:	\$ 10,806,246	\$ 1,470,427	\$ 12,276,673
Deferred inflows of resources:			
Actual earnings on plan investments	\$ 78,272	\$ 11,080	\$ 89,352

#### 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, 55 retirees meet these requirements and are covered under the eligibility requirements but only 39 are currently participating in the program. Membership in the plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Active plan members	93
Inactive employees or beneficiaries currently receiving benefit payments	39
Inactive employees entitled to but not yet receiving benefit payments	16
	<u>148</u>

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the City's cash contributions to the plan including the implied subsidy were \$1,102,000. 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, 2017 valuation were based on the results of an actuarial experience study for the period July, 1, 2017 through June 30, 2018, based on the following actuarial methods and assumptions:

Measurement Date	June 30, 2018
Valuation Date	June 30, 2017
Contribution Policy	Phase-in of full pre-funding: full ADC in 2027/28, approximately 65% paid in prior 2 fiscal years
Discount Rate	6.75% at June 30, 2018 □ 6.75% at June 30, 2017 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	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-17
Salary Increases	Aggregate - 3% □ Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years. □ Medicare - 6.5% for 2019, 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	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Measurement Date)	\$ 15,267,000	\$ 3,220,000	\$ 12,047,000
Changes Recognized for the Measurement Period:			
Service cost	450,017	-	450,017
Interest on the total OPEB liability	1,045,580	-	1,045,580
Contributions from the employer	-	1,013,000	(1,013,000)
Net investment income	-	258,903	(258,903)
Administrative expenses	-	(5,979)	5,979
Benefit payments and refunds	(453,910)	(453,910)	-
Net changes during July 1, 2017 to June 30, 2018	1,041,687	812,014	229,673
Balance at June 30, 2018	\$ 16,308,687	\$ 4,032,014	\$ 12,276,673

The contributions from employer include implied subsidy benefit payments in the amount of \$101,000.

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, 2018:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1% 5.75%	Current Discount Rate 6.75%	Discount Rate + 1% 7.75%
\$ 14,599,537	\$ 12,276,673	\$ 10,366,706

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, 2018:

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%
\$ 10,009,461	\$ 12,276,673	\$ 15,093,805

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, 2019, the City recognized OPEB expense of \$1,257,025.

Components of deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2019 were as follows:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 89,352
Employer contributions made subsequent to the measurement date	1,102,000	-
Total	\$ 1,102,000	\$ 89,352

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 2017-2018 measurement period is 4.0 years.

The \$1,102,000 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, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Period Ended June 30	Deferred Inflow s of Resources
2020	\$ 27,026
2021	27,026
2022	27,026
2023	8,274
	\$ 89,352

### **(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 International City Managers' Association (ICMA) Retirement Corporation Trust. 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.

### **(6) Long-Term Liabilities**

#### **A. Summary of Long-Term Liabilities**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

Governmental activities:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Employee leave payable	\$ 713,495	\$ 30,773	\$ 73,158	\$ 671,110	\$ 45,066
Total governmental activity	\$ 713,495	\$ 30,773	\$ 73,158	\$ 671,110	\$ 45,066

Business-type activities:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Direct placement					
Note payable - I Bank	\$ 11,303,775	\$ -	\$ 145,535	\$ 11,158,240	\$ 297,830
Employee leave payable	59,311	13,408	4,694	68,025	4,710
Total business-type activities	\$ 11,363,086	\$ 13,408	\$ 150,229	\$ 11,226,265	\$ 302,540

#### **B. 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. Net system revenues of \$1,022,139 were recognized in the current year. During the year, interest of \$149,976 and principal of \$145,535 was paid leaving an outstanding balance of \$4,458,240

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. Net system revenues of \$1,022,139 were recognized in the current year.

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, 2019, are as follows:

Fiscal Year Ending June 30	Business-Type Activities		Total
	Principal	Interest	
2020	\$ 297,830	\$ 345,855	\$ 643,685
2021	307,275	336,260	643,535
2022	317,020	326,360	643,380
2023	327,075	316,144	643,219
2024	337,449	305,605	643,054
2025 - 2029	1,854,779	1,357,831	3,212,610
2030 - 2034	2,168,326	1,039,304	3,207,630
2035 - 2039	2,534,992	666,807	3,201,799
2040 - 2044	1,711,631	312,392	2,024,023
2045 - 2047	1,301,863	80,363	1,382,226
	<u>\$ 11,158,240</u>	<u>\$ 5,086,921</u>	<u>\$ 16,245,161</u>

## **(7) Leases**

### Capital Leases

The City has entered in to 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 2024.

Vehicles leased under capital leases as of June 30, 2019 are included in capital assets as follows:

	Governmental Activities	Business-type Activities
Acquisitions	\$ 456,946	\$ 174,003
Less accumulated depreciation	(67,819)	(33,634)
Net book value	<u>\$ 389,127</u>	<u>\$ 140,369</u>

Future minimum lease payments under capital leases and the present value of the net minimum lease payments at June 30, 2019 are:

Year ending June 30:	Governmental Activities	Business-type Activities
2020	\$ 101,312	\$ 43,940
2021	91,371	11,180
2022	60,431	11,179
2023	32,538	-
2024	10	-
Total minimum lease payments	\$ 285,662	\$ 66,299
Less amount representing interest	(24,223)	(4,318)
Present value of future minimum lease payments	<u>\$ 261,439</u>	<u>\$ 61,981</u>

**(8) Capital Assets and Depreciation**

The following table presents the capital assets activity for the year ended June 30, 2019.

	Beginning Balance July 1, 2018	Increases	Decreases	Ending Balance June 30, 2019
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 14,849,080	\$ -	\$ -	\$ 14,849,080
Construction in progress	2,831,305	2,156,640	279,376	4,708,569
Total capital asset not being depreciated	17,680,385	2,156,640	279,376	19,557,649
Capital assets, being depreciated:				
Land Improvements	25,193,471	-	61,272	25,132,199
Buildings and improvements	18,881,260	333,562	-	19,214,822
Fine Arts	1,213,202	-	-	1,213,202
Computer equipment	281,563	33,301	41,105	273,759
Vehicles	3,471,797	198,212	1,029,173	2,640,836
Other equipment	2,324,098	57,370	21,565	2,359,903
Infrastructure	108,648,444	2,353,240	-	111,001,684
Total capital asset being depreciated	160,013,835	2,975,685	1,153,115	161,836,405
Less accumulated depreciation for:				
Land Improvements	15,620,720	927,966	61,272	16,487,414
Buildings and improvements	11,281,053	450,714	-	11,731,767
Fine Arts	837,355	32,605	-	869,960
Computer equipment	182,679	27,541	41,105	169,115
Vehicles	2,948,157	126,317	1,028,800	2,045,674
Other equipment	1,742,645	161,503	21,565	1,882,583
Infrastructure	68,496,685	4,011,960	-	72,508,645
Total accumulated depreciation	101,109,294	5,738,606	1,152,742	105,695,158
Total capital assets, being depreciated, net	58,904,541	(2,762,921)	373	56,141,247
Governmental activities capital assets, net	\$ 76,584,926	\$ (606,281)	\$ 279,749	\$ 75,698,896

	Beginning Balance July 1, 2018	Increases	Decreases	Ending Balance June 30, 2019
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 2,270,763	\$ -	\$ -	\$ 2,270,763
Construction in progress	2,045,418	166,689	-	2,212,107
Total capital asset not being depreciated	4,316,181	166,689	-	4,482,870
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	1,768,833	36,664	-	1,805,497
Tools	23,089	-	-	23,089
Vehicles	540,524	-	-	540,524
Computer equipment	432,186	10,949	-	443,135
Total capital asset being depreciated	42,196,227	47,613	-	42,243,840
Less accumulated depreciation for:				
Buildings and wells	4,045,066	305,405	-	4,350,471
Mains	12,949,815	354,672	-	13,304,487
Distribution equipment	5,626,257	69,704	-	5,695,961
Other equipment	1,741,028	19,609	-	1,760,637
Tools	23,089	-	-	23,089
Vehicles	392,854	24,856	-	417,710
Computer equipment	349,485	29,353	-	378,838
Total accumulated depreciation	25,127,594	803,599	-	25,931,193
Total capital assets, being depreciated, net	17,068,633	(755,986)	-	16,312,647
Business type activities capital assets, net	\$ 21,384,814	\$ (589,297)	\$ -	\$ 20,795,517

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

Governmental Activities:	
General government	\$ 999,770
Community development	1,784
Public safety	35,980
Community services and recreation	941,801
Public works	3,759,271
Total depreciation expense – governmental activities	\$ 5,738,606
Business-Type Activities:	
Water	\$ 803,599

**(9) Interfund Transactions**Interfund Balances

The following summarizes interfund receivables and payables at June 30, 2019:

Due to the General Fund from:	
<u>Major Fund</u>	
Other Grants	\$ 329,662
 <u>Non-major Funds</u>	
Community Development Block Grant	163,777
HOME Partnership Act	10,871
After School Education & Safety	92,332
Traffic Safety	20,579
Service Assessments	121
Total Non-major Funds	<u>287,680</u>
 Total Due to the General Fund	 <u>\$ 617,342</u>

Due To/From

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

Interfund Transfers

The following summarizes interfund transfers at June 30, 2019:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
General Fund	Internal Service Fund	\$ 230,500
Other Grants	SB1 RMRA	<u>312,985</u>
 Total Interfund Transfers		 <u>\$ 543,485</u>

**(10) Notes Receivable**A. Summary of Notes Receivable

The following is a summary of notes receivable by fund at June 30, 2019

<u>HOME Partnership Act</u>	
Home Improvement Loan Program	\$ 106,692
Senior Housing Note Receivable	948,500
Allowance for Deferred Note Receivable	<u>(948,500)</u>
HOME Partnership Act Total	<u>106,692</u>
 <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	<u>467,293</u>
 TOTAL NOTES RECEIVABLE	 <u>\$ 573,985</u>

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

**B. 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 \$106,692 at June 30, 2019.

**C. 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, 2019. 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.

**D. 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, 2019. On June 27, 2012 the Affordable Home Ownership Loans were transferred from the Successor Agency to the Paramount Housing Authority.

**E. 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, 2019.

**F. 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, 2019.

**(11) Fund Balance**

The City's governmental fund balances at June 30, 2019 are presented below:

	General	Other Grants	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Prepaid Items	\$ 321,881	\$ -	\$ -	\$ 321,881
Land Held for Resale	236,544	-	-	236,544
	<u>558,425</u>	<u>-</u>	<u>-</u>	<u>558,425</u>
<b>Restricted for:</b>				
Environmental Concerns	-	92,642	613,790	706,432
Housing Programs	-	-	819,932	819,932
Housing Programs-Notes Receivable	-	-	573,985	573,985
Special Event Services	-	135,204	-	135,204
Public Safety	-	151,671	-	151,671
After School Program	-	-	103,237	103,237
Disability Access and Education	-	-	21,832	21,832
Public Access	-	-	148,626	148,626
Public Transit	-	-	766,436	766,436
Parking Authority	-	-	535,000	535,000
Road Maintenance	-	-	2,057,211	2,057,211
Sewer Maintenance	-	-	225,771	225,771
	<u>-</u>	<u>379,517</u>	<u>5,865,820</u>	<u>6,245,337</u>
<b>Committed to:</b>				
Community Cultural Services	-	-	320,262	320,262
Storm Drain	-	-	395,718	395,718
General Plan	-	-	696,908	696,908
	<u>-</u>	<u>-</u>	<u>1,412,888</u>	<u>1,412,888</u>
<b>Assigned to:</b>				
Capital Improvement Projects	1,730,787	-	-	1,730,787
Paramount Education Partnership	250,000	-	-	250,000
Public Employee Retirement	2,014,500	-	-	2,014,500
Insurance	30,000	-	-	30,000
Public Works	313,300	-	-	313,300
Debt Service	274,992	-	-	274,992
	<u>4,613,579</u>	<u>-</u>	<u>-</u>	<u>4,613,579</u>
<b>Unassigned</b>	<u>12,776,116</u>	<u>-</u>	<u>-</u>	<u>12,776,116</u>
<b>Total fund balance</b>	<u>\$ 17,948,120</u>	<u>\$ 379,517</u>	<u>\$ 7,278,708</u>	<u>\$ 25,606,345</u>

**(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.

A. 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 116 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

Since 1981, the City has been covered by the CJPIA for comprehensive general liability coverage. Coverage includes damages for personal liability, property damage, and public official's errors and omissions.

In the liability program 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 \$30,000 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 \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$750,000 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 have a sub-limit of \$40 million per occurrence. The coverage structure includes retained risk that is pooled among members, reinsurance, and excess insurance. More detailed information about the various layers of coverage is available on the following website: <https://cipia.org/protection/coverage-programs>.

- Workers' Compensation

In the 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 \$50,000 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 \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs from \$100,000 to statutory limits are distributed based on the outcome of cost allocation within the first and second loss layers.

For 2018-19 the Authority's pooled retention is \$2 million per occurrence, with reinsurance to statutory limits under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

- Purchased Insurance

- Pollution Legal Coverage

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 \$50,000 deductible. The Authority has an aggregate limit of \$50 million for the 3-year period from July 1, 2017 through July 1, 2020. Each member of the Authority has a \$10 million sub-limit during the 3-year policy term.

- Property Coverage

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 \$51,911,951. There is a \$10,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$2,500 deductible.

- Earthquake and Flood Coverage

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 \$4,991,502. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000.

- Crime Coverage

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 Coverage

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.

- Adequacy of Protection

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 2018-19.

- Claims Activity

For the fiscal year ended 2019, there was \$0 deductible claims paid by the City.

B. Automobile Comprehensive and Collision Insurance

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

C. 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.

### **(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.

### **(14) Successor Agency Trust for Assets of Former Redevelopment Agency**

A. 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.

**B. Redevelopment Obligation Retirement Private-Purpose Trust Fund Cash and Investments**

Cash and investments as of June 30, 2019 are classified in the accompanying fiduciary financial statements as follows:

Redevelopment Obligation Retirement Private-Purpose Trust Fund	
Cash and investments	\$ 805,255
Cash and investments - restricted	6,233,177
Total cash and investments	\$ 7,038,432

Cash and investments as of June 30, 2019 consist of the following:

Deposits with financial institutions	\$ 800,403
Investments	6,238,029
Total cash and investments	\$ 7,038,432

**C. Successor Agency Long-Term Debt**

	Balance July 1, 2018	Compounded Interest	Debt Retired	Balance June 30, 2019	Due Within One Year
1998 Tax Allocation Bonds	\$ 9,169,563	\$ 497,133	\$ -	\$ 9,666,696	\$ -
2015 Refunding Bonds	18,555,000	-	2,725,000	15,830,000	2,860,000
Unamortized premium-2015	1,757,908	-	345,817	1,412,091	345,818
2010 Tax Allocation Bonds	10,850,000	-	1,010,000	9,840,000	1,065,000
Unamortized discount	(78,245)	-	(8,614)	(69,631)	(8,614)
Deferred Pass Through	930,740	-	-	930,740	-
Total long-term debt	\$ 41,184,966	\$ 497,133	\$ 4,072,203	\$ 37,609,896	\$ 4,262,204

**1. 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, 2019, interest of \$497,133 was added to the outstanding debt. At maturity, the bonds will have a value as follows:

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

**2. 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
2020	\$ 1,065,000	\$ 489,235	\$ 1,554,235
2021	1,130,000	426,718	1,556,718
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 - 2028	3,885,000	372,297	4,257,297
	<u>\$ 9,840,000</u>	<u>\$ 2,200,442</u>	<u>\$ 12,040,442</u>

3. 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, 2019, the outstanding balance was \$15,830,000, the unamortized bond premium was \$1,412,091 and the outstanding balance of the deferred amount on refunding was \$418,797.

Below is a schedule of the remaining debt service:

Fiscal Year Ending June 30	Principal	Interest	Total
2020	\$ 2,860,000	\$ 710,000	3,570,000
2021	3,010,000	563,250	3,573,250
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>\$ 15,830,000</u>	<u>\$ 2,011,500</u>	<u>\$ 17,841,500</u>

4. 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, 2019 the balance due is \$930,740.

D. Capital Assets and Depreciation

	Beginning Balance July 1, 2018	Increases	Decreases	Transfer to City June 30, 2019	Ending Balance
Capital assets, being depreciated:					
Buildings and improvements	\$ 358,067	\$ -	\$ -	\$ -	\$ 358,067
Infrastructure	4,277,466	-	-	-	4,277,466
Total capital asset being	<u>4,635,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,635,533</u>
Less accumulated depreciation					
Buildings and improvements	313,881	9,096	-	-	322,977
Infrastructure	2,266,743	200,147	-	-	2,466,890
Total accumulated depreciation	<u>2,580,624</u>	<u>209,243</u>	<u>-</u>	<u>-</u>	<u>2,789,867</u>
Total capital assets, being depreciated, net	<u>\$ 2,054,909</u>	<u>\$ (209,243)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,845,666</u>

E. Notes ReceivableCommercial 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, 2019.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Schedule of the City's Proportionate Share of the Net Pension Liability  
As of June 30, 2019  
Last Ten Fiscal Years\***

	Measurement Date <u>06/30/2014</u>	Measurement Date <u>06/30/2015</u>	Measurement Date <u>06/30/2016</u>	Measurement Date <u>06/30/2017</u>	Measurement Date <u>06/30/2018</u>
Plan's proportion of the net pension liability/(asset)	<u>0.19059%</u>	<u>0.23388%</u>	<u>0.23126%</u>	<u>0.23087%</u>	<u>0.22167%</u>
Plan's proportionate share of the net pension liability/(asset)	<u>\$ 11,859,567</u>	<u>\$ 16,053,473</u>	<u>\$ 20,010,860</u>	<u>\$ 22,896,454</u>	<u>\$ 21,361,148</u>
Plan's covered payroll	<u>\$ 6,334,225</u>	<u>\$ 6,029,967</u>	<u>\$ 6,206,549</u>	<u>\$ 6,190,935</u>	<u>\$ 6,387,917</u>
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	<u>187.23%</u>	<u>266.23%</u>	<u>322.42%</u>	<u>369.84%</u>	<u>334.40%</u>
Plan's fiduciary net position as a percentage of the plan's total pension liability	<u>79.82%</u>	<u>78.40%</u>	<u>74.06%</u>	<u>73.31%</u>	<u>75.26%</u>

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

**Schedule of the City's Pension Plan Contributions  
As of June 30, 2019  
Last Ten Fiscal Years\***

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	<u>\$ 1,225,048</u>	<u>\$ 1,402,641</u>	<u>\$ 1,552,328</u>	<u>\$ 1,764,757</u>	<u>\$ 2,094,439</u>
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>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(880,000)</u>	<u>-</u>
Covered payroll	<u>\$ 6,029,967</u>	<u>\$ 6,206,549</u>	<u>\$ 6,190,935</u>	<u>\$ 6,387,917</u>	<u>\$ 6,657,324</u>
Contributions as a percentage of covered payroll	<u>20.316%</u>	<u>22.599%</u>	<u>25.074%</u>	<u>41.402%</u>	<u>31.461%</u>

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

**Schedule of Changes in Net OPEB Liability and Related Ratios  
As of June 30, 2019  
Last Ten Fiscal Years\***

	2016-17	2017-18
Measurement period		
Total OPEB liability		
Service cost	\$ 437,000	\$ 450,017
Interest	978,000	1,045,580
Differences between expected and actual experience	-	-
Assumption changes	-	-
Benefit payments, including refunds of employee contributions	(432,000)	(453,910)
Net change in total OPEB liability	983,000	1,041,687
Total OPEB liability - beginning	14,284,000	15,267,000
Total OPEB liability - ending (a)	\$ 15,267,000	\$ 16,308,687
OPEB fiduciary net position		
Contributions - employer	\$ 903,000	\$ 1,013,000
Net investment income	262,000	258,903
Benefit payments, including refunds of employee contributions	(432,000)	(453,910)
Administrative expense	(2,000)	(5,979)
Net change in plan fiduciary net position	731,000	812,014
Plan fiduciary net position - beginning	2,489,000	3,220,000
Plan fiduciary net position - ending (b)	\$ 3,220,000	\$ 4,032,014
Plan net OPEB liability - ending (a) - (b)	\$ 12,047,000	\$ 12,276,673
Plan fiduciary net position as a percentage of the total OPEB liability	21.09%	24.72%
Covered-employee payroll	\$ 6,473,000	\$ 6,679,479
Plan net OPEB liability as a percentage of covered-employee payroll	186.11%	183.80%

\*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 two years is shown.

**Schedule of Contributions  
For the Year Ended June 30, 2019  
Last Ten Fiscal Years\***

	2017-18	2018-19
Actuarially determined contribution	\$ 1,462,000	\$ 1,565,000
Contributions in relation to the actuarially determined contribution	(1,013,000)	(1,102,000)
Contribution deficiency (excess)	\$ 449,000	\$ 463,000
Covered-employee payroll	\$ 6,679,479	\$ 7,069,939
Contributions as a percentage of covered-employee payroll	15.17%	15.59%

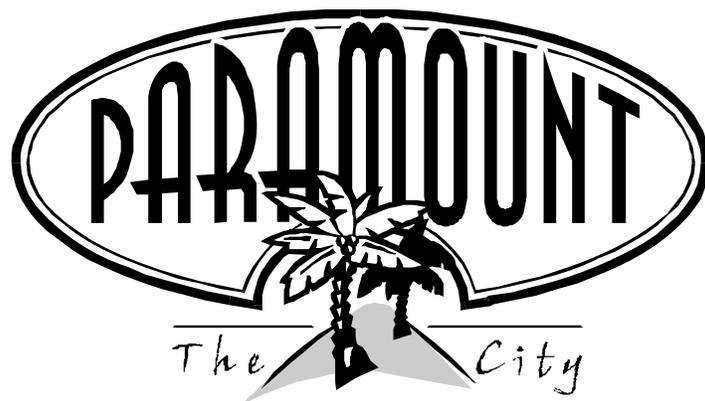
Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 were from the June 30, 2017 actuarial valuation date.

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period
Discount Rate	6.75%
General Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Salary Increases	Aggregate - 3%
	Merit-CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 6.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years
	Medicare - 6.7% for 2018, decreasing to an ultimate rate of 5.0% for 2021 and later years
Healthcare participation for future retirees	90% if currently waived
	100% if currently covered

\*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 two years is shown.



**INDIVIDUAL FUND FINANCIAL  
STATEMENTS & SCHEDULES  
(SUPPLEMENTARY INFORMATION)**

## **NONMAJOR SPECIAL REVENUE FUNDS**

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**

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.

**NONMAJOR  
SPECIAL REVENUE FUNDS  
(cont.)**

**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.

**STORM DRAIN FEES FUND**

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

**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.

**GENERAL PLAN FEES FUND**

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

**SERVICE ASSESSMENTS FUND**

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

**NONMAJOR  
CAPITAL PROJECTS FUNDS**

**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**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue					
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax	Traffic Safety
<b>ASSETS</b>						
Cash and investments	\$ -	\$ -	\$ 819,932	\$ -	\$ 283,513	\$ -
Accounts receivable	184,341	17,348	-	200,794	457	20,579
Interest receivable	-	-	-	983	1,502	-
Notes receivable (net)	-	106,692	467,293	-	-	-
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$ 184,341</u>	<u>\$ 124,040</u>	<u>\$ 1,287,225</u>	<u>\$ 201,777</u>	<u>\$ 285,472</u>	<u>\$ 20,579</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 20,564	\$ 6,477	\$ -	\$ 6,208	\$ 99,193	\$ -
Deposit payable	-	-	-	-	-	-
Due to other funds	163,777	10,871	-	92,332	-	20,579
Total liabilities	<u>184,341</u>	<u>17,348</u>	<u>-</u>	<u>98,540</u>	<u>99,193</u>	<u>20,579</u>
<b>FUND BALANCES</b>						
Restricted	-	106,692	1,287,225	103,237	186,279	-
Committed	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>106,692</u>	<u>1,287,225</u>	<u>103,237</u>	<u>186,279</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 184,341</u>	<u>\$ 124,040</u>	<u>\$ 1,287,225</u>	<u>\$ 201,777</u>	<u>\$ 285,472</u>	<u>\$ 20,579</u>

**Special  
Revenue**

<b>Waste Reduction Fees</b>	<b>AB2766 Subvention</b>	<b>Disability Access and Education</b>	<b>SB1 Road Maint &amp; Repair (RMRA)</b>	<b>Proposition A Transit Tax</b>	<b>Proposition C Transit Tax</b>	<b>Measure R</b>
\$ 286,386	\$ 298,170	\$ 19,563	\$ 116,805	\$ 933,506	\$ 923,351	\$ 1,039,893
7,184	18,831	2,160	183,278	98	-	-
1,586	1,633	109	1,948	4,807	4,762	5,509
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 295,156</u>	<u>\$ 318,634</u>	<u>\$ 21,832</u>	<u>\$ 302,031</u>	<u>\$ 938,411</u>	<u>\$ 928,113</u>	<u>\$ 1,045,402</u>
\$ -	\$ -	\$ -	\$ 56,933	\$ 171,975	\$ 243,674	\$ 460,041
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	56,933	171,975	243,674	460,041
295,156	318,634	21,832	245,098	766,436	684,439	585,361
-	-	-	-	-	-	-
<u>295,156</u>	<u>318,634</u>	<u>21,832</u>	<u>245,098</u>	<u>766,436</u>	<u>684,439</u>	<u>585,361</u>
<u>\$ 295,156</u>	<u>\$ 318,634</u>	<u>\$ 21,832</u>	<u>\$ 302,031</u>	<u>\$ 938,411</u>	<u>\$ 928,113</u>	<u>\$ 1,045,402</u>

Continued on the following page.

**City of Paramount**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

**Special  
Revenue**

	<b>Measure M</b>	<b>Sewer Reconstruction Fees</b>	<b>Public Art Fees</b>	<b>Public Access Fees</b>	<b>Storm Drain Fees</b>	<b>General Plan Fees</b>
<b>ASSETS</b>						
Cash and investments	\$ 901,539	\$ 224,516	\$ 318,540	\$ 136,205	\$ 393,526	\$ 693,049
Accounts receivable	-	-	-	11,679	-	-
Interest receivable	4,495	1,255	1,722	742	2,192	3,859
Notes receivable	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
Total assets	<u>\$ 906,034</u>	<u>\$ 225,771</u>	<u>\$ 320,262</u>	<u>\$ 148,626</u>	<u>\$ 395,718</u>	<u>\$ 696,908</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 550,000	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	356,034	225,771	-	148,626	-	-
Committed	-	-	320,262	-	395,718	696,908
Total fund balances	<u>356,034</u>	<u>225,771</u>	<u>320,262</u>	<u>148,626</u>	<u>395,718</u>	<u>696,908</u>
Total liabilities and fund balances	<u>\$ 906,034</u>	<u>\$ 225,771</u>	<u>\$ 320,262</u>	<u>\$ 148,626</u>	<u>\$ 395,718</u>	<u>\$ 696,908</u>

Special Revenue		Capital Projects		Total Nonmajor Governmental Funds
Service Assessments	Total	Paramount Parking Authority		
\$ -	\$ 7,388,494	\$ -	\$ -	\$ 7,388,494
507	647,256	-	-	647,256
-	37,104	-	-	37,104
-	573,985	-	-	573,985
-	-	\$ 535,000	-	535,000
<u>\$ 507</u>	<u>\$ 8,646,839</u>	<u>\$ 535,000</u>		<u>\$ 9,181,839</u>
\$ 386	\$ 1,615,451	\$ -	\$ -	\$ 1,615,451
-	-	-	-	-
121	287,680	-	-	287,680
<u>507</u>	<u>1,903,131</u>	<u>-</u>	<u>-</u>	<u>1,903,131</u>
-	5,330,820	535,000	-	5,865,820
-	1,412,888	-	-	1,412,888
-	6,743,708	535,000	-	7,278,708
<u>\$ 507</u>	<u>\$ 8,646,839</u>	<u>\$ 535,000</u>		<u>\$ 9,181,839</u>

**City of Paramount**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue					
	Community Development Block Grant	HOME Partnership Act	Paramount Housing Authority	After School Education & Safety	State Gas Tax	Traffic Safety
<b>REVENUES</b>						
Interest and use of property	\$ -	\$ -	\$ -	\$ 5,696	\$ 5,727	\$ -
Intergovernmental revenues	703,985	102,799	-	2,007,736	1,139,413	95,949
Charges for services	-	-	-	-	-	-
Other revenues	-	-	-	22,080	-	-
Total revenues	<u>703,985</u>	<u>102,799</u>	<u>-</u>	<u>2,035,512</u>	<u>1,145,140</u>	<u>95,949</u>
<b>EXPENDITURES</b>						
Current:						
General government	122,141	24,435	-	-	-	-
Community development	2,250	89,698	-	-	-	-
Public safety	437,111	-	-	-	-	95,949
Community services and recreation	-	-	5,900	2,008,685	-	-
Public works	144,179	-	-	-	1,209,294	-
Capital outlay:						
Streets, sidewalks and signals	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total expenditures	<u>705,681</u>	<u>114,133</u>	<u>5,900</u>	<u>2,008,685</u>	<u>1,209,294</u>	<u>95,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,696)</u>	<u>(11,334)</u>	<u>(5,900)</u>	<u>26,827</u>	<u>(64,154)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfer from other funds	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,696)	(11,334)	(5,900)	26,827	(64,154)	-
Fund balances - July 1	1,696	118,026	1,293,125	76,410	250,433	-
Fund balances - June 30	<u>\$ -</u>	<u>\$ 106,692</u>	<u>\$ 1,287,225</u>	<u>\$ 103,237</u>	<u>\$ 186,279</u>	<u>-</u>

**Special  
Revenue**

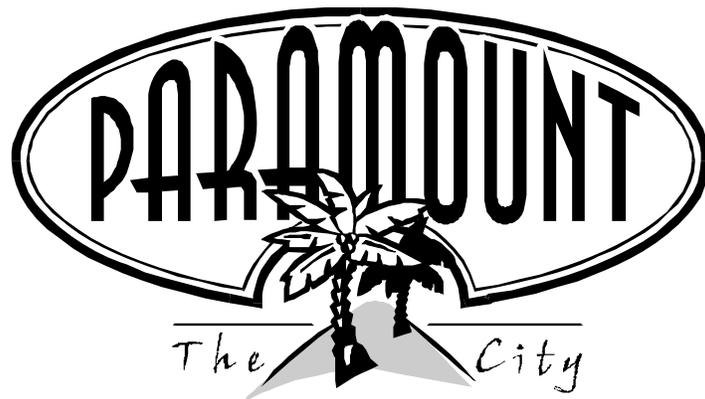
<b>Waste Reduction Fees</b>	<b>AB2766 Subvention</b>	<b>Disability Access and Education</b>	<b>SB1 Road Maint &amp; Repair (RMRA)</b>	<b>Proposition A Transit Tax</b>	<b>Proposition C Transit Tax</b>	<b>Measure R</b>
\$ 5,548	\$ 5,974	\$ 337	\$ 5,914	\$ 16,196	\$ 16,370	\$ 18,039
-	72,635	-	1,026,939	1,122,716	931,261	698,647
79,846	-	9,227	-	30,758	-	-
-	-	-	-	8,593	-	-
<u>85,394</u>	<u>78,609</u>	<u>9,564</u>	<u>1,032,853</u>	<u>1,178,263</u>	<u>947,631</u>	<u>716,686</u>
35,696	3,452	-	-	71,099	67,357	64,457
-	-	-	-	18,898	-	-
-	-	-	-	89,921	-	-
-	48,121	-	-	765,648	-	-
-	-	-	-	52,588	85,377	19,220
-	-	-	1,100,740	-	823,775	887,582
-	-	-	-	-	-	-
<u>35,696</u>	<u>51,573</u>	<u>-</u>	<u>1,100,740</u>	<u>998,154</u>	<u>976,509</u>	<u>971,259</u>
<u>49,698</u>	<u>27,036</u>	<u>9,564</u>	<u>(67,887)</u>	<u>180,109</u>	<u>(28,878)</u>	<u>(254,573)</u>
-	-	-	312,985	-	-	-
-	-	-	312,985	-	-	-
49,698	27,036	9,564	245,098	180,109	(28,878)	(254,573)
245,458	291,598	12,268	-	586,327	713,317	839,934
<u>\$ 295,156</u>	<u>\$ 318,634</u>	<u>\$ 21,832</u>	<u>\$ 245,098</u>	<u>\$ 766,436</u>	<u>\$ 684,439</u>	<u>\$ 585,361</u>

Continued on the following page.

**City of Paramount**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue				
	Measure M	Sewer Reconstruction Fees	Public Art Fees	Public Access Fees	Storm Drain Fees
<b>REVENUES</b>					
Interest and use of property	\$ 12,443	\$ 4,660	\$ 6,004	\$ 2,413	\$ 8,029
Intergovernmental revenues	787,438	-	-	-	-
Charges for services	-	3,941	122,985	46,865	20,922
Other revenues	-	-	-	-	-
Total revenues	<u>799,881</u>	<u>8,601</u>	<u>128,989</u>	<u>49,278</u>	<u>28,951</u>
<b>EXPENDITURES</b>					
Current:					
General government	32,147	-	-	-	-
Community development	-	-	-	-	-
Public safety	-	-	-	-	-
Community services and recreation	-	-	12,062	-	-
Public works	681	-	-	-	-
Capital outlay:					
Streets, sidewalks and signals	983,149	-	-	-	-
Other	-	-	195,871	-	-
Total expenditures	<u>1,015,977</u>	<u>-</u>	<u>207,933</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(216,096)</u>	<u>8,601</u>	<u>(78,944)</u>	<u>49,278</u>	<u>28,951</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from other funds	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(216,096)	8,601	(78,944)	49,278	28,951
Fund balances - July 1	572,130	217,170	399,206	99,348	366,767
Fund balances - June 30	<u>\$ 356,034</u>	<u>\$ 225,771</u>	<u>\$ 320,262</u>	<u>\$ 148,626</u>	<u>\$ 395,718</u>

			<b>Capital Project</b>		<b>Total Nonmajor Governmental Funds</b>
<b>General Plan Fees</b>	<b>Service Assessments</b>	<b>Total</b>	<b>Paramount Parking Authority</b>	<b>Total</b>	
\$ 14,096	\$ -	\$ 127,446	\$ -	\$ -	\$ 127,446
-	-	8,689,518	-	-	8,689,518
41,846	14,577	370,967	-	-	370,967
-	-	30,673	-	-	30,673
<u>55,942</u>	<u>14,577</u>	<u>9,218,604</u>	<u>-</u>	<u>-</u>	<u>9,218,604</u>
-	4,827	425,611	-	-	425,611
-	-	110,846	-	-	110,846
-	-	622,981	-	-	622,981
-	-	2,840,416	-	-	2,840,416
-	9,750	1,521,089	-	-	1,521,089
-	-	3,795,246	-	-	3,795,246
-	-	195,871	-	-	195,871
-	<u>14,577</u>	<u>9,512,060</u>	<u>-</u>	<u>-</u>	<u>9,512,060</u>
<u>55,942</u>	<u>-</u>	<u>(293,456)</u>	<u>-</u>	<u>-</u>	<u>(293,456)</u>
-	-	312,985	-	-	312,985
-	-	312,985	-	-	312,985
55,942	-	19,529	-	-	19,529
640,966	-	6,724,179	535,000	535,000	7,259,179
<u>\$ 696,908</u>	<u>\$ -</u>	<u>\$ 6,743,708</u>	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ 7,278,708</u>



**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grant**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 824,000	780,250	703,985	(76,265)
<b>EXPENDITURES</b>				
Current:				
General government	153,200	158,600	122,141	36,459
Community development	135,950	75,950	2,250	73,700
Public safety	411,000	414,850	437,111	(22,261)
Public works	123,850	130,850	144,179	(13,329)
Total expenditures	<u>824,000</u>	<u>780,250</u>	<u>705,681</u>	<u>74,569</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(1,696)</u>	<u>(1,696)</u>
Net change in fund balance	-	-	(1,696)	(1,696)
Fund balance - July 1	1,700	1,700	1,696	(4)
Fund balance - June 30	<u>\$ 1,700</u>	<u>1,700</u>	<u>-</u>	<u>(1,700)</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**HOME Partnership Act**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 211,700	221,250	102,799	(118,451)
EXPENDITURES				
Current:				
General government	24,200	33,750	24,435	9,315
Community development	187,500	187,500	89,698	97,802
Total expenditures	<u>211,700</u>	<u>221,250</u>	<u>114,133</u>	<u>107,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(11,334)</u>	<u>(11,334)</u>
Net change in fund balance	-	-	(11,334)	(11,334)
Fund balance - July 1	118,050	118,050	118,026	(24)
Fund balance - June 30	<u>\$ 118,050</u>	<u>118,050</u>	<u>106,692</u>	<u>(11,358)</u>

**City of Paramount**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Paramount Housing Authority**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues	\$ -	-	-	-
EXPENDITURES				
Current:				
Community services and recreation	-	6,000	5,900	100
Total expenditures	<u>500,000</u>	<u>6,000</u>	<u>5,900</u>	<u>100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500,000)</u>	<u>(6,000)</u>	<u>(5,900)</u>	<u>100</u>
Net change in fund balance	(500,000)	(6,000)	(5,900)	100
Fund balance - July 1	1,293,150	1,293,150	1,293,125	(25)
Fund balance - June 30	<u>\$ 793,150</u>	<u>1,287,150</u>	<u>1,287,225</u>	<u>75</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**After School Education and Safety**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 1,200	3,500	5,696	2,196
Intergovernmental revenues	2,007,800	2,007,800	2,007,736	(64)
Other revenues	7,500	19,500	22,080	2,580
Total revenues	2,016,500	2,030,800	2,035,512	4,712
<b>EXPENDITURES</b>				
Current:				
Community services and recreation	2,007,800	2,007,800	2,008,685	(885)
Excess (deficiency) of revenues over (under) expenditures	8,700	23,000	26,827	3,827
Net change in fund balance	8,700	23,000	26,827	3,827
Fund balance - July 1	76,450	76,450	76,410	(40)
Fund balance - June 30	\$ 85,150	99,450	103,237	3,787

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**State Gas Tax**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ -	2,000	5,727	3,727
Intergovernmental revenues	1,412,500	1,181,750	1,139,413	(42,337)
Total revenues	<u>1,412,500</u>	<u>1,183,750</u>	<u>1,145,140</u>	<u>(38,610)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	1,515,300	1,431,000	1,209,294	221,706
Total expenditures	<u>1,515,300</u>	<u>1,431,000</u>	<u>1,209,294</u>	<u>221,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(102,800)</u>	<u>(247,250)</u>	<u>(64,154)</u>	<u>183,096</u>
Net change in fund balance	(102,800)	(247,250)	(64,154)	183,096
Fund balance - July 1	250,450	250,450	250,433	(17)
Fund balance - June 30	<u>\$ 147,650</u>	<u>3,200</u>	<u>186,279</u>	<u>183,079</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Traffic Safety**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	\$ 100,000	70,000	95,949	25,949
EXPENDITURES				
Current:				
Public safety	100,000	70,000	95,949	(25,949)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Waste Reduction Fees**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 300	2,500	5,548	3,048
Charges for services	68,000	68,000	79,846	11,846
Total revenues	<u>68,300</u>	<u>70,500</u>	<u>85,394</u>	<u>14,894</u>
<b>EXPENDITURES</b>				
Current:				
General government	<u>52,750</u>	<u>34,700</u>	<u>35,696</u>	<u>(996)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,550</u>	<u>35,800</u>	<u>49,698</u>	<u>13,898</u>
Net change in fund balance	15,550	35,800	49,698	13,898
Fund balance - July 1	245,500	245,500	245,458	(42)
Fund balance - June 30	<u>\$ 261,050</u>	<u>281,300</u>	<u>295,156</u>	<u>13,856</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**AB2766 Subvention Funds**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 250	2,000	5,974	3,974
Intergovernmental revenues	68,000	68,000	72,635	4,635
Total revenues	<u>68,250</u>	<u>70,000</u>	<u>78,609</u>	<u>8,609</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,650	3,650	3,452	198
Community services and recreation	48,000	48,150	48,121	29
Total expenditures	<u>51,650</u>	<u>51,800</u>	<u>51,573</u>	<u>227</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,600</u>	<u>18,200</u>	<u>27,036</u>	<u>8,836</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	16,600	18,200	27,036	8,836
Fund balance - July 1	291,600	291,600	291,598	(2)
Fund balance - June 30	<u>\$ 308,200</u>	<u>309,800</u>	<u>318,634</u>	<u>8,834</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Disability Access and Education**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest and use of property	\$ 50	100	337	237
Charges for services	1,500	5,000	9,227	4,227
Total revenues	1,550	5,100	9,564	4,464
Excess (deficiency) of revenues over (under) expenditures	1,550	5,100	9,564	4,464
Net change in fund balance	1,550	5,100	9,564	4,464
Fund balance - July 1	12,300	12,300	12,268	(32)
Fund balance - June 30	\$ 13,850	17,400	21,832	4,432

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**SB1 Road Maintenance & Rehabilitation Account (RMRA)**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ -	500	5,914	5,414
Intergovernmental revenues	-	885,750	1,026,939	141,189
Total revenues	<u>-</u>	<u>886,250</u>	<u>1,032,853</u>	<u>146,603</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Streets, sidewalks and signals	-	1,048,700	1,100,740	(52,040)
Total expenditures	<u>-</u>	<u>1,048,700</u>	<u>1,100,740</u>	<u>(52,040)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(162,450)</u>	<u>(67,887)</u>	<u>94,563</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	313,000	313,000	312,985	(15)
Total other financing sources and uses	<u>313,000</u>	<u>313,000</u>	<u>312,985</u>	<u>(15)</u>
Net change in fund balance	313,000	150,550	245,098	94,548
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ 313,000</u>	<u>150,550</u>	<u>245,098</u>	<u>94,548</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Storm Drain**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 550	4,000	8,029	4,029
Charges for services	10,000	18,000	20,922	2,922
Total revenues	<u>10,550</u>	<u>22,000</u>	<u>28,951</u>	<u>6,951</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,550</u>	<u>22,000</u>	<u>28,951</u>	<u>6,951</u>
Net change in fund balance	10,550	22,000	28,951	6,951
Fund balance - July 1	366,800	366,800	366,767	(33)
Fund balance - June 30	<u>\$ 377,350</u>	<u>388,800</u>	<u>395,718</u>	<u>6,918</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Proposition A Transit Tax**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 800	7,500	16,196	8,696
Intergovernmental revenues	1,094,550	1,094,550	1,122,716	28,166
Charges for services	81,000	34,000	30,758	(3,242)
Other revenues	-	-	8,593	8,593
Total revenues	1,176,350	1,136,050	1,178,263	42,213
<b>EXPENDITURES</b>				
Current:				
General government	68,100	68,100	71,099	(2,999)
Community development	-	18,900	18,898	2
Public safety	96,000	96,000	89,921	6,079
Community services and recreation	816,300	761,300	765,648	(4,348)
Public works	78,200	56,750	52,588	4,162
Capital outlay:				
Other	-	16,000	-	16,000
Total expenditures	1,058,600	1,017,050	998,154	18,896
Excess (deficiency) of revenues over (under) expenditures	117,750	119,000	180,109	61,109
Net change in fund balance	117,750	119,000	180,109	61,109
Fund balance - July 1	586,350	586,350	586,327	(23)
Fund balance - June 30	\$ 704,100	705,350	766,436	61,086

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Proposition C Transit Tax**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Interest and use of property	\$ 1,800	10,000	16,370	6,370
Intergovernmental revenues	907,900	907,900	931,261	23,361
Other revenues	3,200	3,200	-	(3,200)
Total revenues	912,900	921,100	947,631	26,531
<b>EXPENDITURES</b>				
Current:				
General government	68,050	68,050	67,357	693
Public works	111,050	111,050	85,377	25,673
Capital outlay:				
Streets, sidewalks and signals	1,298,250	749,500	823,775	(74,275)
Total expenditures	1,477,350	928,600	976,509	(47,909)
Excess (deficiency) of revenues over (under) expenditures	(564,450)	(7,500)	(28,878)	(21,378)
Net change in fund balance	(564,450)	(7,500)	(28,878)	(21,378)
Fund balance - July 1	713,350	713,350	713,317	(33)
Fund balance - June 30	\$ 148,900	705,850	684,439	(21,411)

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Measure R Transit Tax**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 500	8,500	18,039	9,539
Intergovernmental revenues	680,950	680,950	698,647	17,697
Total revenues	<u>681,450</u>	<u>689,450</u>	<u>716,686</u>	<u>27,236</u>
<b>EXPENDITURES</b>				
Current:				
General government	49,250	49,250	64,457	(15,207)
Public works	20,100	20,100	19,220	880
Capital outlay:				
Streets, sidewalks and signals	988,000	958,000	887,582	70,418
Total expenditures	<u>1,057,350</u>	<u>1,027,350</u>	<u>971,259</u>	<u>56,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(375,900)</u>	<u>(337,900)</u>	<u>(254,573)</u>	<u>83,327</u>
Net change in fund balance	(375,900)	(337,900)	(254,573)	83,327
Fund balance - July 1	839,950	839,950	839,934	(16)
Fund balance - June 30	<u>\$ 464,050</u>	<u>502,050</u>	<u>585,361</u>	<u>83,311</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Measure M Transit Tax**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 500	4,000	12,443	8,443
Intergovernmental revenues	771,700	771,700	787,438	15,738
Total revenues	<u>772,200</u>	<u>775,700</u>	<u>799,881</u>	<u>24,181</u>
<b>EXPENDITURES</b>				
Current:				
General government	34,600	34,600	32,147	2,453
Public works	-	10,500	681	9,819
Capital outlay:				
Streets, sidewalks and signals	1,277,500	1,027,500	983,149	44,351
Total expenditures	<u>1,312,100</u>	<u>1,072,600</u>	<u>1,015,977</u>	<u>56,623</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(539,900)</u>	<u>(296,900)</u>	<u>(216,096)</u>	<u>80,804</u>
Net change in fund balance	(539,900)	(296,900)	(216,096)	80,804
Fund balance - July 1	572,150	572,150	572,130	(20)
Fund balance - June 30	<u>\$ 32,250</u>	<u>275,250</u>	<u>356,034</u>	<u>80,784</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Sewer Reconstruction Fees**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 450	2,500	4,660	2,160
Charges for services	1,500	3,700	3,941	241
Total revenues	<u>1,950</u>	<u>6,200</u>	<u>8,601</u>	<u>2,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,950</u>	<u>6,200</u>	<u>8,601</u>	<u>2,401</u>
Net change in fund balance	1,950	6,200	8,601	2,401
Fund balance - July 1	217,200	217,200	217,170	(30)
Fund balance - June 30	<u>\$ 219,150</u>	<u>223,400</u>	<u>225,771</u>	<u>2,371</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Art Fees**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 500	1,500	6,004	4,504
Charges for services	40,000	95,000	122,985	27,985
Total revenues	<u>40,500</u>	<u>96,500</u>	<u>128,989</u>	<u>32,489</u>
<b>EXPENDITURES</b>				
Current:				
Community services and recreation	15,000	15,000	12,062	2,938
Capital outlay:				
Other	56,000	201,900	195,871	6,029
Total expenditures	<u>71,000</u>	<u>216,900</u>	<u>207,933</u>	<u>8,967</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,500)</u>	<u>(120,400)</u>	<u>(78,944)</u>	<u>41,456</u>
Net change in fund balance	(30,500)	(120,400)	(78,944)	41,456
Fund balance - July 1	399,250	399,250	399,206	(44)
Fund balance - June 30	<u>\$ 368,750</u>	<u>278,850</u>	<u>320,262</u>	<u>41,412</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Access Fees**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest and use of property	\$ 350	1,000	2,413	1,413
Charges for services	35,000	35,000	46,865	11,865
Total revenues	<u>35,350</u>	<u>36,000</u>	<u>49,278</u>	<u>13,278</u>
<b>EXPENDITURES</b>				
Capital outlay:				
Other	-	-	-	-
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,350</u>	<u>31,000</u>	<u>49,278</u>	<u>18,278</u>
Net change in fund balance	30,350	31,000	49,278	18,278
Fund balance - July 1	99,350	99,350	99,348	(2)
Fund balance - June 30	<u>\$ 129,700</u>	<u>130,350</u>	<u>148,626</u>	<u>18,276</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Plan**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest and use of property	\$ 1,200	5,000	14,096	9,096
Charges for services	20,000	36,000	41,846	5,846
Total revenues	<u>21,200</u>	<u>41,000</u>	<u>55,942</u>	<u>14,942</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,200</u>	<u>41,000</u>	<u>55,942</u>	<u>14,942</u>
Net change in fund balance	21,200	41,000	55,942	14,942
Fund balance - July 1	641,000	641,000	640,966	(34)
Fund balance - June 30	<u>\$ 662,200</u>	<u>682,000</u>	<u>696,908</u>	<u>14,908</u>

**City of Paramount**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Service Assessments**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 14,150	14,150	14,577	427
EXPENDITURES				
Current:				
General government	3,700	3,700	4,827	(1,127)
Public works	10,450	10,450	9,750	700
Total expenditures	<u>14,150</u>	<u>14,150</u>	<u>14,577</u>	<u>(427)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1	-	-	-	-
Fund balance - June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

## **FIDUCIARY FUND**

The Fiduciary Fund is used to account for assets held by the government as an agent for individuals, other governments, and/or other funds.

### **CITY AGENCY FUND**

To account for monies held by the City for refuse special assessments and development deposits.

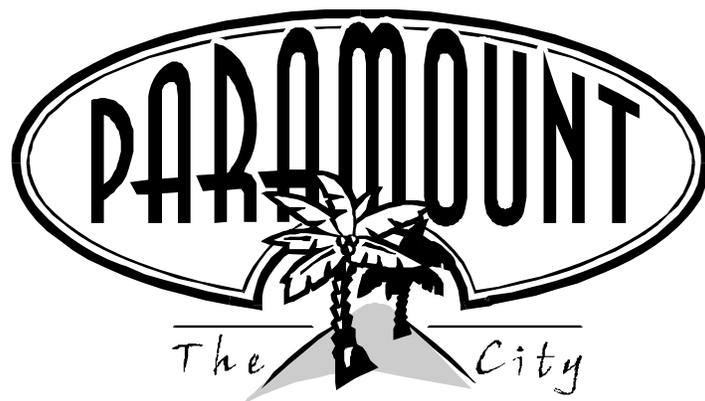
**City of Paramount**  
**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2019**

	<b>City Agency Fund Balance July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>City Agency Fund Balance June 30, 2019</b>
<b>ASSETS</b>				
Cash and investments	\$ 99,844	\$ 87,707	\$ 98,420	\$ 89,131
<b>LIABILITIES</b>				
Deposits payable	\$ 99,844	\$ 266,454	\$ 277,167	\$ 89,131

## STATISTICAL SECTION

This part of the City of Paramount's comprehensive annual 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.

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	93
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, sales tax.	98
<b>Debt Capacity</b> 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.	101
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	106
<b>Operating Information</b> 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.	109



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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015*	2016	2017	2018	2019
Governmental activities:										
Net Investment in capital assets	50,147,948	50,945,270	86,007,798	84,587,747	82,967,732	79,511,962	79,690,688	79,225,417	76,381,563	75,437,457
Restricted	41,555,278	17,403,559	6,772,029	5,656,443	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235	5,553,952
Unrestricted	<u>(11,711,899)</u>	<u>5,114,392</u>	<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>
Total governmental activities net position	<u>79,991,327</u>	<u>73,463,221</u>	<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>
Business-type activities:										
Net investment in capital assets	17,605,165	17,688,156	17,403,891	16,723,703	16,918,341	16,981,731	17,905,387	17,328,598	9,979,726	16,275,296
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	<u>2,305,985</u>	<u>2,161,319</u>	<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>
Total business-type activities net position	<u>19,911,150</u>	<u>19,849,475</u>	<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>
Primary government:										
Net investment in capital assets	67,753,113	68,633,426	103,411,689	101,311,450	99,886,073	96,493,693	97,596,075	96,554,015	86,361,289	91,712,753
Restricted	41,555,278	17,403,559	6,772,029	5,656,443	6,373,039	6,647,656	4,309,004	4,181,878	5,874,235	5,553,952
Unrestricted	<u>(9,405,914)</u>	<u>7,275,711</u>	<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>
Total primary government net position	<u>99,902,477</u>	<u>93,312,696</u>	<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>

\* 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental activities:										
General government	6,818,842	5,469,257	6,280,451	6,012,729	6,202,608	6,409,474	6,846,940	7,308,976	7,184,690	7,088,630
Community development	3,918,089	3,678,782	3,009,795	6,180,794	2,148,884	2,172,414	5,007,589	2,039,989	2,461,135	1,926,054
Public safety	10,594,311	10,582,669	10,753,840	10,336,307	10,284,334	10,662,749	11,218,541	11,139,959	11,888,055	11,862,334
Community services and recreation	8,074,433	8,088,802	6,346,691	5,970,063	5,804,838	6,074,382	5,830,850	6,330,295	6,368,824	6,413,969
Public works	9,262,534	10,084,805	9,693,782	10,362,260	9,994,449	10,015,353	10,571,784	10,620,526	10,611,799	10,440,155
Community redevelopment	6,196,770	8,645,684	1,141,067	-	-	-	-	-	-	-
Interest on long-term debt	2,451,888	3,039,106	1,783,849	-	-	-	-	-	-	-
Total governmental activities expenses	<u>47,316,867</u>	<u>49,589,105</u>	<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>
Business-type activities:										
Water	7,180,097	7,237,610	7,817,399	8,407,375	7,481,502	7,392,150	7,685,532	7,677,359	8,581,886	7,793,957
Total business-type activities expenses	<u>7,180,097</u>	<u>7,237,610</u>	<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>
Total primary government expenses	<u>54,496,964</u>	<u>56,826,715</u>	<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>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	111,866	151,009	238,127	247,460	168,882	291,859	199,877	167,554	185,444	191,359
Community development	282,665	325,171	266,767	294,847	404,963	347,387	508,124	381,084	486,252	381,846
Public safety	92,904	99,339	85,670	113,786	134,285	125,707	119,425	130,937	108,650	138,403
Community services and recreation	282,769	289,723	376,772	277,548	266,170	257,191	264,633	282,814	213,050	215,788
Public works	575,668	621,214	564,201	575,323	595,654	528,391	759,040	675,278	826,430	772,886
Operating grants and contributions	10,054,988	10,873,994	8,587,267	8,696,248	8,240,015	8,035,786	7,541,476	7,409,586	8,574,899	7,971,987
Capital grants and contributions	4,228,554	1,543,737	1,713,695	5,814,106	2,508,509	1,564,891	2,419,414	2,840,656	3,226,132	3,252,151
Total governmental activities program revenues	<u>15,629,414</u>	<u>13,904,187</u>	<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>
Business-type activities:										
Charges for services:										
Water	6,915,720	6,927,216	7,370,900	7,839,725	7,815,043	7,040,916	6,972,036	7,812,294	7,946,567	7,750,500
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	106,368	166,689
Total business-type activities program revenues	<u>6,915,720</u>	<u>6,927,216</u>	<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>
Total primary government program revenues	<u>22,545,134</u>	<u>20,831,403</u>	<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>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net revenues (expenses):										
Governmental activities	(31,687,453)	(35,684,918)	(27,176,976)	(22,842,835)	(22,116,635)	(24,183,160)	(27,663,715)	(25,551,836)	(24,893,646)	(24,806,722)
Business-type activities	(264,377)	(310,394)	(446,499)	(567,650)	333,541	(351,234)	(713,496)	134,935	(528,951)	123,232
Total net revenues (expenses)	<u>(31,951,830)</u>	<u>(35,995,312)</u>	<u>(27,623,475)</u>	<u>(23,410,485)</u>	<u>(21,783,094)</u>	<u>(24,534,394)</u>	<u>(28,377,211)</u>	<u>(25,416,901)</u>	<u>(25,422,597)</u>	<u>(24,683,490)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Sales tax	4,486,955	5,047,746	5,886,981	5,721,757	5,770,919	5,568,430	6,129,480	7,278,424	7,712,771	8,449,883
In-Lieu Sales Tax	1,516,398	1,563,529	1,710,472	2,164,088	1,951,154	1,916,619	1,293,617	-	-	-
Utility Users tax	2,294,472	2,302,120	2,426,819	2,361,447	2,185,548	2,289,871	3,981,658	3,679,314	3,757,405	3,735,391
Franchise Tax	1,521,380	1,591,111	1,616,412	1,607,796	1,650,478	1,706,318	1,635,366	1,637,474	1,784,998	1,818,389
Property Tax	14,465,733	12,503,501	6,837,573	2,288,559	1,882,437	2,041,764	2,052,016	2,099,550	2,306,211	2,341,486
Business License	1,061,236	1,059,526	1,039,603	1,000,305	1,015,413	990,573	977,307	962,675	947,111	988,043
Investment earnings	328,071	224,101	165,976	43,815	37,375	40,885	64,064	97,769	202,802	362,253
Motor Vehicle license fees, unrestricted	4,913,105	4,967,795	4,811,668	5,007,600	5,179,714	5,346,425	5,468,904	5,779,305	6,068,259	6,355,849
Other revenues	368,195	365,529	459,967	1,188,517	264,751	518,840	386,535	303,949	647,385	555,587
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	-	(175,151)	-	-	-	-	-	-	-	-
Total governmental activities	<u>30,955,545</u>	<u>29,449,807</u>	<u>64,408,931</u>	<u>13,873,412</u>	<u>25,604,074</u>	<u>20,419,725</u>	<u>23,485,112</u>	<u>22,742,127</u>	<u>23,911,417</u>	<u>24,606,881</u>
Business-type activities:										
Investment income	15,876	12,322	6,188	4,342	4,461	9,144	13,483	24,536	56,884	100,630
Other revenues	375,077	61,246	51,576	83,937	88,688	117,285	54,673	48,722	56,697	54,798
Extraordinary item-Redevelopment Agency	-	-	-	-	-	528,516	1,383,986	23,048	-	-
Transfers	-	175,151	-	-	-	-	-	-	-	-
Total business-type activities	<u>390,953</u>	<u>248,719</u>	<u>57,764</u>	<u>88,279</u>	<u>93,149</u>	<u>654,945</u>	<u>1,452,142</u>	<u>96,306</u>	<u>113,581</u>	<u>155,428</u>
Total primary government	<u>31,346,498</u>	<u>29,698,526</u>	<u>64,466,695</u>	<u>13,961,691</u>	<u>25,697,223</u>	<u>21,074,670</u>	<u>24,937,254</u>	<u>22,838,433</u>	<u>24,024,998</u>	<u>24,762,309</u>
Changes in net position										
Governmental activities	(731,908)	(6,235,111)	37,231,955	(8,969,423)	3,487,439	(3,763,435)	(4,178,603)	(2,809,709)	(982,229)	(199,841)
Business-type activities	126,576	(61,675)	(388,735)	(479,371)	426,690	303,711	738,646	231,241	(415,370)	278,660
Total primary government	<u>(605,332)</u>	<u>(6,296,786)</u>	<u>36,843,220</u>	<u>(9,448,794)</u>	<u>3,914,129</u>	<u>(3,459,724)</u>	<u>(3,439,957)</u>	<u>(2,578,468)</u>	<u>(1,397,599)</u>	<u>78,819</u>

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund:										
Reserved	1,653,977	-	-	-	-	-	-	-	-	-
Unreserved	12,523,340	-	-	-	-	-	-	-	-	-
Nonspendable	-	6,043,142	6,147,210	60,472	3,510,869	3,605,980	355,213	273,028	276,969	558,425
Assigned	-	3,053,827	3,053,827	3,053,827	3,213,827	3,563,827	3,563,827	2,620,286	3,675,028	4,613,579
Unassigned	-	11,120,183	11,335,035	11,464,951	11,618,168	11,809,618	12,121,484	12,557,530	12,647,525	12,776,116
Total general fund	<u>14,177,317</u>	<u>20,217,152</u>	<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>
All other governmental funds:										
Reserved	21,536,092	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	4,841,547	-	-	-	-	-	-	-	-	-
Capital projects funds	17,691,872	-	-	-	-	-	-	-	-	-
Nonspendable	-	2,339,413	806,732	535,000	535,000	535,000	535,000	-	-	-
Restricted	-	14,976,708	5,192,466	4,147,477	4,764,186	4,974,082	4,309,004	4,909,124	6,448,479	6,245,337
Committed	-	1,257,482	928,290	973,966	1,073,853	1,138,574	1,130,117	1,130,425	1,406,939	1,412,888
Assigned	-	13,076,247	-	-	-	-	-	-	-	-
Unassigned	-	(1,500,983)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>44,069,511</u>	<u>30,148,867</u>	<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>

Note:

In 2011, the City of Paramount adopted new fund balance classifications in compliance with GASB 54.

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues:</b>										
Taxes	25,346,174	24,067,533	19,517,860	15,143,952	14,455,949	14,513,575	16,069,444	15,657,437	16,508,496	17,333,192
Licenses and permits	596,140	624,664	620,042	606,991	658,584	640,375	788,472	717,919	814,146	802,010
Fines & Penalties	677,284	556,008	697,242	686,297	702,539	680,755	727,000	738,338	921,744	835,477
Interest & use of property	504,937	435,759	337,192	185,157	97,981	149,617	152,768	161,069	293,406	493,133
Intergovernmental revenues	17,468,665	15,807,584	13,518,656	17,521,505	12,854,869	13,162,209	13,628,376	14,146,748	15,780,459	15,546,234
Charges for services	749,192	817,150	780,270	786,309	867,591	820,285	985,224	866,124	949,527	840,076
Other	2,227,108	2,754,980	2,315,994	2,471,296	1,328,269	2,898,830	1,461,768	1,438,161	1,771,286	1,663,979
Total revenues	47,569,500	45,063,678	37,787,256	37,401,507	30,965,782	32,865,646	33,813,052	33,725,796	37,039,064	37,514,101
<b>Expenditures</b>										
<b>Current:</b>										
General government	5,689,639	5,183,944	5,209,576	4,975,287	5,108,701	5,621,050	5,533,812	5,737,211	6,117,349	5,910,580
Community development	2,268,946	2,368,309	2,288,451	6,112,305	2,040,185	2,155,118	4,908,494	1,640,630	1,962,771	1,613,310
Public safety	10,421,752	10,427,873	10,648,671	10,255,992	10,238,432	10,672,716	11,080,181	10,744,979	11,629,250	11,677,073
Community services & recreation	6,790,109	7,326,727	5,133,584	4,666,373	4,635,635	4,667,924	4,861,967	4,950,485	5,219,398	5,162,728
Public works	5,245,307	5,421,821	6,064,354	5,857,785	5,751,998	5,807,592	6,173,761	6,892,265	6,674,196	6,872,059
Pass through and other fees	1,639,522	1,178,733	619,608	-	-	-	-	-	-	-
Community redevelopment	7,181,530	10,179,894	2,142,400	-	-	-	-	-	-	-
<b>Debt service:</b>										
Principal retirement	2,450,000	2,560,000	2,628,019	-	-	-	-	-	-	-
Interest and fiscal charges	2,332,658	2,618,909	1,475,925	-	-	-	-	-	-	-
<b>Capital Outlay</b>										
Water	-	175,151	851,396	-	-	-	-	-	106,368	166,689
Streets, sidewalks and signals	3,756,589	1,999,609	1,071,402	1,675,407	1,369,624	1,921,144	3,758,222	3,093,146	2,223,530	4,077,088
Parks	334,774	235,637	284,389	4,695,650	468,524	788,748	566,101	1,165,442	245,589	285,050
Civic Center improvements	-	-	-	-	-	-	-	-	-	-
Downtown Parking Lot	-	-	-	-	-	-	-	-	-	-
Other	1,157,623	2,974,885	1,145,428	1,189,175	156,017	320,176	542,950	205,254	408,034	517,709
Total expenditures	49,268,449	52,651,492	39,563,203	39,427,974	29,769,116	31,954,468	37,425,488	34,429,412	34,586,485	36,282,286
Excess (deficiency) of revenues over (under) expenditures	(1,698,949)	(7,587,814)	(1,775,947)	(2,026,467)	1,196,666	911,178	(3,612,436)	(703,616)	2,452,579	1,231,815
<b>Other financing sources (uses):</b>										
Transfers in	17,299,664	12,544,932	4,071,946	-	-	-	-	-	35,249	312,985
Transfers out	(17,299,399)	(12,544,932)	(4,071,946)	-	(170,000)	-	-	-	(135,249)	(543,485)
Contributions	-	-	-	-	-	-	-	-	-	-
Issuance of bonds	12,290,000	-	-	-	-	-	-	-	-	-
Bond discounts	(147,158)	-	-	-	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-	-	-	127,493	150,090
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	12,143,107	-	-	-	(170,000)	-	-	-	27,493	(80,410)
<b>Extraordinary and special items:</b>										
Special item-Housing Authority	-	-	(689,800)	-	-	-	-	-	-	-
Special item-housing assets	-	-	776,760	-	-	-	-	-	-	-
Extraordinary item-RDA	-	-	(21,213,472)	(5,201,400)	3,453,544	-	-	-	484,475	-
Total extraordinary and special items	-	-	(21,126,512)	(5,201,400)	3,453,544	-	-	-	484,475	-
Net change in fund balances	10,444,158	(7,587,814)	(22,902,459)	(7,227,867)	4,480,210	911,178	(3,612,436)	(703,616)	2,964,547	1,151,405
<b>Debt service as a percentage of noncapital expenditures</b>										
	11.1%	11.1%	12.2%	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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Apparel Stores	9,897	12,742	19,369	21,505	23,100	22,999	22,718	22,954	19,971	20,746
Food Stores	19,460	22,530	23,844	25,460	25,097	24,989	25,551	22,141	20,589	21,936
Eating and Drinking Places	36,145	37,361	41,717	45,700	47,485	51,696	57,716	62,348	69,583	75,944
Building Materials	54,036	55,789	59,313	60,174	63,384	64,578	85,481	99,688	108,049	103,876
Auto Dealers and Supplies	16,730	13,851	13,840	14,271	14,941	13,531	15,294	16,959	17,004	16,212
Service Stations	77,646	89,818	107,582	107,611	100,545	98,520	81,019	67,146	72,252	83,100
Other Retail Stores	105,034	107,307	102,001	101,673	101,401	101,268	101,743	107,051	97,628	102,865
All Other Outlets	276,413	291,824	374,435	389,616	387,318	391,536	331,778	325,153	352,689	380,354
<b>Total</b>	<b>595,361</b>	<b>631,222</b>	<b>742,101</b>	<b>766,010</b>	<b>763,271</b>	<b>769,117</b>	<b>721,300</b>	<b>723,440</b>	<b>757,765</b>	<b>805,033</b>
Sales and Use Tax rate	8.25%	8.25%	9.75%	9.75%	8.75%	8.75%	9.00%	9.00%	9.50%	9.50%

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		
2009	0.00%	0.50%	1.00%	0.25%	0.75%	7.25%	9.75%
2010	0.00%	0.50%	1.00%	0.25%	0.75%	7.25%	9.75%
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%

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

2019		2010	
76	Service Stations	Airgas West	Drugs/Chemicals
Alt Air Fuels	Petroleum Product/Equipment	Arco	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Arco AM PM	Service Stations	Arco AM PM	Service Stations
Charles G Hardy	Contractors	Ardyss International	Specialty Stores
Chemco	Drugs/Chemicals	Chao Petroleum	Service Stations
Chevron	Service Stations	Chemco	Drugs/Chemicals
Circle K	Service Stations	Chevron	Service Stations
Cort Furniture Rental	Home Furnishings	Columbia Specialty	Heavy Industrial
Drees Wood Products	Contractors	Drees Wood Products	Contractors
Falcon Fuels	Petroleum Product/Equipment	Falcon Fuels	Petroleum Product/Equipment
HD Supply	Building Materials	GCR Tire Center	Automotive Supply Stores
Home Depot	Building Materials	Hardy Roofing Materials	Contractors
Hub Construction Specialties	Building Materials	HD Supply	Building Materials
Jankovich	Petroleum Product/Equipment	Home Depot	Building Materials
Northgate Market	Grocery Stores	Jankovich	Petroleum Product/Equipment
Paramount Metal & Supply	Contractors	Lindsay Lumber	Building Materials
Petro Bras	Service Stations	Northgate Market	Grocery Stores
Premium Windows	Contractors	Press Forge	Heavy Industrial
Ross	Family Apparel	Rapid Gas	Service Stations
Stater Bros	Grocery Stores	Sams Roofing Material	Building Materials
Surface Preparation Solutions	Heavy Industrial	Walmart Supercenter	Discount Department Stores
United Oil	Service Stations	Weber Metals	Heavy Industrial
Walmart Supercenter	Discount Department Stores	Wepuko Pahnke Engineering	Heavy Industrial

Percent of Fiscal Year Total

58.78%

64.84%

Period: July 2018 thru March 2019

July 2009 thru March 2010

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	Total Business-type Activities			
2010	1,805,000	65,580,537	40,134	67,425,671	6,835,488	6,835,488	74,261,159	9.53%	1,280.61
2011	1,730,000	63,421,402	7,208	65,158,610	6,625,447	6,625,447	71,784,057	9.51%	1,320.34
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	4,774,580	4,913,062	0.58%	87.73
2018	-	-	203,363	203,363	11,303,775	11,303,775	11,507,138	1.26%	207.35
2019	-	-	261,439	261,439	11,158,240	11,158,240	11,419,679		

Notes:

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

Blank areas 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		
2010	65,580,537	65,580,537	2.04%	1,206
2011	63,421,402	63,421,402	2.11%	1,161
2012	-	-	0.00%	-
2013	-	-	0.00%	-
2014	-	-	0.00%	-
2015	-	-	0.00%	-
2016	-	-	0.00%	-
2017	-	-	0.00%	-
2018	-	-	0.00%	-
2019	-	-	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, 2019

City Assessed Valuation	\$ 2,484,526,830		
Redevelopment Agency Incremental Valuation	<u>1,514,718,213</u>		
Total Assessed Valuation	<u>\$ 3,999,245,043</u>		
	<u>Percentage</u>	<u>Outstanding</u>	
	<u>Applicable (2)</u>	<u>Debt 6/30/19</u>	
		<u>Estimated</u>	
		<u>Share of</u>	
		<u>Overlapping</u>	
		<u>Debt</u>	
Overlapping Debt Repaid with Property Taxes:			
Metropolitan Water District (1)	0.204%	23,317,224	47,596
Cerritos Community College District Debt Service	0.005%	413,451,991	22,078
Compton Community College District Debt Service	18.785%	119,859,904	22,515,896
Compton Unified School District Debt Service	0.614%	33,254,498	204,308
Downey Unified School District Debt Service	0.020%	215,028,240	43,869
Paramount Unified School District 2005/2006 Debt Service	65.547%	<u>158,440,963</u>	<u>103,853,821</u>
Total overlapping debt repaid with property taxes		<u>963,352,820</u>	<u>126,687,568</u>
Total overlapping debt		<u>\$ 963,352,820</u>	126,687,568
City direct debt			<u>261,439</u>
Total direct and overlapping debt			<u>\$ 126,949,007</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 2018/2019 Lien Date Tax Rolls  
HdL Coren & Cone

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed valuation	3,001,505,275	2,954,689,203	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
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	750,376,319	738,672,301	760,116,976	786,363,447	814,364,172	840,832,946	860,418,488	908,987,214	953,975,613	999,811,261
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	112,556,448	110,800,845	114,017,546	117,954,517	122,154,626	126,124,942	129,062,773	136,348,082	143,096,342	149,971,689
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>112,556,448</u>	<u>110,800,845</u>	<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>
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 2018/2019 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		
2010	7,290,797	6,400,357	890,440	31,255	28.49	12,448,233	2,380,000	2,309,713	2.65
2011	6,988,462	6,364,644	623,818	166,781	3.74	10,618,837	2,485,000	2,592,364	2.09
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	-	-	-	-

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 100%, 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

<u>Calendar Year Ended December 31</u>	<u>Population (1)</u>	<u>Personal Income (in thousands) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2009	57,661	\$776,330	\$13,464	16.8%
2010	57,989	\$779,314	\$13,439	18.3%
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%

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	2019		2010	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
Paramount Unified School District	2,156	13.9%	1,578	10.9%
Kindred Hospital / Promise Hospital	585	3.8%	540	3.7%
Weber Metals	575	3.7%	199	1.4%
Carlton Forge Works	359	2.3%	318	2.2%
Wal-Mart Store # 2110	346	2.2%	236	1.6%
City of Paramount	315	2.0%	262	1.8%
Ralphs Grocery #403	301	1.9%	-	0.0%
Affinity Healthcare Center	211	1.4%	-	0.0%
The Home Depot #1037	204	1.3%	-	0.0%
Golden State Engineering, Inc.	198	1.3%	163	1.1%
Northgate Supermarket #17	161	1.0%	-	0.0%
Geropsychiatric Contract Services	161	1.0%	140	1.0%
LMC Enterprises	132	0.9%	-	0.0%
Paramount Petroleum	-	0.0%	170	1.2%
Braun & Linen Service Co.	-	0.0%	138	1.0%
Global Manufacturing	-	0.0%	116	0.8%
Lee's Pottery	-	0.0%	150	1.0%
<b>Total</b>	<b>5,704</b>	<b>36.7%</b>	<b>4,010</b>	<b>27.7%</b>

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	26.8	25.6	23.4	26.0	25.0	26.7	25.7	25.8	26.2	27.7
Community Development	11.0	11.0	9.0	8.0	8.5	8.6	8.8	9.0	9.7	9.9
Public Safety	26.4	27.2	26.2	25.8	24.9	24.1	27.7	25.2	26.4	23.6
Community Services and Recreation	93.6	79.6	85.3	85.7	81.1	81.1	84.8	88.0	78.0	72.1
Public Works	46.6	45.2	43.4	47.2	44.4	45.6	47.9	44.5	42.8	43.3
Total	204.4	188.6	187.3	192.7	183.9	186.1	194.9	192.5	183.1	176.6

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community Development										
Permits	1,042	1,264	1,005	1,017	1,292	1,260	-	1,245	1,315	1,207
Inspections	7,801	7,567	6,384	5,030	8,059	8,336	-	11,617	13,460	13,051
Public Safety:										
Arrests	1,841	1,601	1,545	1,549	1,689	1,670	1,523	1,389	1,264	1,286
Parking Citations Issued	13,082	11,452	11,524	10,806	12,239	11,187	14,348	13,524	17,723	15,541
Community Services and Recreation:										
Number of Recreation Classes	34	31	33	41	20	24	29	38	47	33
Number of Facility Rentals	703	527	543	601	591	621	683	722	724	580
Public Works:										
Street Resurfacing (miles)	3.16	1.30	1.50	1.10	0.77	1.18	1.25	0.14	0.61	5.98
Water:										
Average Daily Consumption (thousands of gallons)	5,992	6,053	6,131	6,074	5,923	5,710	5,250	5,704	5,872	4,846

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Community Services and Recreation:										
Parks	9	9	9	10	10	10	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	2,810	3,082	3,087	3,087	3,087	3,087	3,087	3,099	3,099	3,099
Traffic Signals	55	55	55	55	55	55	55	56	56	56
Water:										
Water Mains (miles)	127	127	127	127	127	127	127	127	127	127
Number of Service Connections	7,517	7,543	7,538	7,542	7,351	7,356	7,378	7,398	7,414	7,429
Average Daily Consumption (gallons)	5,991,567	6,053,015	6,131,505	6,074,084	5,922,666	5,709,551	5,249,976	5,703,739	5,871,834	4,845,868
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.